

# SA produce in line of fire as Australia seeks to curb fruit imports

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19 Aug 2013

Australia wants to impose a total ban on all canned-fruit products produced abroad, in a move that will hit SA's fruit industry, which supplies 40% of the total processed fruit market in that country.



Australia is SA's fourth-largest market for canned peaches.

The ban is being sought as a safeguard to protect the local Australian industry. Its investigating trade body has also initiated an anti-dumping investigation against the import of South African canned peaches, following an application by Australian producer SPC Ardmona.

SA's producers as well as the Department of Trade and Industry are opposing the total ban and have made submissions to the Australian investigating authority dealing with safeguards.

Rian Geldenhuys, an international trade and commercial lawyer with Trade Law Chambers, said a total ban would lead to a surplus in the South African market, driving prices down and forcing producers to look for alternative markets.

According to the World Trade Organisation, safeguard measures are defined as "emergency" actions with regard to increased imports where the increase has caused, or threatens to cause, serious damage to the importing country's domestic industry.

Anti-dumping measures are introduced where the price of a product made in one country, but sold in another, is less than the price at which the local producers sell their goods.

## Markets saturated

"International markets are already saturated and buyers of South African products will know this and leverage the fact that SA is trying to drive prices down," Geldenhuys said.

The use of trade remedies to protect local industries has mushroomed since the financial crisis, with tensions increasing between trading partners. This was evident recently when tempers flared at the SA-European Union (EU) Business Forum in Pretoria.

SA has also been battling with its trading partners over the import of frozen chickens, pasta, screws and mirrors. It has also been on the receiving end of trade remedy investigations aimed at its exports to the EU and Brazil.

Geldenhuys is representing parties from SA in the canned-fruit investigation and has made submissions to the Australian investigating body, the Productivity Commission. The commission has asked SA to make a supplementary submission.

He said the evidence presented by SA to the commission showed there had been no surge in imports and that in certain product lines there had been a decrease in imports in recent months. The submission was made alongside the EU and its individual member states as well countries outside the EU.

## **Range of products**

The products include canned citrus fruit, apricots, peaches, pears, mixed fruits, and canned tomatoes.

Geldenhuys said that for a safeguard duty to be introduced, there has to be a sudden surge of imports causing serious harm, or threatening to seriously harm, the local industry.

"The evidence presented by SPC Ardmona, however, was outdated as it covered the period 2008 to 2012," Geldenhuys said.

Local producers and exporters of canned peaches said they will also oppose the anti-dumping application, filed within a week of the safeguard application at the beginning of last month.

Willemien Viljoen, researcher from the Trade Law Centre, said nothing prohibited the Australian authorities from investigating the safeguard and anti-dumping duties simultaneously.

The safeguard investigation was launched after SPC Ardmona said that the appreciation of the Australian dollar had led to cheap imports getting even cheaper, that the market share of the domestic producer had declined significantly and that there had been a decline in fruit bought by the company from domestic growers.

Viljoen said the Australian domestic producer had to wait for new rules pertaining to anti-dumping to introduce its complaint.

The new Australian Anti-dumping Commission issued a note at the beginning of last month that said it would investigate the anti-dumping application against SA.

Both investigations are still continuing.

Source: Business Day via I-Net Bridge