

Submission by Chile

Comments on Accelerated Report Australia, Safeguard Investigation on Imported Processed Fruits 24 October 2013

The following submission refers to some of the findings contained in the Productivity Commission's Accelerated Report of 18 September 2013.

In its finding 2.6 the Productivity Commission stated that *"The evidence of a sufficient increase in import volumes of processed peach products is at best arguable based on the choice of statistical periods. The ratio of import volumes to domestic production has increased, but grew at a slower rate recently than the longer term trend. Overall, the Commission's preliminary assessment is that the evidence is not strong enough to meet the requirement under Article 2.1 of the Agreement on Safeguards."*

The above is consistent with Chile's initial presentation *"...it is not possible to argue that there has been a recent increase in the volume of imports..."* and follows *"Indeed, there are fluctuations in the volume of imports, but no abrupt or sharp increase of imports within the recent period."* Moreover, with regard to imports of "canned peaches" originated in Chile we indicated that *"...they have decreased significantly during years 2012 and 2013."*

In its finding 2.10, while addressing the existence of "causation" between the alleged increase in imports and the injury to the domestic industry, the Productivity Commission provided:

"Based on the evidence and analysis to date, the injury to the domestic industry has not been caused by an increase in imports of processed pears, peaches and fruit mixtures. It appears to have resulted from a combination of the following factors:

- *reduced export volumes*
- *rising costs of domestic production, driven by increased labour costs, and by declining economies of scale due substantially to reduced export volumes*
- *long-term reductions in the domestic demand for processed fruit products*
- *domestic retailers promoting private label brand products to compete with the sole domestic producer and with each other, as well as to improve reliability of supply and meet the shortfalls in domestic production."*

Indeed, Chile agrees with the Productivity Commission assessment on the existence of a "combination of factors" other than the increase of imports, which have contributed to the current situation of the Australian industry. Furthermore, in our Initial Submission we identified "exchange rate changes" and "changes in consumer's preferences" among such group of factors.

Therefore, Chile considers that the adoption of a safeguard measure will neither contribute to remedy the injury to the domestic industry, nor to facilitate adjustment.