

Research for the adoption of safeguards to the import of processed fruits in Australia

Chilealimentos, is an association that represents the processed-food industry in Chile, which includes the Canned fruit Industry.

Chile produces canned fruit of several species, less those of citrus fruits, therefore we won't comment on the public enquiry set by the Australian Government over the tariff code 2008.30.00. We will refer in detail only in the case of canned peach (2008.70.00), because Chile exports low volumes of the rest of canned products. Nevertheless, we will provide some general remarks on those products that we believe is of importance to take into account during the investigation.

Chilealimentos opposes the application of safeguard measures, on the grounds that it does not meet the conditions laid down by the WTO for the implementation of this type of measures.

These are:

1. It does not exist a recent sudden increase in imports:

The following table provides import and prices statistics for canned peaches from Australia, United Nations source (Trade Maps).

Australia: canned peach imports (2008.70.00)

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Value (TH USD)	167	519	948	7.088	6.574	7.593	8.136	9.507	7.216	11.051	13.407	11.145
Volum (MT)	236	668	1.075	7.919	6.526	6.626	7.238	7.569	5.805	7.647	11.286	8.923
CIF (USD/TM)	708	777	882	895	1.007	1.146	1.124	1.256	1.243	1.445	1.188	1.249

Source: Trade Maps.

The increase of imports of Australia is a phenomenon that occurred the year 2004. Thereafter, there have been verified increases and decreases in imports despite that import prices rose substantially. Which means that today's international pressure over price for the Australian industry is far less than between 2001 and 2004.

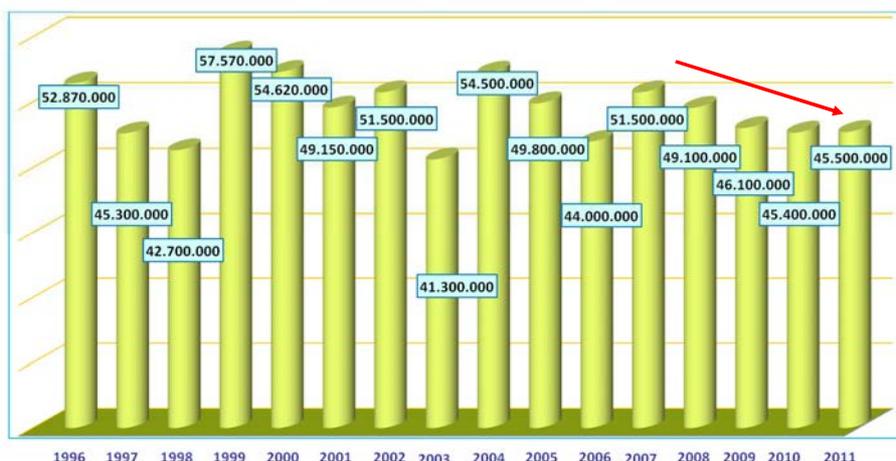
In 2012, the volume of imports was reversed, falling back (21% compared to 2011) and the price rose to be at the level of the years 2008 and 2009.

2. World supply of canned peach tend to low

The world production of canned peaches shows a clear tendency to decline since 2007.

Below is an explanation released in the 11th World Canned Deciduous Fruit Conference, held in Litochoro, Greece on May 30 - June 2, 2012, with the participation of the major producers of this fruit

**World canned peaches production
Boxes 24 x 2 ½**



Source: 11th World Canned Deciduous Fruit Conference, Litochoro, Greece, May 30 – June 2, 2012.

This decline in production is a reflection of the global fall in plantation area from 69,100 hectares in 2004 to 58,000 hectares in 2011.

Area and production of canning peaches, canned and pulps

YEAR	CULTIVATED AREA (Hectares)	RAW MATERIAL FOR PROCESSING tons	CANNED PEACHES In cartons	PUREE 30/32° tons
2004	69.100	1.749.000	54.500.000	101.300
2005	67.600	1.428.000	49.800.000	78.000
2006	66.200	1.339.000	44.000.000 (frost in USA)	92.500
2007	66.100	1.652.000	51.500.000	140.200
2008	65.100	1.520.000	49.100.000	131.500
2009	62.800	1.496.000	46.100.000	92.000
2010	60.500	1.402.000	45.400.000	132.400
2011	58.000	1.311.000	45.500.000	117.000

Source: 11th World Canned Deciduous Fruit Conference, Litochoro, Greece, May 30 – June 2, 2012.

3. Industry of canned peach has subsidies in EU.

The European Union has in its Common Agricultural Policy, support to the production of peaches for canning, which has historically distorted the international market for this product.

The WTO provides mechanisms to claim these distortions through the submission of complains over grants and/or dumping that would be appropriate to correct distortions that affect the Australian industry. This is because the main global exporters are in the EU and influence the overall determination of prices in the international market.

4. Devaluation of the Australian currency

Without a doubt the devaluation of the Australian dollar causes adverse effects on the competitiveness of the industry in that country. The same thing happens in many countries that have experienced the same phenomenon with equal or greater magnitude. Despite this, the safeguard measures are not designed to correct this type of problems.

5. Other considerations

5.1. Canned pears

The increase of Australian imports is a phenomenon that occurred the year 2004. There is no notice of a sudden increase in import volume, which has remained at around 1,800 – 2,000 ton since 2007.

Therefore, in principle does not justify the adoption of safeguards.

Australia: imports of canned pear (2008.40.00)

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Value (TH USD)	24	209	154	732	1.477	2.068	2.393	2.499	1.975	3.206	3.491	2.845
Volum (MT)	16	202	151	801	1.434	1.398	1.823	1.741	1.183	1.985	2.015	2.045
CIF (USD/TM)	1.500	1.035	1.020	914	1.030	1.479	1.313	1.435	1.669	1.615	1.733	1.391

Source: Trade Maps.

5.2. Canned mixed fruit (2008.97.00)

In our opinion, the reasons given for canned peaches are also valid for canned fruit mix, because peach is its main component.

Trade Maps has no historical series available for this product, therefore it has not been possible give a properly founded opinion. The same occurred in the presentation made by the Australian industry to the WTO in the document (G/SG/N/ 6/AUS/ 4).

The same document provides background for the code 2008.92.00, which shows that in 2011/12 the volume of imports is the lowest in the series (with a drop of 43.5%), which does not justify the application of safeguard.

5.3. Other canned fruits

Because this category includes a very large and heterogeneous number of products, it is impossible determine a safeguard measure, unless specific data for each product are provided.