Trade (Dumping and Countervailing Duties) Act 1988

APPLICATION FOR A REVIEW OF ANTI-DUMPING DUTIES AGAINST PRESERVED PEACHES FROM SOUTH AFRICA

April 2019

Contents

1. Introduction

Executive Summary

This application concerns the review of existing anti-dumping duties on imports of dumped preserved peaches originating from South Africa and the recurrence of material injury to the New Zealand industry from those dumped imports should duties cease to apply.

Heinz Wattie's Limited, ("HWL") is the only producer of preserved peaches (under the brand names Wattie's, Oak and Weight Watchers).

Imports of preserved peaches covered by the existing anti-dumping duties are still regularly sold in New Zealand. These preserved peaches from South Africa appear to be still dumped and the trade remedy in place has been effective in partially addressing the material injury identified in the 2013 sunset review.

Material injury to HWL from imports of preserved peaches originating from South Africa will recur, should anti-dumping duties cease to apply. This is due to the availability of South African preserved peaches as well as the sensitive New Zealand market for preserved peaches.

The material injury caused to Heinz Wattie's from the return of dumped imports to New Zealand will be in the form of price undercutting, price suppression and price depression. The economic effects will be a decline in sales, market share, output, profits and [redacted] and the supporting horticultural industry.

Grounds for Application

HWL applies for the initiation of a review of the existing anti-dumping duties upon canned peaches from South Africa pursuant to section 17D of the Trade (Dumping and Countervailing Duties) Act 1988 (the "Act").

This application is made on the grounds that if existing anti-dumping duties cease to be payable then imports of dumped preserved peaches from South Africa will cause a recurrence of material injury to the New Zealand preserved peach industry represented by HWL through:

- price undercutting
- price depression; and
- price suppression

resulting in:

- a decline in output and sales
- a decline in market share,
- a decline in profits and return on investments,
- a decline in utilization of production capacity; and
- adverse effects upon cash flow, inventories, employment, and growth.

In support of these claims Heinz Wattie's tenders this submission and evidence as justification for continuation of the anti-dumping duty.

2. Interested Parties

The Applicant

The applicant is Heinz Wattie's Limited which is the only producer of preserved peaches under the brand names Wattie's, Oak and Weightwatchers.

The application is made on behalf of the sole New Zealand producer of preserved peaches. Any queries in regard to this application should be directed to:

Heinz Wattie's Limited
Private Bag 99920
Newmarket
Auckland

Telephone: [redacted]
Facsimile:

Contact: [redacted]
Email:

Heinz Wattie's Limited is a subsidiary of the Kraft Heinz Company, USA.

Importers

Heinz Wattie's is aware that the following companies import canned peaches from South Africa. This is based on information obtained from the canned peaches product label.

- Foodstuffs Own Brands Limited
- Progressive Enterprises Limited
- Brooke Holdings Limited

Import volumes from South Africa suggest that despite the imposition of measures there are strong channels of distribution. In year ending January 2019 imports from South Africa were 65% of total import volumes.

Exporters

Heinz Wattie's currently has no knowledge of all companies in South Africa who are exporting to New Zealand and HWL. Interested parties who are importers would be able to provide this information in a review. Information on all importers is available from Custom's confidential data base which the Ministry has access to.

Exporters identified previously have included (which is the best information available to HWL)

- Langeburg and Ashton Foods Ltd.
- Rhodes Food Group Ltd.

3. Like Goods

The imported goods are described as:

> *Canned peaches (halves, slices or pieces) packed in various concentrations of sugar syrup and in can sizes ranging from 110 grams to 3 kilograms (A10)*

The various packs may vary from cans to glass jars to plastic pottles and other forms of packaging (such as retort packs) with different capacities.

HWL produces, as part of its product range, a range of styles of preserved peaches (halves, slices and dices), packed in various media (such as syrup, fruit juice and lite) in various can sizes.

HWL is the only New Zealand manufacturer of preserved peaches and therefore the requirements of Section 17(D)1 of the act have been met.

The goods are currently classified under tariff item and statistical key 2008.70.09 of the Tariff of New Zealand.

The normal duty rate for the goods for South Africa is 0%.

Like Goods Considerations

In identifying like goods, the applicant has used the Ministry's framework in order to determine what goods produced in New Zealand are like goods to the allegedly dumped imports.

(a) Physical characteristics, this covers appearance, size and dimensions, composition, production methods and technology.

(b) Function / usage. This covers consumer perceptions / expectations, end uses, and will lead to any conclusions on the issue of substitutability where relevant.

(c) Pricing structures.

(d) Marketing. This covers distribution channels, customers and advertising.

(e) Other. This can include tariff classification if applicable, and any other matters which could be applicable in the circumstances.

Physical Characteristics

The applicant produces preserved peaches either in the form of halves, slices or pieces. The processed peaches are packed in cans. These preserved peaches are very similar to preserved peaches imported from South Africa. The New Zealand preserved peaches are also similar to other types of packaging containing preserved peaches. This other kind of packaging can vary and is expected to include different forms of packs such as glass jars and pouches.

Function and Usage

The applicant produces preserved peaches for retail and food service sale in New Zealand. These preserved peaches have the same function and application as imported preserved peaches.

Pricing

The preserved peaches produced by the applicant compete at the same price point as the imported preserved peaches. This level of competition is HWL wholesale price versus the imported ex-wharf cost of imports as has been established in previous investigations.

Marketing Issues

The distribution channels, customers and means of advertising are similar for the New Zealand produced preserved peaches and imported preserved peaches from South Africa.

Other

The canned peaches produced by HWL, if imported into New Zealand, would be classified under the same tariff item and statistical key in the Customs tariff. (Tariff item 2008.70.09.00)

Conclusions Relating to Like Goods

In summary, the preserved peaches manufactured in New Zealand by the applicant have the same or similar physical characteristics, method of manufacture, function and usage, pricing, marketing and tariff classification. There is sufficient evidence for the purposes of review that preserved peaches produced by HWL have characteristics that closely resemble the subject goods, and therefore are like goods to the subject goods.

4. Imports of Canned Peaches

Preserved peaches with the description of the subject goods are not separately identified in the Tariff of New Zealand. HWL is unable to provide the proportion of the import figures that are the subject goods of the relevant statistical key due to other imports. In addition, HWL has been unable to determine whether anti-dumping duty has been paid on imports of canned peaches that it has identified that are not Heinz Wattie imports. The Ministry has access to the customs database for answers to these questions.

The import figures in Table 1 below have been compiled from Statistics New Zealand (Infoshare) data.

Table 1: Imports under Tariff Item 2008.70.09.00 Year End January 2019

	Quantity (KG)	Cost including insurance and freight	Value for duty (VFD)	VFD/KG
Australia	77,447	310,547	297,060	3.84
Bulgaria	264	984	963	3.65
China, People's Republic of	1,179,895	2,750,537	2,617,760	2.22
Former Yugoslav Republic of Macedonia (FYROM)	600	1,134	1,110	1.85
France	24	233	151	6.29
Greece	15,932	25,336	23,623	1.48
Italy	6,900	17,426	12,445	1.80
Japan	134	1,297	1,257	9.38
Korea, Republic of	1,008	4,849	4,701	4.66
South Africa	2,465,456	4,845,444	4,609,292	1.87
Spain	19,593	69,737	68,194	3.48
Total	3,767,253	8,027,524	7,636,556	2.03

Source : Statistics New Zealand Infoshare Data

HWL endeavours to source New Zealand grown fruit for its preserved peach operation [redacted] *[business strategy]* In times of short supply, Heinz Wattie's is compelled to import preserved peaches which may be subject to trade remedies.

HWL preserved peach imports, apart from country of origin declarations, are labelled the same as the New Zealand products and are sold at the same regular price. The sale of these products in the New Zealand market protects the market share, shelf space and consumer goodwill for New Zealand preserved peaches in a time of shortage and does not cause injury to HWL.

HWL understands that many of the importers and some exporters previously involved in exporting preserved peaches from South Africa to New Zealand remain active. If anti-dumping duties are removed from the subject goods it is almost without question that these parties would be able to use the unfair advantage of dumped prices to increase imports of canned peaches into New Zealand.

Anti-dumping duties are in place currently for Greece and South Africa to prevent dumping and material injury to the New Zealand industry.

5. NEW ZEALAND MARKET

The New Zealand retail market for preserved peaches is made up of New Zealand production and imports as set out in Table 2. The AC Nielsen data used to construct this is available in Appendix 10.1.

As sales closely follow production and / or imports, no allowance has been made for stock in trade.

The New Zealand wholesale market for the supply of preserved peaches to distributors and retailers is highly competitive. There are no long-term supply contracts in place for customers and house brand supply contracts are up for constant tender. All supermarkets stock brands of preserved peaches other than those supplied from Heinz Wattie's. HWL therefore has no exclusive customers with the market always open to new sources of supply.

Because of the different levels of trade (CIF, FOB, ex-factory) an estimate of the wholesale market value has not been made. A more accurate indication of the wholesale market will be available when importers' sales values are obtained.

There are 3 distinct levels of trade:

- ex manufacturer, eg HWL
- ex importer direct to customer
- direct to supermarket

Table 2: Market Share by Brand

Brand	Market Share	Tonnes
Watties	[redacted]	
Pams		
Oak		
Homebrand		
Value		
Select		
Countdown		
Dole		
Summer Harvest		
Weight Watchers		
Budget		
Australian Gold		
Ceres Organics		
Gilmours		

Source: Confidential Appendix 10.1 AC Nielsen Data MAT 3rd March 2019

6. Evidence Of Dumping

Export Prices

HWL obtained data through Infoshare for imports of preserved peaches from South Africa to New Zealand for January 2019. From this data and estimated export price has been able to be calculated in Table 3 below.

Table 3: Export Price January 2019

Value for duty (VFD)		384,593
Volume (KG)		205,192
VFD/KG		1.87
Currency Conversion (Rand)	9.40	17.62
Freight to port	1%	0.18
ex-Factory Rand/KG		17.79

Source: Appendix 10.2 Statistics NZ (Infoshare), Confidential Appendix 10.4

The exchange rate has been found from www.x-rates.com for the January 2019.

Looking at the last 12 months imports through Infoshare gives an export price in Table 4 below.

Table 4: Export Price February 2018 to January 2019

Value for duty (VFD)		4,609,292
Volume (KG)		2,465,456
VFD/KG		1.87
Currency Conversion (Rand)	9.17	17.14
Freight to port	1%	0.17
ex-Factory Rand/KG		17.32

Source: Appendix 10.2 Statistics NZ (Infoshare), Confidential Appendix 10.4

The average exchange rate has been found from www.x-rates.com for the period February 2018 through January 2019 and taking the average for the year.

An allowance of 1% has been made for freight to port. This allowance has been made based [redacted]. *[basis for figure]* This is a very short transit compared to the transit of the like goods in South Africa and is most likely significantly understated due to this. Heinz Wattie's has no knowledge of like goods freight rates in South Africa.

Additionally, HWL has been able to obtain export volumes and value from South Africa to other global markets. The source of this data is TradeData International Pty Ltd. This data summarises all peach exports from South Africa from 2013 through 2018. The data is in USD and an average exchange rate has been found from www.x-rates.com for the period January 2018 through December 2018 and taking the average for the year. Using this data gives an export price as below.

Table 5: Global Export Price Year End December 2018 (USD)

Value for duty USD		[redacted]
Volume (KG)		[redacted]
VFD/KG		[redacted]
Currency Conversion (Rand)	13.24	17.54
Freight to port	1%	0.18
ex-Factory Rand/KG		17.72

Source: Appendix 10.3 TradeData, Confidential Appendix 10.4

What is of interest in this TradeData data is the variance in export price from month to month in 2018 which ranges from $[redacted] *[figure]* to $[redacted] *[figure]* USD per KG. At the lower end of this range the ex-Factory export price calculation is below.

Table 6: Global Export Price December 2018 USD

Value for duty (VFD)		[redacted]
Volume (KG)		[redacted]
VFD/KG		[redacted]
Currency Conversion (Rand)	13.24	13.22
Freight to port	1%	0.13
ex-Factory Rand/KG		13.36

Source: Appendix 10.3 TradeData, Confidential Appendix 10.4

TradeData were also able to supply the last 6 years exports from South Africa and it appears that in 2015 and 2017 the South Africa peach industry had surplus inventory it exported at very low export prices. This demonstrates that in some years when there is surplus inventory available the South African peach industry is able to aggressively price its exports and this could lead to greater levels of dumping.

Graph 1: Exports From South Africa
[Graph of last 6 years exports peaches South Africa]
Source: Appendix 10.3 TradeData

HWL currently imports limited volumes of canned peaches from South Africa. A summary of shipments is available as Appendix 10.5. Using this third source of information an export price is also able to be derived in Table 7 below.

Table 7: HWL Export Price September\October 2018

Value for duty (VFD)		[redacted]
Volume (KG)		[redacted]
VFD/KG		[redacted]
Currency Conversion (Rand)	9.17	13.04
Freight to port	1%	0.13
ex-Factory Rand/KG		13.17

Source: Confidential Appendix 10.5, Confidential Appendix 10.4

In September and October 2018 HWL received shipments from two suppliers. The shipments from Langeburg Ashton Foods Limited had a price per kilogram that is very similar to the global export price per kilogram in December from TradeData (Table 6) (R13.36 compared with R13.17 in Table 7).

Normal Value

HWL has sourced market prices for preserved yellow peaches in South Africa from February 2019. This was through engaging a market research company, Researchandmarkets.net to evaluate canned peach pricing in South Africa. This information is available as confidential Appendix 10.6.

The normal value calculation for a 410g can is shown below in Table 8.

Table 8: Normal Value February 2019

Retail Price Rand/KG		[redacted]
excl. VAT	15.0%	[redacted]
excl. Retailers Margin	[redacted]	[redacted]
Freight to Customer	[redacted]	[redacted]
ex-Factory Wholesale/KG		30.05

Source: Confidential Appendix 10.6, Confidential Appendix 10.4

The [redacted]% *[figure]* retail margin has been based on HWL's knowledge of the margin and distribution of preserved peaches in New Zealand.

There is a VAT of 15%. This increased from 14% in April 2018.

An allowance of [redacted]% *[figure]* has been made for freight to customer. This allowance has been made on Heinz Wattie's understanding of local freight charges, available in confidential Appendix 10.4.

Dumping

A comparison of an export price based on imports in January 2019 and a normal value estimated from a domestic price obtained in February 2019 is shown below in Table 9. Comparing the export price and normal value gives a dumping margin of 12.26 Rand per kg, or 69%.

Table 9: Dumping Margin Year End January 2019

Normal Value		30.05
Export Price		17.79
Dumping Margin		12.26
Dumping Margin as % Export Price		69%

Source: Table 3, Table 8

However, if the lower end of the exports globally are analysed the dumping margin is significantly higher at 16.69 Rand/KG or 125% of the export price.

Table 10: Dumping Margin December 2018

Normal Value		30.05
Export Price		13.36
Dumping Margin		16.69
Dumping Margin as % Export Price		125%

Source: Table 6, Table 8

This calculation demonstrates that there are significant dumping margins. There is no evidence to believe that if anti-dumping duties on exports of preserved peaches from South Africa to New Zealand were removed they would not be dumped. In fact, even with anti-dumping duties in place, in the form of reference prices for Langeburg, dumping appears to be still occurring.

7. Evidence of Recurrence Of Material Injury

Price Undercutting

In Confidential Appendix 10.7 is HWL forecast with duties in place. From 2018 net sales and volume the net sales value ex-warehouse per kilogram has been calculated in Table 11 below. This is then compared with the TradeData export price for December 2018 at $13.36 Rand/KG Using exchange rate conversions in Appendix 10.9 gives a value of $1.37/KG NZD. - From the [redacted]. *[cost assumptions]* With freight and insurance added gives an ex-wharf import price to compare with HWL ex-factory prices. This is $[redacted]/KG NZD. *[figure]* This is the level of trade that has been established in previous investigations.

Table 11: Price Undercutting NZD

	Net Cost per KG	Import Cost per KG	Undercutting per KG	Undercutting %
Wattie's	[redacted]			-49%
Oak				-34%

Source: Appendix 10.2, Confidential Appendix 10.3 & 10.7

This margin of undercutting is significant and there is no evidence to believe that if anti-dumping duties are removed that this level of undercutting will not exist. The level of price undercutting analysed is Heinz Wattie's ex-factory price compared to the imported price ex-wharf.

Even at current average import cost the level of price undercutting is significant.

Table 12: Price Undercutting NZD

	Net Cost per KG	Import Cost per KG	Undercutting per KG	Undercutting %
Wattie's	[redacted]			-31%
Oak				-12%

Source: Appendix 10.2, Confidential Appendix 10.7

Price Depression

Heinz Wattie's premium brand is the Wattie's brand while [redacted]. Heinz Wattie's endeavours [redacted] The Wattie's brand has a lot [redacted]. Evidence of the Wattie's premium is available in Confidential Appendix 10.1, Nielsen market data. The Wattie's price can only be maintained if the [redacted] such a price differential that consumers resist paying the Wattie's price. Unsustainable price differences have previously occurred in the past when dumped or subsidized imports have entered the New Zealand market. This resulted in such a loss of volume and market share for HWL products that prices for this premium range were forced downwards. Evidence of this market share loss has been presented in the last two initiation investigations; China 2005 where the [redacted] brand grew to [redacted]% share in Pak n Save South Island over 4 weeks and likewise for the Spain 2010 investigation where the [redacted] brand grew to [redacted]% share in Pak n Save Wellington over 4 weeks. *[HWL insights into NZ market]*

A similar effect would be likely to occur should dumped imports from South Africa be permitted to return to the market. In fact, [redacted] of the supporting horticultural industry [redacted] dumped preserved peaches from South Africa be sold in the New Zealand market. *[Forecast scenario]*

In the absence of anti-dumping duties, importers and retailers would be able to command retail price points well below NZD $1.00 per unit for a 410g can of preserved peaches. Historically this has been the price retailers have targeted to drive foot traffic in-store. If dumped peaches were to be traded at this price point in the New Zealand market, Heinz Wattie's will face the clear and imminent threat of having to decrease wholesale prices to customers. From the TradeData International data the most recent month is December 2018 which has exports at the lower end of export prices for past 12 months globally of $1.37/KG NZD, adding on insurance and freight, retailers could even retail a 410G can of peaches for 69 cents and make a profit. This magnitude of price undercutting leading to price depression would make [redacted] *[Forecasted injury]*

Price Suppression

The effects of dumped preserved peaches from South Africa returning to the NZ market of price undercutting causing price depression would mean that price suppression would exist with Heinz Wattie's being unable to offset the significant undercutting by means of cost savings and price increases elsewhere. In fact the opposite effect would occur with Heinz Wattie's cost base increasing due to market share being taken by dumped imports of preserved peaches from South Africa causing processing costs per tonne to increase. This would be because if market share transferred to dumped imports the quantity of canned peaches that HWL would be required to produce would reduce and the fixed costs (being the same) of running the canned peach business would be spread across this reduced volume representing an increase in cost per tonne.

In addition, Heinz Wattie's undertakes significant consumer and trade marketing activities in order to maintain market share and protect the price levels of its product. Should dumped peaches from South Africa reappear on the New Zealand market Heinz Wattie's would either [redacted]. Either way injury will have occurred. *[Forecasted injury]*

Loss of market share

In previous investigations, it has been shown that the entry of dumped peaches has resulted in a loss of market share for Heinz Wattie's branded peaches. Evidence of this market share loss has been presented in the last two initiation investigations; China 2005 where the [redacted] brand grew to [redacted]% share in Pak n Save South Island over 4 weeks and likewise for the Spain 2010 investigation where the [redacted] brand grew to [redacted]% share in Pak n Save Wellington over 4 weeks. *[Market data]*

Loss of sales revenue

Using TradeData data, the import price of peaches ex-wharf is $[redacted]/KG *[figure]* NZD from the price undercutting analysis. In order for HWL to sell its inventory of canned peaches and maintain market share it is reasonable to expect HWL will have to [redacted] in order to do this. A summary of this injury is available in Table 13. *[Forecast assumption]*

Table 13: Forecast Loss of Sales Revenue

($,000)		2017	2018	2019	2020	2021
Sales with AD Duty		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Sales without AD Duty		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Loss of Sales Revenue		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Loss of Sales Revenue Index to 2018				86%	77%	77%

Source: Confidential Appendix 10.7 & 10.8

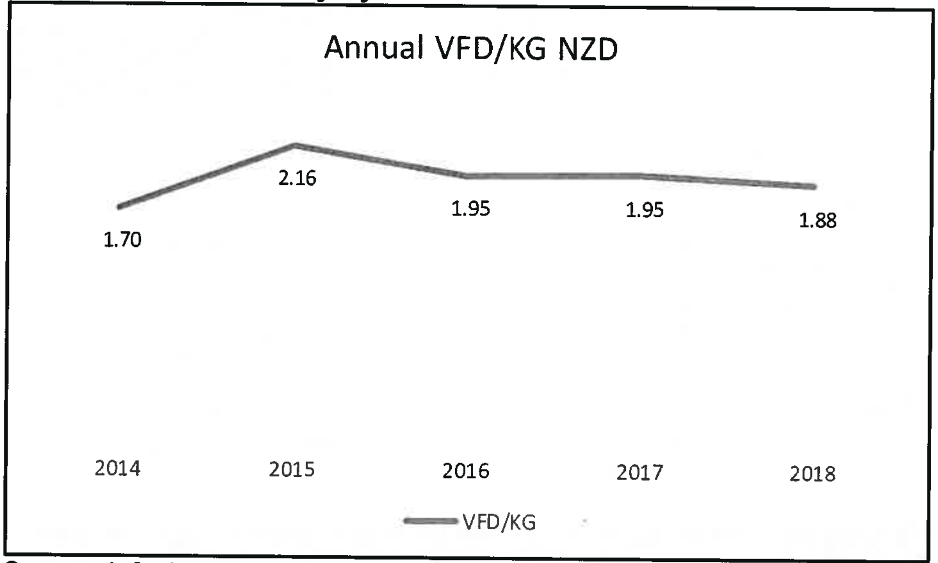
This forecast is based on the assumption that upon duty removal, importers will pass on cost savings to consumers. The loss of sales revenue is the TradaData import price of $[redacted] *[figure]* /KG compared to current average import price of $1.97/KG from Infoshare, giving an expected loss in sales of $[redacted] *[figure]* /KG across the Wattie's and Oak brands. The majority of imports, by volume 65%, currently originate from South Africa so this assumption would seem reasonable. Given HWL will have existing stocks to sell we will need to compete at the new depressed price level through increasing promotional discounts (trade marketing) with customers to pass onto consumers. This loss of sales revenue through price discounting passes to our profit line.

A forecast reflecting this loss is available in Confidential Appendix 10.8. In Confidential Appendix 10.7 is a forecast with anti-dumping duties in place as a comparison. It would be prudent to refer the Ministry back to the Export Price analysis where HWL has been importing canned peaches from South Africa at values below the TradeData December price, so this scenario would appear very real.

What is difficult to quantify is what the real material injury would be as HWL does not have access to data the Ministry has. The existing reference prices are now several years old and most likely outdated and too low which will mean HWL is currently suffering material injury in the form of price suppression, not being able to offset cost increases with price increases as the volumes of canned peaches being imported from South Africa has determined the lower end of the market price.

Evidence of this is shown in graph below where it can be seen there was an increase in value for duty when anti-dumping duties were last reviewed in December 2014. Subsequently the value for duty has decreased which may be due to importers targeting to import lower grade canned peaches at a lower reference price, or to word it another way the mix has shifted of imports to cheaper grades which essentially are the same quality as higher grades.

Graph 2: Value For Duty By Calendar Year



Source: Infoshare

Based on this last review and the subsequent view that imported value for duty increased from $1.70 to an average of $1.99/KG NZD last 4 years, or 17% it could be assumed that HWL should be able to increase its net sales by 17% post the sunset review which would mean HWL is currently suffering material injury. Heinz Wattie's net sales in 2018 were $[redacted] *[figure]* million NZD. It can be argued that HWL is currently suffering material injury to the effect of 17% of this, or $[redacted] *[figure]* million NZD.

Therefore there are two components of material injury to take into effect :

1. The impact today of outdated reference prices, $[redacted] *[figure]* million NZD.
2. The forecasted impact in the absence of anti-dumping duties, forecasted in Table 12 as a further $[redacted] *[figure]* million loss of sales revenue.

Profits

The loss in sales revenue above reflects that Heinz Wattie's will need to incur more trade marketing activity to protect its volume market share. Therefore this loss in sales revenue directly impacts profit. A summary of this loss in profit is available in Table 14 below.

Table 14 Forecast Impact on Profits

($,000)		2017	2018	2019	2020	2021
EBIT with AD Duty		[redacted]				
EBIT without AD Duty		[redacted]				
Loss of EBIT		[redacted]				
Loss of EBIT Index to 2018				-191%	-333%	-370%

Source: Confidential Appendix 10.7 & 10.8

Such a loss of sales revenue and profit would make [redacted] associated supporting horticultural industry. *[Commentary on profit impact]*

A forecast reflecting this loss is available in Confidential Appendix 10.8. In Confidential Appendix 10.7 is a forecast with anti-dumping duties in place as a comparison.

Even though EBIT with AD Duty is [redacted] the business is still returning a [redacted] gross margin as can be seen in Appendix 10.7. However this gross margin has [redacted] with HWL being [redacted] to retailers. This is due to the effect of the outdated reference prices effectively setting the market price and premium HWL prices its Wattie's brand at. Therefore HWL is currently suffering material injury with the anti-dumping duties in place. *[Current market situation]*

Forecasted Imports from South Africa

It is important to be clear that the threat of injury exists immediately if existing anti-dumping duties are removed due to the high volume of imports from South Africa and the reasonable expectation that cost savings from the removal of the duty would be passed on.

HWL has demonstrated in the last two initiation investigations against China (2005) and Spain (2010) that it only takes a relatively small volume of imports into the market, in the region of 200 tonnes, to cause the price effects mentioned, let alone the large volumes currently being imported from South Africa.

Productivity

Currently, imports of preserved peaches from South Africa are not having an adverse affect on Heinz Wattie's productivity due to the anti-dumping duties in place partially addressing the magnitude of dumping. Should the anti-dumping duties be removed and the cost of importing reduce and be passed onto the consumer, then there will be an adverse affect on the New Zealand industry which [redacted] *[Forecasted injury]*

Presently, Heinz Wattie's has commitments to contracted growers to take their crop for 2020 and 2021. Should dumped import pricing be passed onto consumers, Heinz Wattie's would need to consider whether all or none of the crop would be processed. The cost of this crop is approximately $[redacted] *[figure]* million dollars annually. Heinz Wattie's would need to consider if such a loss from not processing this crop could be recovered through cheaper imported product costs to retain market share.

Return on Investments

EBIT figures have been provided both with and without anti-dumping duties in place in Confidential Appendix 10.7 and Confidential Appendix 10.8. Returns would diminish post 2019 with [redacted] *[Forecasted injury]*

Production Capacity

As mentioned in previous investigations, Heinz Wattie's production capacity is constrained by the crop its contracted orchardists can deliver. If anti-dumping duties are removed and material injury does occur, [redacted]. *[Forecasted injury]*

This will have a devastating effect upon New Zealand peach growers as the company's raw material suppliers. The peach varieties they grow are [redacted]. *[Forecasted injury]*

Other economic effects

The loss of volume, sales revenue and profits from the return of dumped imports will also have significant adverse effects upon HWL achievable return on investments, cash flow, inventories, employment and growth with [redacted].

Under the forecasted scenario of removal of duties leading to [redacted] the impact would be :

- Decreased cash flow with [redacted] activity to compete as has been articulated earlier in the application
- Commitments to crop (raw material inventory) that HWL will need to [redacted] based on the lower returns through removal of duties
- Employment [redacted]

[HWL comments on injury]

Causal Link

The causal link between dumped imports of preserved peaches and material injury has been established in the original investigation. It was found in the original investigation that should anti-dumping duties not be put in place, material injury would occur to the New Zealand industry. With the availability of preserved peaches from South Africa for export and the continued importation of dumped canned peaches this causal link still remains in place as was determined in the original investigation.

8. Other Factors Affecting the Industry

Volume and Prices of Goods not Sold at Dumped Prices

HWL is not aware of any material injury being caused through fairly traded competitor branded product

Contraction in Demand or Changes in the Patterns of Consumption

There does not appear to be any contraction in demand or changes in the patterns of consumption.

Restrictive Trade Practices of; and Competition Between, Overseas and New Zealand Producers

HWL is not aware of any further restrictive trade practices that is currently affecting the New Zealand industry.

Developments in Technology

HWL does not believe that there is any evidence of a technology development relevant to a consideration of material injury.

HWL method of processing peaches is similar to that of other processors.

Export Performance and Productivity of the New Zealand Producer

HWL exports a small volume of preserved peaches to Australia and the Pacific Islands. In 2018, Heinz Wattie's exported [redacted] *[figure]* tonnes of preserved peaches to the Pacific Islands.

9. Confirmation of Application

I apply, on behalf of Heinz Wattie's Limited, for the initiation of a sunset review of the anti-dumping duties applicable to *Canned peaches (halves, slices or pieces) packed in various concentrations of sugar syrup and in can sizes ranging from 110 grams to 3 kilograms (A10)* from South Africa

In support of this application I attach positive evidence of :

i. The likelihood of dumping, should anti-dumping duties be removed;
ii. The likely recurrence of material injury to the industry from the removal of duties; and
iii. The causal link between dumped goods and the likely recurrence of injury from the removal of duties.

Heinz Wattie's Limited makes this application as the New Zealand industry producing, for domestic consumption, like goods to those subject to the application.

Signed

Name [redacted]

Position Group Marketing Manager – Frozen and Seasonal Crops

Date 1st April 2019

10. APPENDICES

1. AC Nielsen Retail Market Data
2. Statistics New Zealand Infoshare Data
3. TradeData International Pty. Ltd. Export Data
4. HWL Freight Rates
5. HWL South Africa Canned Peach Purchases
6. Research & Markets South Africa Domestic Peach Prices
7. Heinz Wattie's Financials – Forecast
8. Heinz Wattie's Financials - Injury Forecast
9. Exchange Rates

10.2

South Africa

Fruit; peaches, including nectarines, prepared or preserved in ways n.e.c. in heading no. 2007 and 2008, whether or not containing added sugar, other sweetening matter or spirit

	Quantity	Cost including insurance and freight	Value for duty
2018M02	99,163	201,710	192,161
2018M03	133,960	283,706	271,107
2018M04	170,540	346,153	330,223
2018M05	192,145	359,890	342,151
2018M06	111,459	209,392	198,241
2018M07	23,712	39,410	37,505
2018M08	138,368	297,006	281,404
2018M09	298,797	592,400	563,156
2018M10	380,911	746,059	710,522
2018M11	530,974	999,071	952,120
2018M12	180,235	364,063	346,109
2019M01	205,192	406,584	384,593
	2,465,456	4,845,444	4,609,292

Table information:
Units:
Cost including insurance and freight: Dollars, Magnitude = Units (in 1s)
Quantity: Number, Magnitude = Units (in 1s)
Value for duty: Dollars, Magnitude = Units (in 1s)

Footnotes:

Quantity unit:
Code 2008700900: Kgms

Data is provisional for the three most recently released months.
Aggregated Harmonised System (HS) codes may include confidential 10 digit codes, in which case the summed data will exclude the confidential value(s).
All dollar values are in New Zealand dollars unless otherwise stated.
For more information, please see www.stats.govt.nz/trade

Symbols:
.. figure not available
C: Confidential
E: Early Estimate
P: Provisional
R: Revised
S: Suppressed
N: No applicable data can be displayed

Status flags are not displayed

Table reference:
TIM001C

Last updated:
Cost including insurance and freight: 27 February 2019 10:45am
Quantity: 27 February 2019 10:45am
Value for duty: 27 February 2019 10:45am

Source: Statistics New Zealand
Contact: Information Centre
Telephone: 0508 525 525
Email:info@stats.govt.nz

	Average Rate Rand:NZD		Average Rate NZD:USD	Average Rate NZD:AUD	Average Rate USD:Ra	
Jan-18					12.2073	
Feb-18	0.1157	8.6430	0.7309	1.0778	11.8255	
Mar-18	0.1164	8.5911	0.7252	1.0699	11.8442	
Apr-18	0.1143	8.7489	0.7245	1.0606	12.0813	
May-18	0.1148	8.7108	0.6952	1.0827	12.5238	
Jun-18	0.1085	9.2166	0.6944	1.0795	13.2673	
Jul-18	0.1099	9.0992	0.679	1.0907	13.404	
Aug-18	0.1066	9.3809	0.6669	1.1	14.0463	
Sep-18	0.1027	9.7371	0.6597	1.0909	14.7606	
Oct-18	0.1055	9.4787	0.6527	1.0886	14.5275	
Nov-18	0.1047	9.5511	0.6763	1.0709	14.1203	
Dec-18	0.1028	9.7276	0.681	1.0524	14.2775	13.2405
Jan-19	0.1064	9.3985	0.6774	1.0551	13.8716	
	0.109025	9.1722	0.6886	1.076592		

Source https://www.x-rates.com/average/?from=ZAR&to=NZD&amount=1&year=2019

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