



**APPLICATION FOR
DUMPING AND/OR
COUNTERVAILING DUTIES**

**Prepared or preserved tomato products exported from
Italy**

NON-CONFIDENTIAL VERSION

17th June 2013

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE

Application for Dumping and Countervailing Duties

DECLARATION

I request in accordance with Section 269TB of the Customs Act 1901 that the Minister publish in respect of goods the subject of this application:

- a dumping duty notice, or
- a countervailing duty notice, or
- a dumping and a countervailing duty notice

This application is made on behalf of the Australian industry producing like goods to the imported goods the subject of this application. The application is supported by Australian producers whose collective output comprises:

- 25% or more of the total Australian production of the like goods; and
- more than 50% of the total production of like goods by those Australian producers that have expressed either support for, or opposition to, this application.

I believe that the information contained in this application:

- provides reasonable grounds for the publication of the notice(s) requested; and
- is complete and correct.

Signature:.....

Name: Peter Kelly

Position: Managing Director

Company: SPC Ardmona
50 Camberwell Road, Hawthorn East, Vic 3123 Australia

ABN: 60 004 077 105

Date: 14 / 06 / 2013

PART A

INJURY

TO AN AUSTRALIAN INDUSTRY

IMPORTANT

All questions in Part A should be answered even if the answer is 'Not applicable' or 'None'. If an Australian industry comprises more than one company/entity, each should separately complete Part A.

For advice about completing this part please contact the Customs Dumping Liaison Unit on:

 **(02) 6275-6066** Fax **(02) 6275-6990**

A-1 Identity and communication.

Please nominate a person in your company for contact about the application:

Shalini Valecha
Strategy Manager
SPC Ardmona
50 Camberwell Road, Hawthorn East, Vic 3123 Australia

Fax: 03 9861 8911 | Mob: 0409 748 334
Email: svalecha@spcardmona.com.au
ABN: 60 004 077 105

If you have appointed a representative to assist with your application, provide the following details and complete Appendix A8 (Representation).

S.G Heilbron,
S G Heilbron Pty Ltd
832 High Street
East Kew, Vic 3102

Phone: 03 9249 9542
Facsimile: 03 9249 9600

A-2 Company information.

1. **State the legal name of your business and its type (Eg. Company, partnership, sole trader, joint venture). Please provide details of any other business names you use to manufacture/produce/sell the goods that are the subject of your application.**

SPC Ardmona Operations Limited (SPC Ardmona)

2. **Provide your company's internal organisation chart. Describe the functions performed by each group within the organisation.**

Refer confidential attachment A2.2

3. **List the major shareholders of your company. Provide the shareholding percentages for joint owners and/or major shareholders.**

SPC Ardmona is wholly owned subsidiary of SPC Ardmona Limited – 100%

4. **If your company is a subsidiary of another company list the major shareholders of that company.**

SPC Ardmona Limited is wholly owned subsidiary of Coca Cola Amatil Limited.

5. **If your parent company is a subsidiary of another company, list the major shareholders of that company.**

The major shareholders of Coca Cola Amatil are listed in its annual report. Refer attachment A2.5

6. **Provide an outline diagram showing major associated or affiliated companies and your company's place within that structure (include the ABNs of each company).**

Refer attachment A 2.6

7. Are any management fees/corporate allocations charged to your company by your parent or related company?

Yes management fees/corporate allocations charged

8. Identify and provide details of any relationship you have with an exporter to Australia or Australian importer of the goods.

SPC Ardmona has no relationship with any exporter or importer of the goods that are subject of this application

9. Provide a copy of all annual reports applicable to the data supplied in Appendix A3 (Sales Turnover). Any relevant brochures or pamphlets on your business activities should also be supplied.

Coca Cola Amatil's latest annual reports can be found at:

<http://ccamatil.com/InvestorRelations/Pages/AnnualReports.aspx>

A copy of the 2012 and 2011 annual reports are attached for your reference. Ref attachment A2.5

10. Provide details of any relevant industry association.

- Australian Food and Grocery Council.
- Australian Processing Tomato Research Council.
- Canned Fruits Industry Council of Australia (CFICA),

A-3 The imported and locally produced goods.

1. Fully describe the imported product(s) the subject of your application:

- **Include physical, technical or other properties.**
- **Where the application covers a range of products, list this information for each make and model in the range.**
- **Supply technical documentation where appropriate.**

The goods subject of the application are tomatoes (peeled or unpeeled) prepared or preserved otherwise that by vinegar or acetic acid, either whole or in pieces (including diced, chopped or crushed) with or without other ingredients (including vegetables, herbs or spices) in packs not exceeding 1.14 litres (prepared or preserved tomatoes). The following tomato products do not form part of this application: pastes, purees, sauces, pasta sauces, juices and sundried tomatoes.

The common container sizes of the imported prepared or preserved tomatoes the subject of this application are 300grams to 850grams, but the application covers all container sizes up to and including 1.14L.

The imported goods could be packaged in different containers such as cans, glass jars, pouches or Tetra packs.

The imported prepared or preserved tomatoes can be labelled with a generic, a house brand / private label for retailer or a proprietary label. The imported prepared or preserved tomatoes the subject of this application covers all imported prepared or preserved tomatoes regardless of how labelled.

Back of the pack information and pictures of the imported products are attached in appendix attachment A3.1.

2. What is the tariff classification and statistical code of the imported goods?

The goods are classified within tariff subheading 2002100060 Tomatoes, whole or in pieces, prepared or preserved otherwise than by vinegar or acetic acid, in packs not exceeding 1.14 L in Schedule 3 of the Customs Tariff Act 1995.

The current rate of duty is 5% except where appropriate for US, Thai, Chilean and AANZ originating goods which are free of duty.

3. Fully describe your product(s) that are 'like' to the imported product:

- **Include physical, technical or other properties.**
- **Where the application covers a range of products, list this information for each make and model in the range.**
- **Supply technical documentation where appropriate.**
- **Indicate which of your product types or models are comparable to each of the imported product types or models. If appropriate, the comparison can be done in a table.**

SPC Ardmona's products are prepared or preserved tomatoes either whole (peeled or unpeeled) or in pieces (like diced, chopped, or crushed) in water or juice, with or without added vegetables, herbs and /or spices, prepared or preserved otherwise than by vinegar or acetic acid in pack sizes typically up to and including 1.14 L which are suitable for purchase from retailers by individual consumers. ("Domestic prepared or preserved tomatoes")

- SPC Ardmona produces prepared or preserved tomatoes in the form of chopped, flavoured, whole and crushed tomatoes. Though diced products are preferred by vast majority of consumer price is the key purchase criterion Ref attachment A3.3.a
- SPC Ardmona's prepared or preserved tomatoes are currently packed into cans. Imported products currently competing with SPC Ardmona's products are also in cans. However imported goods can be in various forms of packaging formats including glass jars and pouches. These products would be similar to SPC Ardmona's products as they would have similar functional and commercial attributes. The package does not alter the essential characteristics of the product.
- The majority of the SPC Ardmona's and imported products in the supermarkets are in 400g and 800g size cans however consumers switch between these based on prices.
- Technical specifications of SPC Ardmona's products are attached (Ref Attachment A 3.3.b)

4. Describe the ways in which the essential characteristics of the imported goods are alike to the goods produced by the Australian industry.

The prepared tomato products produced by SPC Ardmona are identical to, or very closely resemble, the imported processed tomato retail products imported into Australia. The basis for this is that:

- The products have similar composition, sizes, cuts and ingredients
- The products are directly substitutable
- The products compete directly in the same markets
- The products have the same end-uses.

Physical likeness:

As indicated in attachment A3.3.b and A 3.1

- The imported products are available in the same size packaging as SPC Ardmona's products. The majority of the products available in 400grams and 800 grams size cans.
- The key ingredient in the imported are prepared tomato and SPC Ardmona's prepared products are tomatoes and are available with similar composition and liquid.
- Both imported products and SPC Ardmona's products are available in the same cuts such as diced, chopped, whole, crushed or mixed with herbs and spice

Commercial likeness:

- Both imported products and SPC Ardmona's prepared tomatoes are available on supermarket's shelves and compete with each other as is indicated in attachment A3.4
- Consumers switch between SPC Ardmona's products and imported products. The key purchase criteria driving the purchase decision is price. (ref attachment A 3.3)

Functional likeness:

- Both imported and SPC Ardmona's products are used by consumers for preparing meals and are interchangeable.

5. What is the Australian and New Zealand Standard Industrial Classification Code (ANZSIC) applicable to your product?

The ANZSIC code applicable to the domestic prepared tomato products industry is category 2130 for Division C: Manufacturing, Sub-division 21: Food, Beverage and Tobacco manufacturing, Heading 213: Fruit and Vegetable Processing, sub-heading 2130.

6. Provide a summary and a diagram of your production process.

The growers (SPC Ardmona's Suppliers) deliver the tomatoes to the processors on the same day as they are picked. SPC Ardmona aims to bring the fresh tomatoes to the 'bright can' stage (that is, an unlabelled can) within 24 hours of delivery. Once tomatoes are received at the canning factory, they are washed, graded and steam peeled. The tomatoes may be left whole or diced or crushed prior to being put into cans. After juice is added, the cans are then sealed and cooked. The 'bright cans' are warehoused pending sale. Labelling normally occurs just prior to sales confirmation. Refer attachment 3.6 for diagram of production process

7. If your product is manufactured from both Australian and imported inputs:

- describe the use of the imported inputs; and
- Identify that at least one substantial process of manufacture occurs in Australia (for example by reference to the value added, complexity of process, or investment in capital).

The Key raw material input for the prepared tomatoes is raw tomatoes which are domestically sourced.

8. If your product is a processed agricultural good, you may need to complete Part C.3 (close processed agricultural goods).

Domestic prepared or preserved tomato products produced by SPC Ardmona are not close processed agricultural products because the harvest of tomatoes grown for consumption in fresh form (i.e. for the fresh tomato market) is not substantially devoted to use in the production of prepared or preserved tomato products (i.e. for the prepared tomato market). Tomatoes are also grown for other products such as paste, puree, sauces. SPC Ardmona is not aware of the quantity of tomatoes produced for sale into the fresh tomato market.

9. Supply a list of the names and contact details of all other Australian producers of the product.

SPC Ardmona is not aware of any other Australian producers of prepared or preserved tomato products of the kind specified in this application.

A-4 The Australian market.

1. Describe the end uses of both your product and the imported goods.

SPC Ardmona's prepared or preserved tomatoes products and the comparable imported products have the same end-uses, namely that they are used predominantly in the preparation of meals such as sauces, soups and stews for consumption by households. They compete for the shelf space on the supermarket shelves and sales to smaller retailer outlets such as delicatessens and corner stores.

Some unknown (but probably small) quantities are likely purchased for use in the food service industry but generally that industry purchases product in larger pack sizes above 1.14L for production of larger volumes of sauces, soups and stews.

2. Generally describe the Australian market for the Australian and imported product and the conditions of competition within the overall market. Your description could include information about:

- sources of product demand;
- marketing and distribution arrangements;
- typical customers/users/consumers of the product;
- the presence of market segmentation, such as geographic or product segmentation;
- causes of demand variability, such as seasonal fluctuations, factors contributing to overall market growth or decline, government regulation, and developments in technology affecting either demand or production;
- the way in which the imported and Australian product compete; and
- Any other factors influencing the market.

SPC Ardmona's preserved tomato products and the comparable imported products are both demanded by consumers for household meal preparation.

Broadly, the market for preserved tomatoes comprises the following segments:

- sales to the major supermarkets [REDACTED] (*Names of customers*)
- sales to continental stores and smaller food stores; and

Both products are purchased by these channels for on-sale to consumers.

Major supermarket chains account for the most significant share of the sales of the products concerned with the remaining sales being to smaller retailers.

In addition as mentioned above, small volume is sold to the food services industry. This segment mainly consists of sales to the catering industry, restaurant trade and institutions such as hospitals, nursing homes and prisons

Marketing arrangements differ according to the channel through which the products are sold. Major supermarket chains purchase products and require SPC Ardmona to accept various marketing conditions for the sale of the product. [REDACTED] (*Describes marketing arrangements*)

Distribution arrangements differ according to the retailer concerned, with major retail chains requiring SPC Ardmona to supply products to their distribution centres and SPC Ardmona supplying smaller retailers through distributors.

The major customers of SPC Ardmona's products as indicated above are the supermarket chains and to a much lesser extent the smaller retailers. The major users of the products are also the major consumers of the products, namely households purchasing the products from retailers for food preparation purposes.

There is no significant geographic or product segmentation of the products. Consumers will substitute between different pack sizes within the range of the sizes of product that are the subject of this application (i.e. from 400g to 800g) depending on the prices of the various sizes (i.e. they will substitute two 400g for one 800g depending on relative prices).

SPC Ardmona has undertaken extensive consumer research on the factors affecting purchase criteria of the consumers and some relevant results are included in attachment A 3.3. Consumer demand for the preserved tomatoes category as a whole has been reasonably stable, with imported products substituting for the Australian products. Therefore demand for the Australian SPC Ardmona products has fallen considerably in recent years owing to the impact of the dumped imported products.

Australian supply of raw tomatoes for processing is highly seasonal. Australian production is affected by seasonal Australian supply and in periods of extreme weather conditions such as drought or floods, production is adversely affected.

Australian and imported products compete fundamentally on price, given that their composition and other features are essentially the same. The major supermarket chains are the major purchasers of both products in the Australian market, and in recent years have imported increasing quantities especially of products marketed under their own private label brands [REDACTED]. (Describes marketing arrangements)

3. Identify if there are any commercially significant market substitutes for the Australian and imported product.

There are no commercially significant substitutes.

4. Complete appendix A1 (Australian production). This data is used to support your declaration at the beginning of this application.

Confidential Appendix A1 has been completed. See Industry Confidential Appendix A1.

5. Complete appendix A2 (Australian market).

Confidential Appendix A2 has been completed. See Industry Confidential Appendix A2.

Aztec data has been used to complete market information appendix A2.

- a) Aztec data captures actual volume sales and retail sales value [REDACTED] (Describes sales volume and value)
- b) Aztec panel data and internal information [REDACTED] (Describes source of data on customer)
- c) Total size of the retail channel was calculated by adding (a) and (b) above.
- d) Total domestically produced volume and value (branded and private label) was deducted from above to arrive at share of the imports. As SPC Ardmona is the only domestic manufacturer this information was available internally.

As Appendix A2 is used to evaluate relative position in the market comparison needs to be made at the same stage in the supply chain. Hence sales (value and volume) of the domestic and imported products by the retailers are depicted in Appendix A2.

- a) Aztec data information on retail sales value and volume by product was used to calculate shares. [REDACTED] (Describes source of data on customer)

A2 appendix therefore indicates relative market position in Retail channel.

6. Use the data from appendix A2 (Australian market) to complete this table:

Market data Appendix A2 has been used to prepare the following table.

Table A-4 6 – Australian Market: Retail market index

Period Tonnes	(a) Your Sales	(b) Other Aust ⁿ Sales	(c) Total Aust ⁿ Sales (a+b)	(d) Dumped Imports	(e) Other Imports	(f) Total Imports (d+e)	(g) Total Market (c+f)
2009	100		100	100		100	100
2010	79		79	118		118	104
2011	52		52	137		137	106
2012	52		52	135		135	104

(Describes source of data on customer)

A-5 Applicant's sales.

1. Complete appendix A3 (sales turnover).

Confidential Appendix A3 has been completed and is attached.

- Sales volumes are depicted in tonnes sold to all domestic channels, though retail channel is the largest.
- Sales value is Net sales revenue for SPC Ardmona i.e. ex-factory sales value.
- Difference between A2 and A3 is because:
 - A2 depicts retail channel sales only, whereas A3 includes sales to other channel such as distress sales, food service, green grocery, etc. apart from retail channel.
 - A2 depicts Retail sales value of the products and A3 net sales value.

2. Use the data from appendix A3 (sales turnover) to complete these tables.

Indexed table of Applicant's sales quantities*

Quantity	2009	2010	2011	2012
All products	100			
Australian market	100	86	82	76
Export market	100	64	35	32
Total		84	77	71
Like goods				
Australian market	100	78	53	56
Export market	100	65	12	16
Total	100	78	53	56

Indexed table of Applicant's sales values*

Value	2009	2010	2011	2012
All products				
Australian market	100	87	83	76
Export market	100	60	34	36
Total	100	85	79	73
Like goods				
Australian market	100	86	64	62
Export market	100	72	-32	20
Total	100	86	63	62

3. Complete **appendix A5** (sales of other production) if you have made any:

- internal transfers; or
- Domestic sales of like goods that you have not produced, for example if you have imported the product or on-sold purchases from another Australian manufacturer.

Confidential appendix 5 has been completed and is attached. (Confidential)

4. Complete **appendix A4** (domestic sales).

Appendix A 4 is submitted along with the application (Confidential)

5. If any of the customers listed at **appendix A4** (domestic sales) are associated with your business, provide details of the association. Describe the price effect of the association.

N/A

6. Attach a copy of distributor or agency agreements/contracts.

Refer to attachment A 5.6 (Confidential)

7. Provide copies of any price lists.

Refer to attachment A 5.7 (Confidential)

8. If any price reductions (for example commissions, discounts, rebates, allowances and credit notes) have been made on your Australian sales of like goods provide a description and explain the terms and conditions that must be met by the customer to qualify.

- Where the reduction is not identified on the sales invoice, explain how you calculated the amounts shown in **appendix A4** (domestic sales).
- If you have issued credit notes (directly or indirectly) provide details if the credited amount has not been reported **appendix A4** (domestic sales) as a discount or rebate.

Less Warehouse/Ullage

- Warehouse/Ullage – Applied on the Gross (or List) price. Historical discount typically agreed with the customer 7+years ago, typically only shown on the invoice if the customer requests [REDACTED] (*Describes arrangements with customer*)

Terms/Rebates

- Trade Terms/Rebates – Applied on the Net Sales Value (after warehouse/ullage has been taken out). Negotiated on an annual (or greater) period, typically applied to all SKUs evenly, typically a % off NSV. [REDACTED].

Case Deals/Deferred Deals

- Case deals are on a discretionary (promotion by promotion) basis; this is controlled via our Pack Price Strategy. Case deals are paid on a \$ amount per case sold. I.e. \$5 per case X 1,000 cases = \$5,000. The Pack Price strategy is promotional 'rules' set and controlled by the Commercial Finance team by which the sales teams are allowed to negotiate promotional activity with customers. The frequency and amount of case deal funding is set on a Promotional pack group by group basis depending on the objectives of the business.

Coop payments

- Coop payments are a set total \$ basis, again this is discretionary, these payments are typically to support some joint advertising or promotional activity we are undertaking with the retailer [REDACTED] (*Describes arrangements with customer*)

9. **Select two domestic sales in each quarter of the data supplied in appendix A4 (domestic sales). Provide a complete set of commercial documentation for these sales. Include, for example, purchase order, order acceptance, commercial invoice, discounts or rebates applicable, credit/debit notes, long or short term contract of sale, inland freight contract, and bank documentation showing proof of payment.**

Please refer to attachment A5.9

A-6 General accounting/administration information.

1. **Specify your accounting period.**

1st January to 31st December

2. **Provide details of the address(es) where your financial records are held.**

Andrew Fairley Avenue, Shepparton, VIC, 3630
50 Camberwell Road, Hawthorn East, VIC, 3123

3. **To the extent relevant to the application, please provide the following financial documents for the two most recently completed financial years plus any subsequent statements:**

- **chart of accounts;**

Refer Attachment A 6.3.a

- **audited consolidated and unconsolidated financial statements (including all footnotes and the auditor's opinion);**

Coca Cola Amatil's latest annual reports can be found at :

<http://ccamatil.com/InvestorRelations/Pages/AnnualReports.aspx>

A copy of the 2012 and 2011 annual reports are attached for your reference.

- **Internal financial statements, income statements (profit and loss reports), or management accounts, that are prepared and maintained in the normal course of business for the goods.**

These documents should relate to:

1. **the division or section/s of your business responsible for the production and sale of the goods covered by the application, and**
2. The company overall.

Refer Attachment A 6.3.b

4. **If your accounts are not audited, provide the unaudited financial statements for the two most recently completed financial years, together with your taxation returns. Any subsequent monthly, quarterly or half yearly statements should also be provided.**

Coca Cola Amati's accounts are audited

5. **If your accounting practices, or aspects of your practices, differ from Australian generally accepted accounting principles, provide details.**

Our accounting practices are in accordance with Australian generally accepted accounting

principles

6. Describe your accounting methodology, where applicable, for:

Please refer to Note 1 to the Financial Statements (Page 50) on Coca Cola Amatil's 2012 Annual Report. This details the significant accounting policies applied by the business.

- **The recognition/timing of income, and the impact of discounts, rebates, sales returns**

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that economic benefits will flow to SPC Ardmona and the revenue can be reliably measured.

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to customers.

Revenue is recognised net of discounts, allowances and applicable amounts of value added taxes such as the Australian goods and services tax.

In preparing the consolidated financial statements, the effects of all transactions, balances and unrealised gains and losses on transactions between entities in the Coca Cola Amatil Group are eliminated.

- **provisions for bad or doubtful debts;**

Collectability of trade receivables is reviewed on an ongoing basis. The carrying amount of trade receivables is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement.

- **the accounting treatment of general expenses and/or interest and the extent to which these are allocated to the cost of goods;**

The costs of conversion of inventories include costs directly related to the units of production. They also include a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods. Other costs are included in the cost of inventories only to the extent that they are incurred in bringing the inventories to their present location and condition. No interest costs are recovered into the costs of inventories.

- **costing methods (e.g. by tonnes, units, revenue, activity, direct costs etc.) and allocation of costs shared with other goods or processes;**

SPC Ardmona uses the standard cost method for measuring the cost of inventory. Shared costs are allocated based on units of production

- **the method of valuation for inventories of raw material, work-in-process, and finished goods (e.g. FIFO, weighted average cost);**

Inventories including raw materials, work in progress and finished goods are stated at the lower of cost (including fixed and variable factory overheads where applicable) and net realisable value. Cost is determined on the basis of first-in-first-out, average or standard, whichever is the most appropriate in each case.

Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

Costs of inventories include the transfer from equity of gains or losses on qualifying cash flow hedges relating to inventory purchases.

- **valuation methods for scrap, by-products, or joint products;**

Scrap and by-products are valued at net realisable value, whereas joint products are valued at lower of cost and net realisable value

- **valuation methods for damaged or sub-standard goods generated at the various stages of production;**

Finished goods are stated at the lower of cost (including fixed and variable factory overheads where applicable) and net realisable value

- **valuation and revaluation of fixed assets;**

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Subsequent expenditure is added to the carrying value of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to SPC Ardmona. All other subsequent expenditure is expensed in the period in which it is incurred.

- **average useful life for each class of production equipment, the depreciation method and depreciation rate used for each;**

Property, plant and equipment, other than freehold land, is depreciated or amortised on a straight line basis at various rates dependent upon the estimated average useful life for that asset to SPC Ardmona. The estimated useful lives of each class of asset for the current and prior year are as follows –

Freehold and leasehold buildings 20 to 50 years

Plant and equipment 3 to 15 years

- **treatment of foreign exchange gains and losses arising from transactions and from the translation of balance sheet items; and**

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Exchange rate gains or losses are brought to account in determining the net profit or loss in the period in which they arise, as are exchange gains or losses relating to cross currency swap transactions on monetary items.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

- **Restructuring costs, costs of plant closure, expenses for idle equipment and/or plant shut-downs.**

Provisions (restructuring costs) are recognised when a present legal or constructive obligation has arisen as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At each reporting date, SPC Ardmona assesses whether there is an indication that an asset may be impaired. Where an indicator of impairment exists or where annual impairment testing for an asset is required, SPC Ardmona makes a formal estimate of the recoverable amount. An impairment loss is recognised for the amount by which the carrying amount of an asset exceeds the recoverable amount, which is defined as the greater of an asset's fair value less costs to sell, or value in use. For the purpose of assessing impairment, assets

are grouped at the level for which there are separately identifiable cash flows.

An impairment loss is recognised in the income statement.

Depreciation expense and maintenance costs incurred for idle equipment are recognised in the Income Statement.

7. **If the accounting methods used by your company have changed over the period covered by your application please provide an explanation of the changes, the date of change, and the reasons.**

N/A

A-7 Cost information

1. **Complete appendices A6.1 and A6.2 (cost to make and sell) for domestic and export sales.**

Confidential Appendix A6.1 has been completed and is attached.

A-8 Injury

1. **Estimate the date when the material injury from dumped imports commenced.**

Material injury caused by importation of the prepared tomatoes which are the subject of this application has occurred since 2009. This is evident from following factors:

- Between 2009 and 2012 there has been significant increase in imported prepared or preserved tomato products entering the Australian market. These imported products are both proprietary brands and for use in retailers private label brands. [REDACTED] (*Describes commercial strategies*). This led to
 - Loss of critical economies of scale for SPC Ardmona and resultant increase in cost of goods.
 - Loss of its relative position in the prepared tomato category.
- Retail sell price of the imported products has also been declining from 2009.
 - Retail sell price of imported products was [REDACTED] in 2009 and [REDACTED] in 2012.
- Imported products are available at significantly lower prices than the Australian SPC Ardmona's products; this in turn meant that SPC Ardmona had to compete for sales by discounting its prices and increasing promotional spend.
 - [REDACTED] (*Describes commercial arrangements*)
- Above factors have led to decline in SPC Ardmona's profit margins [REDACTED] (*Describes profit margins*)

2. Using the data from appendix A6 (cost to make and sell), complete the following tables for each model and grade of your production.

Index of sales variations (metric tonnes)

Period	2010	2011	2012
Index	100	68	72

Index of cost variations (A\$ per metric tonnes)

Period	2010	2011	2012	2013
Index	100	112	106	111

Index of price variations (model, type, grade of goods)

Period	2010	2011	2012	2013
Index	100	108	100	103

Index of profit variations (model, type, grade of goods)

Period	2010	2011	2012
Index	-100	-173	-244

Index of Profitability variations (model, type, grade of goods)

Period	2010	2011	2012	2013
index	-100	-237	-342	-368

3. Complete appendix A7 (other economic factors).

Period	2010	2011	2012
Capacity utilisation	■	■	■

A-9 Link between injury and dumped imports.

To establish grounds to initiate an investigation there must be evidence of a relationship between the injury and the alleged dumping. This section provides for an applicant to analyse the data provided in the application to establish this link. It is not necessary that injury be shown for each economic indicator.

1. Identify from the data at appendix A2 (Australian market) the influence of the volume of dumped imports on your annual sales volume and market share.

Prepared or preserved tomato category volumes sold through major retailers have been relatively stable ■■■■■ (Describes sales volumes)

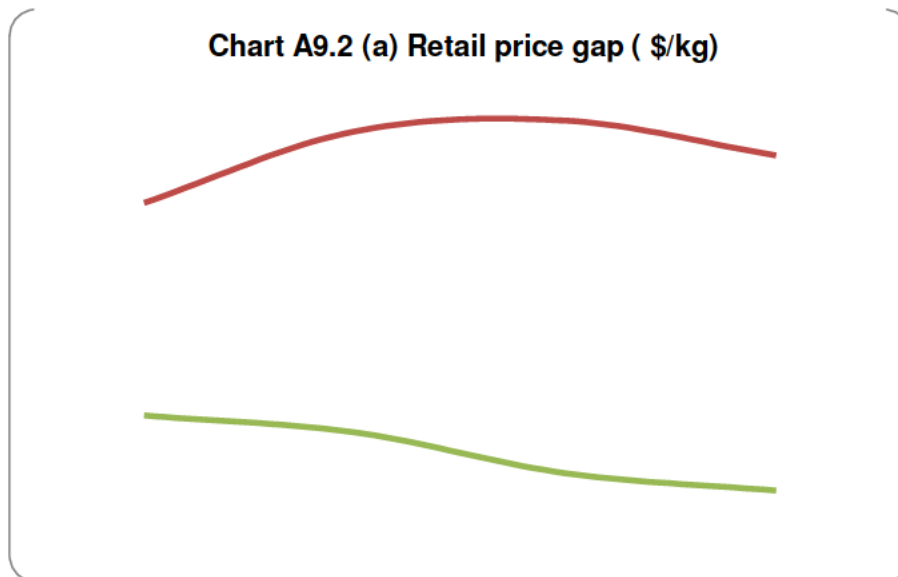
The volume of imported prepared tomatoes from Italy however increased ■■■■■
Therefore the volume share of dumped imports increased ■■■■■

During the same period, SPC Ardmona's branded sales fell [REDACTED]
(Describes imported and company sales volumes). Confidential Chart A9.1

2. Use the data at appendix A2 (Australian market) to show the influence of the price of dumped imports on your annual prices, profits and profitability provided at appendix A6.1 (costs to make and sell). If appropriate, refer to any price undercutting and price depression evident in the market.

It is evident from confidential appendix A2 that the imported prepared or preserved tomatoes at dumped prices have undercut the prices of SPC Ardmona's products.

- The retail prices of imported prepared or preserved tomatoes fell [REDACTED]
- The retail prices of SPC Ardmona branded products [REDACTED]
- The price gap between imported and SPC Ardmona's products increased [REDACTED]
[REDACTED] (Describes prices)



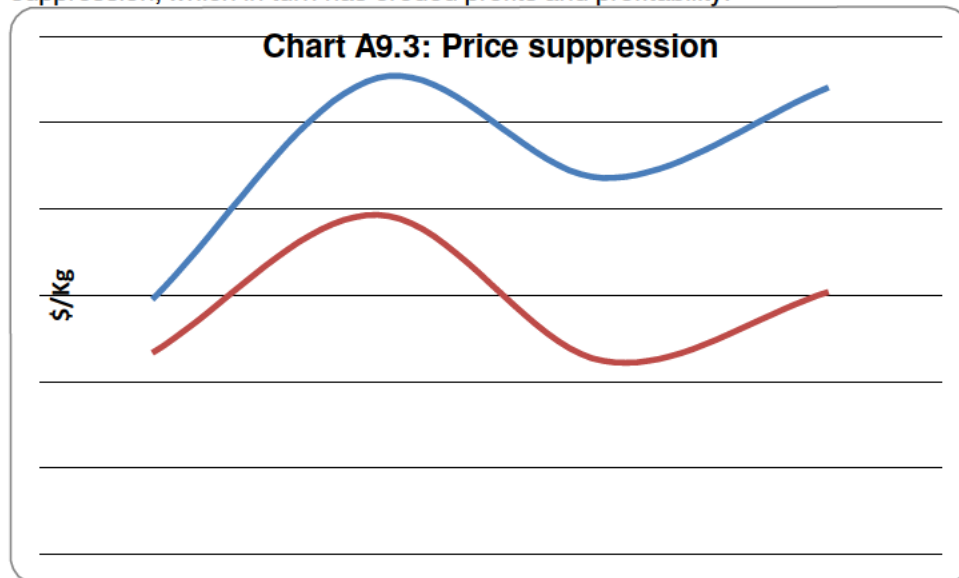
As indicated in the attachment A3.3 the consumer's key purchase criterion is retail price. As a result of this price undercutting and resultant price differential between imported and SPC Ardmona's products, SPC Ardmona products have lost volume and market share in the category.

- To compete in the market SPC Ardmona had to increase discounting its products.
[REDACTED] (Describes commercial arrangements)
- As a result SPC Ardmona's EBIT margin for prepared or preserved tomato products fell [REDACTED] (Describes profits)

3. Compare the data at appendix A2 (Australian market) to identify the influence of dumped imports on your annual costs to make and sell at appendix A6.1 (for example refer to changes in unit fixed costs or the ability to raise prices in response to material cost increases).

- The decline in sales volumes caused by the imported prepared or preserved tomatoes has resulted in SPC Ardmona experiencing higher costs to make and sell [REDACTED]. This was due to loss of critical economies of scale which in turn lead to poor overhead recovery. (Describes commercial arrangements)

The increased price competition from dumped imports has prevented SPC Ardmona from raising prices to a level required to recover its increased costs to make and sell, resulting in price suppression, which in turn has eroded profits and profitability.



4. The quantity and prices of dumped imported by the goods may affect various economic factors relevant to an Australian industry. These include, amongst other things, the return on investment in an industry, cash flow, the number of persons employed and their wages, the ability to raise capital, and the level of investment in the industry. Describe, as appropriate, the effect of dumped imports on these factors and where applicable use references to the data you have provided at appendix A7 (other economic factors). If factors other than those listed at appendix A7 (other economic factors) are relevant, include discussion of those in response to this question.

As a result of the increased proportion of imported prepared or preserved tomatoes to total consumption in Australia, the viability of the domestic prepared or preserved tomato industry is under threat.

- Demand for raw tonnes of tomatoes has declined [REDACTED] (*Describes commercial arrangements*)
 - This is forecast to decline further if the trend continues.
 - Due to reduced demand, number of tomato growers has been declining in the industry. Only 11 independent growers produced the crop in 2013.
 - The losses suffered by SPC Ardmona as a result of the dumped imports have meant there is no capacity by SPC Ardmona to raise investment capital for the operations or for innovation.

This would mean SPC Ardmona re-evaluating its position as the only Australian manufacturer of prepared or preserved tomato products.

5. Describe how the injury factors caused by dumping and suffered by the Australian industry are considered to be 'material'.
- The decline in the revenues, profits and profitability from the sales of domestic prepared or preserved tomatoes by SPC Ardmona caused by dumped imported prepared or preserved tomatoes are significant to the total SPC Ardmona business [REDACTED] (*Describes commercial arrangements*)
 - SPC Ardmona's tomato products are manufactured in its Mooroopna plant. Decline in the volume is leading to underutilisation of the assets and resulting in increased cost of operations.

- If the trend continues this will put the viability of the Mooroopna operations under threat. This will in turn have flow on impacts on the regional economy.

6. Discuss factors other than dumped imports that may have caused injury to the industry. This may be relevant to the application in that an industry weakened by other events may be more susceptible to injury from dumping.

- Australian seasonal conditions do not impact consumer demand.
- Cost of raw material and labour has decreased from 2009 therefore not contributing to the cause of the injury.
- The exchange rate can cause injury to SPC Ardmona (apart from facilitating an increase in imports in general i.e. not of dumped products only), through reduced sales of exports. Exports by SPC Ardmona have only constituted a minor part of the business [REDACTED] (*Describes commercial arrangements*)
- By far the biggest factor causing damage has been imported dumped products causing the loss in SPC Ardmona's volume, price undercutting and price suppression.

7. This question is not mandatory, but may support your application. Where trends are evident in your estimate of the volume and prices of dumped imports, forecast their impact on your industry's economic condition. Use the data at appendix A2 (Australian market), appendix A6 (cost to make and sell), and appendix A7 (other economic factors) to support your analysis.

Production of processed tomato products in Italy (the dominant supplier of imports into Australia) is forecast to remain high in 2012/13, according to the US Department of Agriculture¹.

Continued rise in imports will lead to further reduction in SPC Ardmona's earnings and thereby the return on the capital employed in processing.

This will have flow on impacts to SPC Ardmona's business as a whole, and to SPC Ardmona's suppliers, thus threatening to totally undermine the future of Australian prepared or preserved tomatoes industry.

The preserved tomato products are integral to the operation of the company's processing facilities, and their loss will undermine the viability of operating the facilities as a whole.

SPC Ardmona has [REDACTED] full-time-equivalent staff and its economic activity indirectly supports more than [REDACTED] additional jobs in the Goulburn Valley. The company directly injects about [REDACTED] million into the local economy through salaries and wages and provides apprenticeships, training programs work experience programs and graduate student programs to young people in the region. (*Describes commercial arrangements*)

SPC Ardmona has invested considerably in developing its business over the years. It has been a leading innovator in product and process development not only in respect of the processed fruit and vegetable industry but also the Australian processed food industry as a whole.

However Coca Cola Amatil, SPC Ardmona's parent company, has indicated that it will not be able to support further major investment unless adequate returns can be generated by the company. The investment made to date is necessary but insufficient to address the rapid and escalating impact of dumped imports.

If the flood of imports is not halted the previous investments made by the company will have been wasted, and the substantial employment generated directly and indirectly by the company in the Goulburn Valley region will be lost.

¹ USDA, FAS GAIN Report, *Italy tomatoes and Products Report 2011*, page 2

PART B

DUMPING

IMPORTANT

All questions in Part B should be answered even if the answer is 'Not applicable' or 'None' (unless the application is for countervailing duty only: refer Part C). If an Australian industry comprises more than one company/entity, Part B need only be completed once.

For advice about completing this part please contact the Customs Dumping Liaison Unit on:

 (02) 6275-6066 Fax (02) 6275-6990

B-1 Source of exports.**1. Identify the country(ies) of export of the dumped goods.**

Italy, which accounts for 98% of the imports in 2012 of the prepared or preserved tomato products which are the subject of this application.

2. Identify whether each country is also the country of origin of the imported goods. If not, provide details.

Italy is also the country of origin of the imported goods.

3. If the source of the exports is a non-market economy, or an 'economy in transition' refer to Part C.4 and Part C.5 of the application.

All of the countries of export nominated in this application are considered market economy countries for the purposes of Australia's anti-dumping legislation.

4. Where possible, provide the names, addresses and contact details of:

- **Producers/exporters of the goods exported to Australia;**

N/A

- **Importers in Australia.**

SPC Ardmona believes that the major supermarkets or their agents are the key importers

5. If the import volume from each nominated country at Appendix A.2 (Australian Market) does not exceed 3% of all imports of the product into Australia refer to Part C.6 of the application.

N/A

Table B-1.5.1 - Import volumes and share of imports by country

Period	<<>>	Other	Total

Please refer to Industry Confidential Attachment B-1.5 for summary data of import volumes.

Table B-1.5.2 - Country of Origin as percentage of total imports

Period	<<>>	Other	Total

Import volumes from each of the nominated countries during <<>> exceed the 3 per cent *de minimus* requirement.

6. In the case of an application for countervailing measures against exports from a developing country, if the import volume from each nominated country at Appendix A.2 (Australian Market) does not exceed 4% of all imports of the product into Australia refer to Part C.6 of the application.

N/A

B-2 Export price

1. **Indicate the FOB export price(s) of the imported goods. Where there are different grades, levels of trade, models or types involved, an export price should be supplied for each.**

The following methodology has been used to calculate the export price:

1. Import quantity (Kgs) and value of imports (\$) of preserved tomato products (tariff code: subheading 2002100060) was sourced from Australian Bureau of Statistics data (ref attachment B2.1.1)
2. Unit value of imports was calculated from the above (\$/kg)
3. Unit value was converted to Euro values at the average exchange rate for the year
4. Average rate was sourced from <http://www.ozforex.com.au/forex-tools/historical-rate-tools/yearly-average-rates>.
5. Average exchange rate for Euro / AUD in 2012 was 0.806041

Export price	2012	Data source:
value of duty (Aud)	■	■
volume Kg	■	■
VFD/KG	■	
convert to Euro	■	
Ex-factory price euro/Kg	■	■

(Describes calculation using commercial information)

The calculation indicates that the export price ■ in 2012.

2. **Specify the terms and conditions of the sale, where known.**

Terms and conditions are not known

3. **If you consider published export prices are inadequate, or do not appropriately reflect actual prices, please calculate a deductive export price for the goods. Appendix B1 (Deductive Export Price) can be used to assist your estimation.**

N/A

4. **It is important that the application be supported by evidence to show how export price(s) have been calculated or estimated. The evidence should identify the source(s) of data.**

Attachment B.2.1.1 for ABS data on imports

B-3 Selling price (normal value) in the exporter's domestic market.

1. **State the selling price for each grade, model or type of like goods sold by the exporter, or other sellers, on the domestic market of the country of export.**

The methodology used to calculate the normal value has been to:

1. Actual retail prices of the like preserved tomato products ■ (Commercial information)
2. Average euro/kg price was derived from above for the mix of products
3. 10% VAT (applicable in Italy for preserved tomatoes) was deducted from above to get to a net sales value for the retailer

4. Estimated retailer margin of % was deducted from Net sales value. This estimate is based on SPC Ardmona's knowledge of Europe's canned category's average retailer margin.
5. Estimated delivery and freight from the manufacturer to the retailer was deducted giving ex-factory wholesale price/kg

Normal Value (Euro)	2012	Data Source:
Retail price	■	■
Less VAT (10%)	■	■
Net Sales Value	■	■
Less retailers margin (■)	■	■
Less freight to customer (■%)	■	■
Ex-factory /whole sale price/ kg	■	

(Describes calculation using commercial information)

The calculation indicates that the normal value was ■

2. Specify the terms and conditions of the sale, where known.

Terms and conditions of sale are not known.

3. Provide supporting documentary evidence.

Nil

4. List the names and contact details of other known sellers of like goods in the domestic market of the exporting country.

N/A

B-4 Estimate of normal value using another method.

1. Indicate the normal value of the like goods in the country of export using another method (if applicable, use appendix B2 Constructed Normal Value).

N/A

2. Provide supporting documentary evidence.

N/A

B-5 Adjustments.

1. Provide details of any known differences between the export price and the normal value. Include supporting information, including the basis of estimates.

N/A

2. State the amount of adjustment required for each and applies the adjustments to the domestic prices to calculate normal values. Include supporting information, including the basis of estimates.

N/A

B-6 Dumping margin.

1. **Subtract the export price from the normal value for each grade, model or type of the goods (after adjusting for any differences affecting price comparability).**

Dumping margin calculations for the goods the subject of this application from each of the exporting countries nominated in this application are summarised in the following Table.

Table B-6.1 – Dumping Margin Calculations: Comparison of Ex-factory price and Normal Value

Ex-factory export price (Euro/Kg)		
Ex-factory normal value (Euro /Kg)		
Dumping Margin (Euro)		
Dumping Margin %		

(Describes calculation using commercial information)

2. **Show dumping margins as a percentage of the export price.**

Please refer to Table B-6.1 above for dumping margin calculations as a percentage of export prices.

The methodology for calculating the dumping margin has been to identify the difference between the ex-factory prices and the normal value for the prepared or preserved tomato products which are the subject of this application.

The dumping margin is calculated to be [REDACTED].

PART C

SUPPLEMENTARY SECTION

IMPORTANT

Replies to questions in Part C are not mandatory in all instances, but may be essential for certain applications.

You should contact the Customs Dumping Liaison Unit before answering any question in this part:

 **(02) 6275-6066** Fax **(02) 6275-6990**

C-1 Subsidy

1. Identify the subsidy paid in the country of export or origin. Provide supporting evidence including details of:
 - (i) the nature and title of the subsidy;
 - (ii) the government agency responsible for administering the subsidy;
 - (iii) the recipients of the subsidy; and
 - (iv) the amount of the subsidy.

N/A

C-2. Threat of material injury

Address this section if the application relies solely on threat of material injury (ie where material injury to an Australian industry is not yet evident).

1. Identify the change in circumstances that has created a situation where threat of material injury to an Australian industry from dumping/subsidisation is foreseeable and imminent, for example by having regard to:
 1. the rate of increase of dumped/subsidised imports;
 2. changes to the available capacity of the exporter(s);
 3. the prices of imports that will have a significant depressing or suppressing effect on domestic prices and lead to further imports;
 4. inventories of the product to be investigated; or
 5. any other relevant factor(s).

N/A

2. If appropriate, include an analysis of trends (or a projection of trends) and market conditions illustrating that the threat is both foreseeable and imminent.

N/A

C-3. Close processed agricultural goods

Where it is established that the like (processed) goods are closely related to the locally produced (unprocessed) raw agricultural goods, then – for the purposes of injury assessment – the producers of the raw agricultural goods may form part of the Australian industry. This section is to be completed only where processed agricultural goods are the subject of the application. **Applicants are advised to contact the Dumping Liaison Unit before completing this section** ☎ (02) 6275-6066 Fax (02) 6275-6990.

1. Fully describe the locally produced raw agricultural goods.

N/A

2. Provide details showing that the raw agricultural goods are devoted substantially or completely to the processed agricultural goods.

N/A

3. Provide details showing that the processed agricultural goods are derived substantially or completely from the raw agricultural goods.

N/A

4. Provide information to establish either:

- a close relationship between the price of the raw agricultural goods and the processed agricultural goods; or
- that the cost of the raw agricultural goods is a significant part of the production cost of the processed agricultural goods.

N/A

C-4. Exports from a non-market economy

1. Provide evidence the country of export is a non-market economy. A non-market economy exists where the government has a monopoly, or a substantial monopoly, of trade in the country of export and determines (or substantially influences) the domestic price of like goods in that country.

N/A

2. Nominate a comparable market economy to establish selling prices.

Please refer to Section C-4.1 above.

3. Explain the basis for selection of the comparable market economy country.

Please refer to Section C-4.1 above.

4. Indicate the selling price (or the cost to make and sell) for each grade, model or type of the goods sold in the comparable market economy country. Provide supporting evidence.

Please refer to Section C-4.1 above.

C-5 Exports from an 'economy in transition'

1. Provide information establishing that the country of export is an 'economy in transition'.

N/A

2. A price control situation exists where the price of the goods is controlled or substantially controlled by a government in the country of export. Provide evidence that a price control situation exists in the country of export in respect of like goods.

N/A

3. Provide information (reasonably available to you) that raw material inputs used in manufacturing/producing the exported goods are supplied by an enterprise wholly owned by a government, at any level, of the country of export.

N/A

4. Estimate a 'normal value' for the goods in the country of export for comparison with export price. Provide evidence to support your estimate.

N/A

C-6 Aggregation of Volumes of dumped goods

Only answer this question if required by question B.1.5 of the application and action is sought against countries that individually account for less than 3% of total imports from all countries (or 4% in the case of subsidised goods from developing countries). To be included in an investigation, they must collectively account for more than 7% of the total (or 9% in the case of subsidised goods from developing countries).

	Quantity	%	Value	%
All imports into Australia		100%		100%
Total				

Each of the countries the subject of this application each account for more than 3 per cent of total import volume. Please refer to Section B-1.5 above.

APPENDICES

Appendix A1

Appendix A2

Appendix A3

Appendix A4

Appendix A5

Appendix A6.1

Appendix A6.2

Appendix A7

Appendix A8