JULY 2017

MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

Initiation Memo:

Review of Anti-dumping Duties on preserved peaches from China

Dumping and Countervailing Duties Act 1988

Non-confidential version

New Zealand Government

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ABBREVIATIONS AND ACRONYMS

The following abbreviations are used in this Report: -

Act, the	*Dumping and Countervailing Duties Act 1988*
Amendment Act, the	*Trade (Anti-dumping and Countervailing Duties) Amendment Act 2017*
Anti-Dumping Agreement	WTO Agreement on Implementation of Article VI of the GATT 1994
Chief Executive	Chief Executive of the Ministry of Business, Innovation and Employment
CIF	Cost, Insurance and Freight
CNY	Chinese Renminbi (Yuan)
COGS	Cost of Goods Sold
Customs	New Zealand Customs Service
EBIT	Earnings Before Interest and Tax
FOB	Free on Board
HWL	Heinz Wattie's Limited
team, the	The members of MBIE who investigate dumping and subsidy allegations
Kg	Kilogram
Ltd	Limited
MBIE	the Ministry of Business, Innovation and Employment
NA	Not applicable
NSV	Net Sales Value
NZD	New Zealand Dollars
Preserved peaches	Peaches in preserving liquid, in containers up to and including 4.0kg
Review	A full review of the imposition of anti-dumping duties on preserved peaches from China (also known as "sunset review"). Authorised under section 14(8) of the *Dumping and Countervailing Duties Act 1988*
VAT	Value Added Tax
VFD	Value for Duty
WTO	World Trade Organisation

Confidentiality of Information

In a number of instances, information in this report, including figures in the tables, is considered confidential because the release of this information would be of significant competitive advantage to a competitor or its release would otherwise have a significant adverse impact on a party.

In these instances the information has been redacted or where possible has been summarised in sufficient detail to permit a reasonable understanding of the substance of the information submitted in confidence. For example, in some tables the actual figures have been replaced by figures showing percentage changes from the previous period.

EXECUTIVE SUMMARY

This report recommends that the General Manager determines that HWL has provided positive evidence justifying the need for a review of anti-dumping duties on preserved peaches from China

1. - The Trade and Regulatory Cooperation team (the team) has found that Heinz Wattie's Limited (HWL), as an interested party, has provided positive evidence justifying the need for a review of anti-dumping duties on preserved peaches from China.

2. - The Chief Executive is required to conduct a review under section 14(8) of the *Dumping and Countervailing Duties Act 1988* (the Act) if:

    a. Requested to do so by an interested party
    b. The interested party submits positive evidence justifying the need for a review.

3. - The review will determine whether the continued imposition of anti-dumping duties is necessary to prevent dumping causing material injury to the New Zealand preserved peach industry.

4. - The team reached this conclusion following consideration of information that HWL provided in its application for a review. The investigating team is satisfied that HWL has provided positive evidence that if the duty is removed, dumping of preserved peaches from China would recur or continue, and will cause material injury to the domestic industry (in this case, injury to HWL).

5. - The *Trade (Anti-dumping and Countervailing Duties) Amendment Act 2017* (the Amendment Act) was made on 29 May 2017 and contains amendments relevant to reviews initiated under section 14(8) of the Act. These amendments come into force on 29 November 2017.

6. - If MBIE initiates a review based on this request, and it continues on or after 29 November 2017, the review will proceed according to the Act as in force immediately before this date.

7. However, if a duty is imposed on or after 29 November 2017, following a review, the chief executive of MBIE may within six months from the date on which the duty is imposed, start a stand-alone investigation to determine whether continuing to impose the duty is in the public interest. This stand-alone investigation will be conducted according to sections 17H to 17J of the Act, as inserted by section 21 of the Amendment Act, with all necessary modifications.

Standard for initiating a review

8. - The standard for MBIE to initiate a review is outlined at section 14(8) [1] of the Act. This report considers the accuracy and adequacy of the evidence that HWL provided against this standard.

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[1] Section 14(8): The Secretary may, on his or her own initiative, and shall, where requested to do so by an interested party that submits positive evidence justifying the need for a review, initiate a review of the imposition of anti-dumping duty or countervailing duty in relation to goods and shall complete that review within 180 days of its initiation.

9. - MBIE considers that the standard for initiating a review as outlined in Section 14(8), which speaks of “positive evidence justifying the need for a review” is different to that for a new investigation, as outlined in section 10, which speaks of “sufficient evidence”.

10. - MBIE considers the requirements of section 10(2) useful guidance in determining whether an application for review meets the requirements for initiation. Particularly, MBIE expects HWL to provide positive evidence that:

    a. - the removal of the duty on the subject goods would result in a continuation or recurrence of dumping,

    b. - such dumping would result in a continuation or recurrence of material injury to the domestic industry.

HWL has provided positive evidence for initiation purposes that dumping of preserved peaches from China is taking place now and will continue

11. - The team is satisfied that HWL has provided positive evidence that preserved peaches exported to New Zealand from China were dumped over the year ended 30 April 2017.

12. - HWL calculated what it considered to be a suitable estimated export price for preserved peaches from China and compared it to an estimation of a normal value. HWL claims that the export price is CNY 10.14/kg, that the normal value is CNY15.24/kg, and that the subsequent dumping margin is CNY 5.10/kg, or 50 per cent of the export price.

13. - The team compared these figures and calculations with information available to it, including figures sourced by the New Zealand Customs Service (Customs) and previous investigations and reviews that MBIE has conducted.

14. - An investigation would involve careful analysis of these figures and any underlying assumptions, presented in HWL’s application.

HWL has provided positive evidence for review purposes that a continuation of dumping would cause a recurrence of material injury to HWL

15. - MBIE is satisfied that HWL has provided positive evidence that it will suffer material injury if the anti-dumping duties expire.

16. - HWL calculates what it considers to be the level of price undercutting for year ended 30 April 2017, (with duties in place) to be 28 per cent for Wattie’s brand, and 5 per cent for the Oak brand.

17. - HWL also alleges that the loss of sales revenue, if the duties are removed, would be NZD 0.34/kg or NZD[redacted] for FY2018. HWL claims that this will translate directly into a loss of profit.

18. - HWL claims that there is a causal link between the alleged dumping and any recurrence of injury. It refers to the 2011 review which established a causal link between a potential recurrence of dumping and a recurrence of material injury to HWL.

HWL is the only producer of preserved peaches in New Zealand, and is an interested party

19. - Previous reviews and investigations that MBIE has conducted on similar products have found that HWL is the only producer of preserved peaches in New Zealand.

1. Introduction

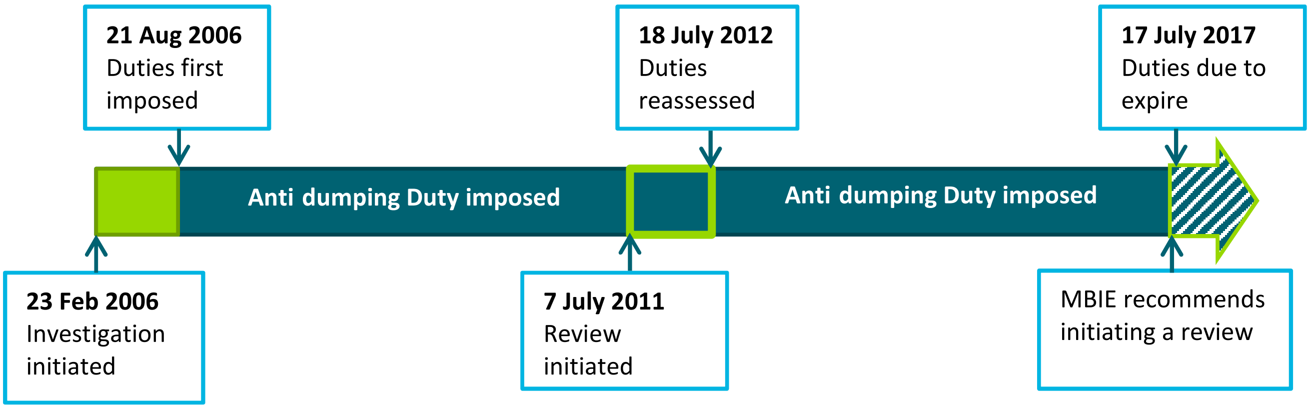
1.1 Application

20. - On 18 May 2017 MBIE received an application for a review from HWL, and received further information to support this application on 22 June 2017. HWL claims that if the duties are removed, imports of preserved peaches from China would continue to be dumped and that this would cause a recurrence material injury to HWL.

21. - HWL is the only producer of preserved peaches in New Zealand. For the purposes of considering this application, MBIE considers HWL to be an interested party.

22. - New Zealand first imposed anti-dumping duties on preserved peaches from China on 21 August 2006. The current duties were last reassessed on 24 January 2012 following a review, and are due to expire on 17 July 2017, unless at that date the duties are subject to review.

Diagram 1.1: Timeline of anti-dumping duties on preserved peaches from China



23. - A review determines whether the removal of the anti-dumping duties would likely lead to a - continuation or recurrence of dumping and injury to the New Zealand industry. -

24. - The World Trade Organisation (WTO) Agreement on Implementation of Article VI of the - General Agreement on Tariffs and Trade 1994 (the Anti-dumping Agreement) specifies that - a domestic industry requesting a review of an anti-dumping duty should submit positive - substantiated evidence to justify the need for a review with a reasonable period of time - prior to the duties expiring.[2]

25. - New Zealand implements its obligations to the Anti-dumping Agreement through the - *Dumping and Countervailing Duties Act 1988* (the Act). HWL's application should be - assessed under the Act, and specifically section 14(8)which contains the review provisions. -

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[2] Article 11.2 of the Anti-dumping Agreement

26. - HWL submitted the application on 18 May 2017. On 9 June 2017, MBIE wrote to HWL outlining deficiencies in the application. HWL updated the application with further information and resubmitted it on 22 June 2017.

27. - If an interested party submits positive evidence justifying the need for a review, then the Chief Executive must initiate a review of the duties, and complete that review within 180 days.

28. - If a review is not initiated, then duties will automatically lapse on 17 July 2017. If a review is initiated, duties will continue to be imposed until the final determination of the review.[3] That review would be obliged to follow the statutory timeframe of 180 days before the Chief Executive[4] makes a final determination on whether or not the duties should lapse.

29. - If the Chief Executive finds that the duty should remain in place, it will continue to be imposed for five years beginning from the date of that determination, and MBIE will conduct a reassessment of the duty rates. If the Chief Executive determines the duty should be terminated, MBIE will recommend that the Minister of Commerce and Consumer Affairs terminates the duties under section 14(7) of the Act.

30. - This report assesses the application against the requirements in the Act. The report outlines the basis for determining that HWL has provided positive evidence to justify the initiation of a review.

1.2 Dumping and material injury

31. - Dumping is defined in sub-section 3(1) of the Act. Dumping occurs when an exporter sells goods to New Zealand (export price) at a price less than the price charged in its domestic market (normal value). MBIE makes necessary adjustments to ensure that the comparison of these prices is fair, including ensuring that the prices are compared at the same level of trade.

32. - HWL claims that continued dumping of preserved peaches from China would cause the company material injury through:

    a. price undercutting
    b. price depression, and
    c. price suppression.

[3] Under section 14(9) of the Dumping and Countervailing Duties Act 1988.

[4] The Dumping and Countervailing Duties Act 1988, section 14(8), states: “The [Chief Executive] may, on his or her own initiative, and shall, where requested to do so by an interested party that submits positive evidence justifying the need for a review, initiate a review of the imposition of anti-dumping duty… in relation to goods and shall complete that review within 180 days of its initiation.”

33. - HWL claims that these actions would result in:

a. a decline in output and sales;
b. a decline in market share;
c. a decline in profits and return on investments;
d. decline in utilisation of production capacity; and
e. adverse effects on cash flow, inventories, employment and growth.

1.3 Investigation Period

34. - The team recommends that the period used to determine claims of dumping (the period of investigation) be the year ended 30 June 2017. For the purposes of considering initiation, MBIE has considered figures for the year ended 30 April 2017 (as provided by HWL). This period is in accordance with MBIE's preferred period for assessing dumping of twelve months.[5]

35. - If MBIE initiates a review, exporters and importers will be directly invited to make submissions and provide responses to questionnaires. Importers will be given 30 days, and exporters and manufacturers will be given 37 days to respond to questionnaires. MBIE allows an additional week for exporters to reply to questionnaires to allow for translation and postal delays (if applicable).

36. - In reviews MBIE maintains a public file, where all review documents are available for request. Interested parties are entitled to request a copy of the public file at any point during a review.

[5] Recommendation adopted by the WTO Committee on Anti-Dumping Practices on 5 May 2000 (G/ADP/6)

2. Goods description

2.1 Imported goods

37. - The imported goods that are subject of the application (the subject goods) are described as:

    Peaches In preserving liquid, in containers up to and including 4.0kg.

38. - HWL considers the subject goods are classified under the tariff item and statistical keys 2008.70.09.00 of the Tariff of New Zealand. The subject goods are not separately defined as the tariff item also includes nectarines.

39. - There is currently no normal rate of customs duty for preserved peaches from China.

40. - The anti-dumping duty is currently imposed through the form of reference prices, where the duty is payable only when the export price is lower than the reference price. The amount of an anti-dumping duty payable is the difference between the two prices. There are two forms of reference prices applicable to preserved peaches from China:

    a. - Normal Value (Value for Duty Equivalent) amounts in Chinese Renminbi (CNY)

    b. - Non-injurious Free on Board (FOB) amounts in New Zealand dollars (NZD). There is also an alternative cap expressed in CNY for the one exporter that has a non-injurious FOB price applied.

41. - When imposing anti-dumping duties, the Minister must "have regard to the desirability of ensuring that the amount of anti-dumping … duty in respect of those goods is not greater than is necessary to prevent the material injury … to an industry".[6] This means that in some cases two different types of reference prices can be used in order to comply with this rule. Reference prices in the foreign currency ensure that the anti-dumping duties are not larger than the dumping margin (to comply with Section 14(4) of the Act). Any alternative prices set in NZD prices will be lower (at the time that the duties were set), to comply with the lesser duty rule outlined above.

42. - Importers pay the lower of the two reference prices where there has been more than one set. The applicable duty may change over time with foreign exchange fluctuations.

[6] Section 14(5) of the Act

43. - Reference prices have been set for individual exporters and other exporters on a per kg basis (see Table 2.1).

Table 2.1: Current Rates of Duty

Name of Exporter	Reference Price/kg	Alternative cap/kg
Chic Foods Co. Ltd	NZD [redacted]	CNY [redacted]
Linyi City Kangfa Foodstuffs drinkable Co. Ltd	CNY [redacted]	NA
Qingdao Huaci Metal & Porcelain (Industries) Co. Ltd	CNY [redacted]	NA
Sino-every Green Foodstuffs Co. Ltd	CNY [redacted]	NA
Zheijiang Iceman Foods Co. Ltd	CNY [redacted]	NA
Residual duty (all other exporters)	CNY 12.34	NA

2.2 Like goods

44. - Article 11.3 of the Anti-Dumping Agreement states that a request for a review “must be made by or on behalf of the domestic industry”. Section 3A of the Act defines the term domestic industry to mean:

a. - the New Zealand producers of like goods; or

b. - such New Zealand producers of like goods whose collective output constitutes a major proportion of the New Zealand production of like goods.

45. - Section 3(1) of the Act defines **like goods** in relation to any goods, as:

a. - Other goods that are like those goods in all respects, or

b. - In the absence of goods referred to in paragraph (a), goods which have characteristics closely resembling those goods.

46. - The goods which HWL produces were confirmed to be “like goods” to the subject goods in the original investigation in 2006. HWL has confirmed that it continues to be the only producer of preserved peaches in New Zealand, and that it makes “like goods” to the goods imported from China under the tariff code and statistical key above, as they have the same form, function and usage. Based on the statement by HWL in its application and the evidence from the original investigation, and other investigations into like goods from other origins, MBIE considers that there is sufficient evidence to conclude that the preserved peaches produced by HWL are “like goods” to the goods subject to the duty.

3. Interested Parties

3.1 Applicant and New Zealand Industry (HWL)

47. - HWL submitted the application on 18 May 2017. HWL is a wholly owned subsidiary. Its ultimate holding company is The Kraft Heinz Company, based in the United States.

48. - HWL produces canned and preserved peaches at its Hastings plant along with a range of other processed and canned fruits and vegetables.

49. - HWL advises that it is the only New Zealand producer of preserved peaches, and therefore constitutes the New Zealand industry. MBIE accepts this claim.

3.2 Exporters

50. - In the 2011 review, MBIE investigated the following six exporters of preserved peaches from China (see table 3.1 below).

Table 3.1 Identified Exporters from 2011 review

Company name	City
Chic Foods Co Ltd	Shanghai, China
Linyi City Kangfa Foodstuffs Drinkable Co Ltd	Shandong, China
Qingdao Huaci Metal & Porcelain (Industries) Co Ltd	Qingdao, China
Sino-every Green Foodstuffs Co Ltd	Qingdao, China
Weifang Sunshine Food Co Ltd	Shandong, China
Xiamen Wellink Import & Export Co Ltd	Fujian, China
Zhejiang Iceman Foods Co Ltd	Jinhua, China

51. - A review would establish the extent to which the parties listed continue to export preserved peaches, and whether any new companies are exporting preserved peaches from China to New Zealand.

3.3 Importers

52. - In the 2011 review, MBIE identified and investigated the following importers of the subject goods (see table 3.2 below).

Table 3.2: Identified Importers from 2011 review

Company name	City
Davis Trading Co Ltd	Auckland
DMFC International (NZ) Ltd	Auckland
Foodstuffs (Auckland) Ltd	Auckland
Foodstuffs (NZ) Ltd	Wellington
Foodstuffs (South Island) Ltd	Christchurch
Foodstuffs (Wellington) Co-operative Society Ltd	Wellington
Heinz Wattie's Ltd	Auckland
Hutchinson's NZ Ltd	Auckland
Wheeler's NZ Ltd	Christchurch

53. - In its application, HWL states that it does not currently import preserved peaches from China. It identifies Foodstuffs Own Brands Limited and Progressive Enterprises Limited as importers of preserved peaches from China, citing information obtained from product labels.

54. - A review would establish the extent to which the parties listed continue to import preserved peaches from China, and whether any new companies are importing preserved peaches from China to New Zealand.

3.4 The Government of China

55. - The Government of China is also considered an interested party under the Anti-dumping Agreement.

4. Evidence of continuation or recurrence of dumping

MBIE is satisfied that HWL has provided positive evidence of a likely continuation of dumping of preserved peaches from China, sufficient to justify a review.

56. - Section 10 of the Act outlines the evidence of dumping that is required in a properly documented application to warrant initiation of a new dumping/subsidy investigation, which includes:

    a. - evidence of the normal value of the allegedly dumped/subsidised goods
    b. - evidence of the ex-factory export price of the allegedly dumped/subsidised goods, and
    c. - evidence that the normal value is higher than the ex-factory export price.

57. - MBIE considers these requirements useful guidance in determining whether an application for review contains “positive evidence justifying the need for a review" under section 14(8) of the Act.

58. - The illustration below depicts what the applicant has provided to establish dumping of preserved peaches from China. Comparisons are made at the same level of trade, in this case the ex-factory normal value for goods destined for the domestic market and the ex-factory export price, for goods destined for New Zealand. Dumping is established when the export price is lower than the normal value.

Illustration depicting dumping margin calculation

4.1 Export Prices

59. - HWL calculates what it considers to be the ex-factory export price of CNY10.14/kg, which it compares to an ex-factory normal value of CNY15.24/kg. HWL concludes that there is a dumping margin of CNY5.10/kg, which is 50 per cent of the ex-factory export price that it calculates.

4.1.1 Base Prices

60. - To calculate export prices, HWL has used import statistics sourced from Infoshare[7]. These statistics show the value for duty (VFD) and the cost including insurance and freight (CIF) for the subject goods for the year ending 30 April 2017.

61. - Table 4.2 below shows the volume, cost and VFD for preserved peaches from China, which HWL sources from Infoshare.

62. - MBIE notes that the trade statistics sourced from Infoshare are not wholly reliable as they include importations of preserved nectarines (as the New Zealand tariff code and statistical key does not discriminate between preserved peaches and nectarines). However, an analysis of the import entries shows that the vast majority of the imports are processed peaches and for the purposes of initiation of a review, MBIE considers the information suitable for justifying the need for a review.

63. - The statistics that HWL provides show the total VFD for the ending April 2017 was NZD2,484,956, for 1,164,535 kgs of imports. This equates to an annual average of NZD2.13/kg for the year ended 30 April 2017.

Table 4.2: Volume and VFD of peaches and nectarines imported to New Zealand from China, year ended 30 April 2017 - Infoshare

Month	Quantity (kg)	VFD (NZD)	VFD/kg (NZD)
May-16	103,240	239,617	2.32
Jun-16	90,123	204,765	2.27
Jul-16	122,398	253,877	2.07
Aug-16	64,567	153,257	2.37
Sep-16	16,093	43,785	2.72
Oct-16	84,120	178,826	2.13
Nov-16	122,649	272,318	2.22
Dec-16	121,812	253,645	2.08
Jan-17	105,836	239,311	2.26
Feb-17	131,708	244,896	1.86
Mar-17	119,647	243,170	2.03
Apr-17	82,342	157,489	1.91
Total	**1,164,535**	**2,484,956**	**2.13**

64. - To reach a free-on-board (FOB) export price, HWL converted the New Zealand VFD prices to CNY. HWL calculated the exchange rate to be CNY4.8:NZD1, by taking the average exchange rate for year ending 30 April 2017 from www.nzforex.co.nz, a free online currency exchange service. HWL calculates the average FOB export price to be CNY10.24/kg for the year ending 30 April 2017.

[7] Infoshare is a publicly available source of trade statistics. It is based on data from New Zealand Customs Service, and provides statistics to the 10-digit tariff code level: http://www.stats.govt.nz/infoshare/

4.1.2 Adjustments

65. - The Act requires that adjustments be made to the export price for costs, charges and expenses incurred in preparing the goods for shipment to New Zealand. Particularly those expenses that are additional to those which are generally incurred on sales in the domestic market of the country of export. This includes any other costs, charges and expenses resulting from the exporting of the good or arising after shipment from the country of export. This is to ensure that the export price and normal value are compared at the same level of trade, normally ex-factory.

66. - HWL back-calculates the ex-factory export price from the FOB export price, as depicted in the illustration below:

Illustration of HWL's calculation to ex-factory export price

Freight to port

67. - To calculate the ex-factory export price, HWL subtracted one per cent of the FOB, or CNY0.10/kg, to represent the expense of freight from factory to port in China.

68. - HWL based this figure on [redacted], which HWL notes is [redacted] per tonne, or one per cent (of [redacted]).

69. - HWL states that this is a short transit compared to the transit of like goods in China, and that it is likely understated. HWL notes that it has no knowledge of the like goods freight rates in China.

70. - In the 2011 review of anti-dumping duties on preserved peaches from China, MBIE concluded that there was an average freight to port cost of [redacted] per cent. This figure was based on findings from the 2006 investigation, but provides a reliable indicator of average freight to port costs in China.

71. - With the information reasonably available to it, MBIE considers that HWL's claim that freight from factory to port would likely be in the vicinity of one per cent is reasonable. Should MBIE initiate a review, it will need to assess the freight to port figure carefully.

4.1.3 Ex-factory export price

72. - The result of these adjustments is an ex-factory export price of CNY10.14/kg. These calculations are summarised in Table 4.5 below.

Table 4.5: Calculation of Ex-factory Export Price for year ended April 2017 HWL calculations

Calculation	Rate	Amount
VFD/kg (NZD)		2.13
Converted to CNY*	4.8	10.24
excl. freight to port	1%	*-0.10*
Ex-factory export price/kg (CNY)		10.14

*using the average annual exchange rate

4.1.4 MBIE's assessment of export price evidence

73. MBIE accepts HWL's calculation of the VFD per kg of preserved peaches from China for review initiation purposes. MBIE has assessed HWL's claims against data from New Zealand Customs Service (Customs) and considers HWL's claims to be reasonable for estimating base export prices.

74. - MBIE considers it reasonable to make currency conversions on a monthly basis (rather than annual) average exchange rates. The trade statistics are freely available online on the New Zealand Statistics Department website at the monthly level, and exchange rates are available for any time interval. Converting the export prices at the lowest time interval gives the most accurate picture of what the importers would have likely paid for the relevant shipments.

75. - Table 4.6 shows MBIE's calculation of monthly average exchange rates and a subsequent calculation of the weighted average FOB, which is CNY9.70.

Table 4.6: MBIE calculation of FOB export price for preserved peaches from China, year ended April 2017 – Infoshare

Month	Quantity (kg)	VFD (NZD)	Mid-month exchange rate: CNY:NZD	FOB (CNY)
May-16	103,240	239,617	4.2781	1,025,105
Jun-16	90,123	204,765	4.3016	880,817
Jul-16	122,398	253,877	4.3578	1,106,345
Aug-16	64,567	153,257	4.4084	675,618
Sep-16	16,093	43,785	4.4778	196,060
Oct-16	84,120	178,826	4.5131	807,060
Nov-16	122,649	272,318	4.5714	1,244,875
Dec-16	121,812	253,645	4.6133	1,170,140
Jan-17	105,836	239,311	4.6683	1,117,176
Feb-17	131,708	244,896	4.7208	1,156,105
Mar-17	119,647	243,170	4.7655	1,158,827
Apr-17	82,342	157,489	4.7934	754,908
Total	1,164,535	2,484,956		11,293,036
Average FOB/kg		**2.13**		**9.70**

76. - Taking MBIE's calculation of the FOB prices converted to CNY using monthly exchange rates, and HWL's estimates of freight to port, MBIE arrives at a revised estimated ex-factory export price of CNY9.61. See Table 4.7 below:

Table 4.7: Calculation of Ex-factory Export Price for year ended April 2017 MBIE-adjusted

Calculation	Rate	Amount
VFD/kg (NZD)		2.13
Average CNY/kg (FOB) *		9.70
excl. freight to port	1%	*-0.09*
Ex-factory export price/kg (CNY)		9.61

*using CNY:NZD monthly mid-point exchange rates.

77. - MBIE considers that HWL's estimate of one per cent adjustment to the New Zealand dollar VFD (FOB) prices to account for freight from factory to port is reasonable. While there are likely to be other costs involved in the export of the goods up to the FOB point, such as port handling charges and clearance fees, and the costs of credit. Such costs, if relevant, would reduce the export price further, increasing the corresponding dumping margin.

78. HWL notes that these export prices may be [redacted] preserved peaches being imported from China [redacted]. As noted earlier, the current anti-dumping duties are based on reference prices. To support this claim, HWL points to inflation in the import price of preserved peaches from China, [redacted] since the 2011 review, compared to [redacted], which it claims to be less than [redacted].

79. - MBIE will further consider the likelihood that importers have [redacted] preserved peaches being imported from China [redacted], if it initiates a review. However, for initiation purposes, MBIE accepts HWL's estimated ex-factory export prices based on VFD values for Chinese imports.

4.2 Normal Value

4.2.1 Base Prices

80. - HWL sourced market prices for preserved yellow peaches in China. These prices were sourced through the purchase of peaches from retailers Carrefour, RT-Mart, and Walmart in Shanghai in May and June 2017 and evidence was provided of these purchases. The weighted average retail price of these products is CNY [redacted] per kg. See table 4.8 below.

Table 4.8: Normal value of peaches in China
HWL calculation

Retailer	Product	Weight (kg)	Price (CNY)	Price/kg (CNY)
Carrefour	HUANLEJIA Canned Yellow Peach in Syrup	0.800	13.33	16.66
Carrefour	KF Canned Yellow Peach	0.550	12.74	23.16
Carrefour	Green Jebel Orchard Canned Yellow Peach in Syrup	0.508	11.54	22.72
Carrefour	Top Canned Yellow Peach	0.760	12.39	16.30
RT-Mart	GuoYuan Canned Yellow Peach	0.900	18.38	20.42
RT-Mart	Sci-tech Peach Canned	1.000	17.86	17.86
RT-Mart	YiDa Canned Yellow Peach in Syrup	0.757	16.07	21.23
Walmart	Grand Tree Canned Yellow Peach	0.860	13.59	15.80
Walmart	Great Value Canned Half Yellow Peaches	0.825	9.23	11.19
Walmart	ZiShan Canned Peach	0.485	8.38	17.28
Walmart	AOLINGQI Canned Peach	0.450	8.72	19.38
Walmart	ZhengPengDa Canned Peach	0.256	4.70	18.36
Weighted average/kg				[redacted]

81. - The retail invoices that HWL provided as evidence of these prices shows that these Chinese retail prices are exclusive of VAT, and the prices in the table above reflect this.

4.2.2 Adjustments

Retailers' margins

82. - HWL subtracts [redacted] per cent for the retailer's margin. HWL claims that this figure is based on its knowledge of the distribution of preserved peaches [redacted]. HWL has not provided any evidence to support its claim that [redacted] per cent is a relevant retail margin [redacted] characteristics to China to use the same retail margin.

Freight to customer

83. - HWL claims that the cost of freight to customer is [redacted] per cent. HWL claims that this is based on its understanding of local freight charges, and refers to Appendix 10.4. of its application.

84. - At appendix 10.4 of its application, HWL has provided its calculation of freight to customers using its own costs of distribution in New Zealand, as a substitute for local freight charges in China.

85. - HWL has not provided an explanation as to why New Zealand freight charges are appropriate for establishing normal values in China.

VAT effect

86. - HWL notes that the standard VAT rate in China is 17 per cent. HWL adds back two per cent to its normal value calculations (effectively increasing the normal value by two per cent) to allow for what it claims to be a 'VAT effect'. Specifically HWL notes that "there is an export rebate of 15 per cent on exports of preserved peaches from China which is why 2 per cent is added back".

87. - HWL has supplied evidence of these tax rates by providing links to three websites in its application. It also further explains its position:

> *The partial refund of VAT on an export sale means that the export sale incurs an additional tax. In the case of peaches it is 2%. To achieve fair comparison and a comparable price the additional tax is added to the price paid for payable.*

88. - HWL also quotes MBIE's 2012 *Final Review Report on preserved peaches from China*:

> *To preserve tax neutrality an adjustment equivalent to 2% of domestic inputs subject to VAT has been added back (paragraph 161).*

4.2.3 Ex-factory Normal Value

89. - HWL claims that the ex-factory normal value is CNY15.24 per kg, based on the adjustments outlined above, and outlined in Table 4.9 below.

Table 4.9: HWL Calculation of Normal Value

Calculation	Rate	Amount
Retail price (CNY/kg)		[redacted]
Excl retailers margin	[redacted]	[redacted]
Excl freight to customer	[redacted]	[redacted]
Add back VAT effect	2%	*0.30*
Ex-factory wholesale price (CNY/kg)		15.24

4.2.4 MBIE's assessment of Normal Value

Retail prices

90. - MBIE notes that the Chinese retail prices that HWL has sourced all come from foreign-owned supermarkets and hypermarkets in Shanghai. MBIE notes that these prices may be higher than in other retail outlets, and from other parts of China.

91. - However for the purposes of initiation of a review, MBIE accepts the prices that HWL has provided. MBIE will investigate the normal value of preserved peaches in China if a review is initiated.

Retailer's margin

92. In the 2012 review of preserved peaches from China, MBIE used a retailers' margin of [redacted] per cent and a wholesaler's margin of [redacted] per cent to calculate ex-factory normal values. This was based on information that HWL supplied in its application for that review.

93. - After having considered all of the information available to it, MBIE considers that [redacted] per cent is likely to be a reasonable adjustment to make to account for retailers' margins for the purposes of initiation of a review. It is likely that wholesalers are involved in the domestic transaction process, yet HWL has not allowed a margin for them.

Freight to customer

94. - MBIE sought alternative information available to it to assess how reasonable HWL's claim is. In the 2012 review of anti-dumping duties on preserved peaches from China, MBIE concluded that the freight rate to customers in China was likely to be around one per cent.

95. - Using one per cent instead of [redacted] per cent that HWL claims, an adjustment to normal values in China will result in higher ex-factory normal values, and thus larger dumping margins.

96. - As such, MBIE is satisfied that the information that HWL has provided likely over-estimates the cost of freight to customers, thus resulting in a lower normal value to its disadvantage. MBIE is satisfied with this outcome for the purpose of initiation, but will need to consider the issue more closely should a review be initiated.

VAT effect

97. - MBIE has considered its findings in the 2012 final review report and found that at that time, MBIE determined that two per cent should be added onto the normal values in China to account for the VAT effects.

98. - MBIE will need to consider the extent to which this still applies, and determine whether or not adding adjustments to the normal value is still the best approach to establishing dumping margins, if a review is initiated.

99. - For the purposes of initiating a review, MBIE considers HWL's approach to accounting for the VAT effect, reasonable.

Conclusion on normal value

100. - Considering the Chinese retail prices and the normal value adjustments that HWL claims, MBIE accepts the normal value that HWL calculated in its application, for the purposes of initiating a review.

4.3 Dumping Margin

101. - Comparing the export price and normal value which HWL calculated gives a dumping margin of CNY5.10/kg, or 50 per cent of the ex-factory export price, as shown in table 4.10 below.

Table 4.10: Dumping Margin
HWL calculations

Calculation	Amount
Ex-factory normal value/kg (CNY)	15.24
Ex-factory export price/kg (CNY)	10.14
Dumping margin/kg (CNY)	5.10
Dumping margin % of export price	50%

4.3.1 MBIE's assessment of dumping margins

102. On the basis of the information in HWL's application, and the considerations outlined above, MBIE is satisfied that HWL has provided positive evidence that dumping is occurring with the duties in place, and is likely to recur in the absence of duties, for the purposes of initiating a review.

4.4 Import Volumes

103. - Using Infoshare data, HWL calculates the import volume of preserved peaches from China as 27 per cent of total preserved peach imports for year ending 30 April 2017.

104. - HWL compiled import volume figures from Infoshare data for year ending 30 April 2017. MBIE notes that preserved peaches with the description of the subject goods are not separately identified in the Tariff of New Zealand, as the Tariff item (2008.70.09.00) also includes nectarines.

Table 4.13: Import volumes of preserved peaches for year ended 30 April 2017 - Infoshare

Country of origin	Quantity	% of Total
Australia	94,200	2%
China, People's Republic of	1,164,535	27%
South Africa	2,765,532	65%
Spain	50,755	1%
All other imports	184,541	4%
Total	4,259,563	100%

4.4.1 MBIE's assessment of import volumes

105. MBIE considered the publicly available import statistics and concludes that imports of preserved peaches from China, under tariff item 2008.70.09.00 are 27 per cent of total imports for the year ended 30 April 2017.

5. Continuation or recurrence of Injury

MBIE concludes that for the purpose of initiation HWL has provided positive evidence that if the duties are removed, HWL will suffer a recurrence of material injury.

106. HWL claims that it will suffer material injury caused by imports of preserved peaches originating from China if anti-dumping duties cease to apply. HWL claims that this injury will be in the form of price undercutting, price suppression and price depression, which will negatively affect HWL's sales, market share, output, profits, and ultimately threaten the viability of HWL's preserved peaches industry in New Zealand.

5.1 Volume effects

5.1.1 HWL's claims of volume effects

107. HWL estimates the import volumes of preserved peaches from China in comparison to those produced by other countries using Infoshare statistics. HWL calculates that imports of preserved peaches from China are 27 per cent of total imports, and [redacted] per cent of the total New Zealand market. Table 5.1 below shows HWL's calculation over year ended 30 April 2017.

Table 5.1: New Zealand market share by origin year ended 30 April 2017
HWL calculation

Country of origin	Quantity (kg)	% of Total imports	% of Total NZ market
Australia	94,200	2%	[redacted]
China	1,164,535	27%	[redacted]
South Africa	2,765,532	65%	[redacted]
Spain	50,755	1%	[redacted]
All other imports	125,029	4%	[redacted]
Total imports	4,259,563	100%	[redacted]
Sales of NZ domestic production	[redacted]		[redacted]
Total New Zealand market	[redacted]		100%

108. HWL has not provided any estimates of the likely change in import volumes from China should the duty be removed. However, it does claim that the Chinese preserved peach industry is growing and that it will need to look for new markets, possibly by increasing exports to New Zealand.

109. HWL claims that 200 tonnes of additional imports would be enough to cause the price effects that it claims.

110. HWL supplied two United States Department of Agriculture *Global Agricultural Information Network* reports (the GAIN reports) on Canned Deciduous Fruit, one published on 5 November 2010 and the other on 21 December 2012.

5.1.2 MBIE's assessment of volume effects

111. - MBIE has considered the GAIN reports that HWL provided, including the fact that they are four years old. Between the two periods that the GAIN reports consider, there is evidence of China growing its preserved peach manufacturing capacity. According to the GAIN reports, Chinese production of preserved peaches increased from 370,000 tonnes in 2010/11 to 420,000 tonnes in 2012/13.

112. - However, the GAIN reports also note that exports of preserved peaches from China fell from 143,000 tonnes in 2010/11 to 130,000 tonnes in 2012/13, indicating an increase in Chinese domestic consumption over the period rather than an increase in export volumes.

113. - HWL has not provided evidence that volumes would likely increase if duties are removed and has instead provided evidence that China's production has increased, although its export volume decreased slightly from 2010/11 to 2012/13.

114. - MBIE notes that China is already contributing a significant portion of supply to the New Zealand preserved peach market, and that those exports are small relative to other markets that it supplies. If MBIE initiates a review, it will need to consider the extent to which Chinese exporters will likely increase their supply to New Zealand.

5.2 Price Effects

5.2.1 Price Undercutting

HWL claims

115. - HWL claims that price undercutting is occurring and has compared the import price of preserved peaches from China with HWL's Net Sales Value (NSV). HWL calculates the level of price undercutting at 28 per cent for its Wattie's brand and 5 per cent for its Oak brand, as shown in table 5.2. The import price/kg does not account for the anti-dumping duties that are in place.

Table 5.2: Price undercutting
HWL calculations

Brand	Net sales Value /kg (NZD)	Chinese VFD Import price/kg (NZD)	Undercutting/ kg (NZD)	Undercutting margin as % of net sales value/kg
Wattie's	[redacted]	[redacted]	[redacted]	28%
Oak	[redacted]	[redacted]	[redacted]	5%

116. - HWL claims that it has calculated price undercutting amounts based on a comparison of its 2017 NSV (excluding freight to the customer) against the ex-wharf price of imported preserved peaches from China (without anti-dumping duties). This is the level of trade which HWL considers the imported and domestically produced products first compete with each other in New Zealand.

117. HWL notes that it maintains a price premium on its Wattie's brand and uses [redacted]. It further notes that it cannot let the price premium between the Wattie's and Oak brands become too large for fear that consumers will resist paying for the more expensive Wattie's product.

118. HWL also claims that the Chinese VFD import price/kg sourced from Infoshare may be [redacted] (thus its price undercutting calculations highlighted in the table above may be [redacted]). HWL notes that:

> *It could be in* [redacted] *of canned peaches being imported from China to* [redacted].

119. HWL points to an alleged import price increase in Chinese imports of [redacted] since the 2011 review, noting that it has seen [redacted] in similar product ranges of [redacted].

120. - HWL also provides Infoshare statistics that show that export prices of other processed fruits to New Zealand have increased at a much slower rate than preserved peaches from China.

MBIE's assessment

121. - HWL directs the reader to Appendix 10.2 and 10.4 of its application where it calculates an import price per kg for Chinese peaches. Appendix 10.2 contains VFD import values of preserved peaches from China and subsequent calculations establishing an ex-wharf export price. Appendix 10.4 contains information about HWL's freight expenses in New Zealand but has provided little explanation of how these freight costs relate to the price undercutting analysis.

122. - HWL has calculated the import price per kg using the Cost, Insurance and Freight (CIF) prices from Infoshare but has not included devanning and wharfage charges to derive an ex-wharf landed price into New Zealand.

123. - The average CIF prices for preserved peaches from China in the year ended April 2017 were NZD[redacted] (which HWL notes in Appendix 10.2 of its application). MBIE does not have information on wharfage and devanning charges but has recalculated HWL's undercutting figures per table 5.3 below. Note that the import price does not include wharfage and devanning charges which are needed to derive an ex-wharf landed price into New Zealand, but this would not significantly affect the price undercutting margins calculated.

Table 5.3: Price undercutting
MBIE-adjustments

Brand	Net sales/kg (NZD)	Chinese Import price/kg (NZD)	Undercutting/kg (NZD)	Undercutting % of net sales/kg
Wattie's	[redacted]	[redacted]	[redacted]	27%
Oak	[redacted]	[redacted]	[redacted]	4%

124. - MBIE notes that the import price highlighted above is exclusive of any anti-dumping duties currently being paid. Therefore the actual landed price per kg of preserved peaches from China with anti-dumping duties in place is likely to be higher than stated in the tables above.

125. - MBIE notes HWL's concerns that [redacted]. The anti-dumping duties on preserved peaches from China are set and collected using reference prices (which act as minimum prices), so there is [redacted] import - prices of Chinese imports.

126. While there is only very small levels of price undercutting currently occurring on the Oak brand, MBIE considers that there is positive evidence to warrant initiation of a review. It is likely that that price undercutting would increase if anti-dumping duties were removed.

5.2.2 Price Depression

127. Price depression occurs when prices in a market affected by dumping are lower than those in a market unaffected by dumping. It is usually calculated by comparing the price in a market affected by dumping to the price in the same market before the dumping occurred.

HWL's claims

128. In section 7 of its application, HWL discusses how in 2005, the [redacted] brand (supplying Chinese preserved peaches) grew to [redacted] per cent share in Pak'n Save South Island in four weeks. HWL considered this to be an example of a situation where dumped imports led to unsustainable price differences forcing its prices downwards.

129. HWL also notes that it is attractive to importers and retailers to command a price of less than NZD1.00 per 410g can of preserved peaches and that in the absence of anti-dumping duties on Chinese imports that this would be achievable for imported preserved peaches from China.

MBIE's assessment

130. - While MBIE understands that retailing a 410g can of peaches for less than NZD1.00 per unit is attractive to retailers, HWL has not provided evidence or calculations to show how this would be achievable.

131. - MBIE considers that HWL has provided positive evidence of a likely recurrence of price depression in the absence of anti-dumping duties. Specifically, HWL has provided calculations at Appendix 10.8 showing likely price decreases in 2018 and 2019 if duties are removed and HWL is forced to compete with the dumped imports on price.

5.2.3 Price Suppression

132. - Price suppression occurs when firms are unable to increase their prices to account for increasing costs.

HWL claims

133. - HWL submits that price suppression would recur if the anti-dumping duties are removed because HWL would be unable to offset the significant price undercutting by means of cost savings and price increases elsewhere. HWL claims that its cost base would increase due to a loss of market share causing increased fixed processing costs per tonne.

MBIE's assessment

134. HWL has claimed in its application that the absence of anti-dumping duties will lead to a decrease in market share and thus an increase of fixed costs per unit.

135. HWL has provided calculations at Appendix 10.8 of its application showing likely price suppression in 2018 and 2019 if duties are removed and HWL is forced to compete with the dumped imports on price.

136. MBIE concludes that HWL has provided positive evidence that it will face price suppression through increases in fixed processing costs per unit.

5.2.4 MBIE's assessment of price effects

137. MBIE is satisfied that HWL has provided evidence as is reasonably available to it in relation to price undercutting. HWL has highlighted that the current Chinese imported prices (with anti-dumping duties in place) are undercutting HWL's Oak prices by a small margin.

138. MBIE agrees with HWL that the CIF import prices [redacted] to the reference prices. MBIE notes that it is difficult to draw specific conclusions about the extent to which prices have been [redacted] due to reference prices.

139. MBIE is satisfied that HWL has provided positive evidence of [redacted] import prices through a comparison of the changes in prices of preserved peaches since anti-dumping duties were first imposed with price increases of other processed fruit products from China.

140. For the purpose of initiating a review, MBIE concludes that HWL has provided positive evidence justifying its claims that it will suffer price depression and suppression in the absence of anti-dumping duties.

5.3 Economic Effects

5.3.1 Sales and Profit

141. HWL converts the average price of Chinese peaches ex-wharf (NZD2.23 per kg), sourced from Infoshare data, to CNY at a conversion rate of 4.8 (which it claims to be the annual average, as noted in section 4.1.1 above) to reach an ex-wharf New Zealand price of CNY10.70 per kg.

142. The residual duty reference price is CNY12.34 per kg. Therefore HWL claims that the immediate injury would be the price effect of removal of anti-dumping duty being the difference in the residual duty price and the current import price to New Zealand, which is CNY1.64 per kg, or NZD0.34. HWL claims that the imported price will fall by NZD0.34 if anti-dumping duties are removed from Chinese imports.

143. The existing duties are set using reference prices for named exporters who were shipping to New Zealand during the last review's investigation period. These duty rates are not publicly available so HWL will not have access to that information.

144. There is also a residual duty rate (set at CNY12.34/kg), which is set for all non-named exporters (such as a new exporter entering the New Zealand market). This residual duty rate is publically available and HWL has used it to calculate the potential decline in Chinese import prices in the absence of anti-dumping duties.

145. HWL claims that it will have to reduce its Wattie's and Oak prices by NZD0.34 to match the decline in Chinese import prices if anti-dumping duties are removed, for the reasons outlined above.

146. HWL has provided its forecasted financial performance in the event that it has to reduce its prices of Oak and Wattie's canned peaches by NZD0.34/kg.

147. HWL's calculations are outlined in tables 5.3 and 5.4 below. The first table provides HWL's forecasts if the duties remain in place while the second table provides HWL's forecasts if the duties expire. HWL considers the difference in the figures to be the injurious effect of the expiry of the duties on its financial performance.

Table 5.3: HWL forecast for 2018 and 2019 if duties remain in place
Wattie's, Oak and Private Label combined

	Year ended 31 December (NZD000)				
	Actual			***Forecast***	
	2015	2016	2017	2018	2019
Total sales (tonnes)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
List sales value	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net sales value	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
COGS	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Contribution Margin	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total fixed costs	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
EBIT	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Table 5.4: HWL forecast for 2018 and 2019 if duties are removed
Wattie's Oak and Private Label combined

	Year ended 31 December: (NZD000)				
	Actual			*Forecast*	
	2015	2016	2017	*2018*	*2019*
Total sales (tonnes)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
List sales value	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Net sales value (NSV)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Indexing of NSV			100%	88%	88%
COGS	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Contribution Margin	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total fixed costs	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
EBIT	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Indexing of EBIT			100%	-149%	-186%

148. MBIE considers it likely that HWL will experience any price effects in its sales preserved peaches by the start of the 2018 calendar, given that duties are set to expire on 17 July 2017 (unless at that time they are subject to a review).

149. For the purpose of initiating a review, MBIE considers that HWL has made reasonable assumptions about its sales and profit of preserved peaches in the event that anti-dumping duties are removed and that these assumptions lead to an erosion of both sales revenue and Earnings before Interest and Tax (EBIT).

5.3.2 Market Share

150. HWL claims that if the anti-dumping duty is removed, HWL would suffer a loss of market share. As evidence, HWL refers to previous investigations, which have indicated that the entry of dumped preserved peaches has resulted in a loss of market share for HWL preserved peaches.

151. HWL claims that in the initial investigation in 2005 into the dumping of preserved peaches from China, it was found that the [redacted] brand grew to [redacted] per cent share in Pak n Save South Island over four weeks. HWL submits that this increase in market share would recur if the anti-dumping duties are removed.

152. An analysis of market share must consider changes in the size of the total market. A decline in market share when the total market is expanding will not necessarily indicate that material injury is being caused, particularly if the domestic industry's sales are also growing. In addition, the New Zealand industry is not entitled to any particular market share.

153. MBIE considers that HWL has not provided positive evidence of a likely loss in market share if the duties are removed. Further, in the forecasts outlined in the sales and profit section above, HWL assumes a constant level of sales even when anti-dumping duties are removed; instead forecasted injury to HWL will be through decreased sales revenue and EBIT.

5.3.3 Productivity

154. Productivity is the relationship between goods produced and the inputs required to manufacture them. Productivity is affected by output and capacity utilisation levels.

155. HWL claims that removal of anti-dumping duties would result in a reduction in its productivity as the loss of profit (considered above) could mean [redacted] sourced from New Zealand-based growers. HWL submits that it is [redacted], and claims that the [redacted] annually.

156. HWL has also speculated that the removal of anti-dumping duties would likely result in [redacted]. HWL has not provided evidence to support this claim beyond the loss of profits that it forecasts as outlined above.

5.3.4 Return on investments

157. Return on investments measures profit against the value of the investment in a business. Changes in the return on investments may impact the ability to retain current investment or attract new investment. Declines in return on investments can result from a decline in profit or an increase in the level of investment within the business.

158. HWL claims that the removal of anti-dumping duties would result in [redacted] which would cause [redacted] meaning a reduction in demand not only for canned peaches products [redacted].

159. MBIE notes that HWL's claims in relation to other [redacted], are out of scope of the consideration to initiate a review of anti-dumping duties on preserved peaches from China.

160. MBIE notes HWL's claims that the removal of anti-dumping duties will result in lower selling prices, leading to lower profits, as highlighted above. If this situation eventuated, HWL would also suffer a lower return on investments.

5.3.5 Production capacity

161. In its application, HWL notes that production capacity is driven by its growers' crop size in any given year.

5.3.6 MBIE's assessment of economic effects

162. For the purposes of initiating a review, MBIE is satisfied that HWL has provided positive evidence to support its claim that it will have to reduce its prices if the anti-dumping duties are removed and that this reduction in prices will cause HWL a recurrence of injury through lower sales revenue, and EBIT.

5.4 Causal Link

163. HWL states that a causal link was established in the original investigation and that subsequent reviews of anti-dumping duties on imports from other sources have found that the removal of the duty would result in material injury to the New Zealand industry.

164. HWL claims that the high availability of preserved peaches from China which could be exported to New Zealand and the continued importation of peaches mean this causal link remains in place, as was determined in the original investigation.

165. HWL also stated that it is not aware of any material injury being caused through fairly traded branded products. The company also stated that there do not appear to be any other factors causing injury to the domestic industry such as a contraction in demand, changes in the pattern of consumption, developments in technology or its own export performance.

6. Conclusion and Recommendations

6.1 Conclusions

166. - On the basis of the information available, the team concludes that HWL has provided positive evidence justifying the need for a review of anti-dumping duties on preserved peaches from China.

6.2 Recommendations

167. - The team recommends on the basis of the conclusions reached and in accordance with section 14(8) of the Dumping and Countervailing Duties Act 1988, that you:

a. initiate a review of the anti-dumping duty on preserved peaches from China; and

Agree/Disagree

b. - sign the attached *Gazette* notice, to give notice to interested parties in accordance with section 9 of the Dumping and Countervailing Duties Act 1988.

Peter Crabtree
General Manager
Science, Innovation and International Branch
Labour, Science and Enterprise
Ministry of Business, Innovation and Employment

…... / …... / …...