



**Australian Government**  
**Australian Customs and  
Border Protection Service**

---

**R E P O R T**

**TRADE MEASURES BRANCH  
REPORT TO THE MINISTER NO. 164**

**INQUIRY INTO WHETHER  
ANTI-DUMPING MEASURES  
SHOULD BE CONTINUED**

**PRESERVED MUSHROOMS  
EXPORTED FROM  
THE PEOPLE'S REPUBLIC OF CHINA**

30 November 2010

# PUBLIC RECORD



Australian Government  
Australian Customs and  
Border Protection Service

*Customs Act 1901 – Part XV B*

## PRESERVED MUSHROOMS EXPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA Finding in relation to continuation inquiry

Public notice under sections 269ZH(1) and (4)

The Australian Customs and Border Protection Service (Customs and Border Protection) has completed its inquiry, which was commenced on 28 June 2010, into whether the expiration of the anti-dumping measures applying to preserved mushrooms exported to Australia from the People's Republic of China (China) ("the goods"), would lead, or would be likely to lead, to a continuation of, or a recurrence of, the dumping and the material injury that the measures are intended to prevent. Recommendations resulting from that inquiry, reasons for the recommendations and material findings of fact and law in relation to the inquiry are contained in Trade Measures Report No 164 ("REP 164").

I, BRENDAN O'CONNOR, the Minister for Home Affairs, have considered REP 164 and have decided to accept the recommendation and reasons for the recommendation, including all the material findings and facts of law, therein that the anti-dumping measures applying to preserved mushrooms exported to Australia from China should continue from 12 January 2011.

I have decided to take steps to secure the continuation of anti-dumping measures currently applying to preserved mushrooms exported to Australia from China. These anti-dumping measures were due to expire on 12 January 2011.

I determine that the dumping duty notice continues in force after 12 January 2011 for a further five years unless earlier revoked.

Copies of REP 164 will be sent to all interested parties that participated in the inquiry. Additional copies may be obtained by contacting Trade Measures Office Management on telephone 02 6275 6547 or by fax on 02 6275 6888. Trade Measures reports are also available on the Customs and Border Protection internet site at [www.customs.gov.au](http://www.customs.gov.au).

Enquiries about this notice may be directed to Operations 1, Trade Measures Branch, Customs and Border Protection on telephone 02 6275 6701, facsimile 02 6275 6990, or by email to [tmops1@customs.gov.au](mailto:tmops1@customs.gov.au).

Dated this

21<sup>st</sup>

day of

December

2010

BRENDAN O'CONNOR  
Minister for Home Affairs

# PUBLIC RECORD

## TABLE OF CONTENTS

ABBREVIATIONS .....	5
1. SUMMARY AND RECOMMENDATIONS .....	6
1.1 Applicable law.....	6
1.2 Recommendations.....	6
1.3 Summary of findings and conclusions.....	6
1.3.1 The goods and like goods .....	6
1.3.2 Australian industry.....	7
1.3.3 Australian market .....	7
1.3.4 Imports from China .....	7
1.3.5 Economic condition of the industry .....	7
1.3.6 Likelihood of dumping recurring or continuing if measures expire.....	8
1.3.7 Likelihood of injury recurring or continuing if measures expire.....	8
2. INTRODUCTION.....	9
2.1 The continuation inquiry.....	9
2.2 Submissions in response to the statement of essential facts.....	10
2.3 History of anti-dumping measures .....	10
3. THE GOODS & LIKE GOODS .....	12
3.1 Findings .....	12
3.2 The goods .....	12
3.2.1 Tariff classification.....	12
3.3 Like goods.....	12
3.3.1 Original finding .....	12
3.3.2 The current continuation inquiry .....	13
3.3.3 Assessment.....	14
4. AUSTRALIAN INDUSTRY .....	15
4.1 Findings .....	15
4.2 Manufacturing process.....	15
4.3 Assessment .....	15
5. AUSTRALIAN MARKET.....	16
5.1 Findings .....	16
5.2 Market structure .....	16
5.3 Market size.....	16
6. Imports from China.....	18
6.1 Findings .....	18
6.2 Dumping during the review period .....	18
6.2.1 Normal Value.....	18
6.2.2 Export price .....	19
6.2.3 Dumping Margins .....	20
6.3 Volume Trends .....	20
6.4 Price Trends .....	21
7. ECONOMIC CONDITION OF THE INDUSTRY .....	22
7.1 Findings .....	22
7.2 Assessment methodology .....	22
7.3 Volume effects.....	22
7.3.1 Claims made by the Australian industry .....	22
7.3.2 Sales volume.....	23

# PUBLIC RECORD

7.3.3	Market Share.....	24
7.4	Price effects .....	24
7.4.1	Claims made by the Australian industry .....	25
7.4.2	Price suppression.....	26
7.4.3	Price depression.....	26
7.4.4	Price undercutting .....	26
7.5	Profits and profitability .....	28
7.5.1	Claims made by the Australian industry .....	28
7.5.2	Profits and profitability .....	29
8.	LIKELIHOOD OF DUMPING RECURRING OR CONTINUING IF MEASURES EXPIRE .....	30
8.1	Findings .....	30
8.2	Claims made by the applicant.....	30
8.3	Likelihood of dumping continuing or recurring if measures expire.....	30
8.3.1	Assessment.....	31
9.	LIKELIHOOD OF INJURY RECURRING OR CONTINUING IF MEASURES EXPIRE .....	32
9.1	Findings .....	32
9.2	Claims made by the applicant.....	32
9.3	Claims by Other Interested Parties .....	33
9.4	Likelihood of material injury caused by dumping continuing or recurring .....	33
9.5	Other Factors.....	34
10.	CONFIDENTIAL ATTACHMENTS.....	35

# PUBLIC RECORD

## ABBREVIATIONS

ACDN	Australian Customs Dumping Notice
the Act	<i>Customs Act 1901 (Cth)</i>
CEO	Chief Executive Officer of Customs and Border Protection
China	The Peoples' Republic of China
Customs and Border Protection	Australian Customs and Border Protection Service
the delegate	Officer delegated powers under Division 6A of Part XVB of the Act by the CEO
FBIA	Food & Beverage Importers Association
Jiangsu COF	Jiangsu Cereals, Oils & Foodstuff Import Export Group
LDPIS	Landed duty paid into store
the measures	Anti-dumping measures applying to certain exports of preserved mushrooms from China
Minister	Minister for Home Affairs
preserved mushrooms	preserved mushrooms or champignons of the genus <i>Agaricus</i> , whole, sliced or as pieces and stems, in brine, sauce or some other preserving medium, packed in containers, including bottles, cans, bags, pails and barrels
SEF	statement of essential facts
Windsor Farm	Windsor Farm Foods Pty Ltd
Xiamen Gulong	Xiamen Gulong Import & Export Co., Ltd

## 1. SUMMARY AND RECOMMENDATIONS

This report to the Minister for Home Affairs (the Minister) provides the results of the Australian Customs and Border Protection Service (Customs and Border Protection) inquiry into whether the Minister should take steps to secure the continuation of anti-dumping measures that apply to preserved mushrooms (more particularly described in section 3.2) exported to Australia from the People's Republic of China (China).

### 1.1 Applicable law

Division 6A of Part XVB of the Act<sup>1</sup> provides for the Chief Executive Officer of Customs and Border Protection (CEO) to alert interested parties to the impending expiry of measures and provide them with an opportunity, before those measures expire, to apply for a continuation of those measures. Division 6A:

- sets out the consequences if no application is made;
- outlines the procedure to be followed by the CEO in dealing with an application and preparing a report for the Minister;
- empowers the Minister, after consideration of that report, either to decide that the measures will expire or to take steps to ensure the continuation of measures.

The CEO's powers under Division 6A have been delegated to certain officers of Customs and Border Protection (the delegate).

In accordance with Division 6A, it must not be recommended that the Minister take steps to secure the continuation of the anti-dumping measures unless the delegate is satisfied that the expiration of the measures would lead, or would be likely to lead, to a continuation of, or a recurrence of, the dumping and the material injury that the anti-dumping measure is intended to prevent.

### 1.2 Recommendations

The delegate recommends that the Minister:

- a) declare that he has decided to take steps to secure the continuation of anti-dumping measures in respect of the goods exported from China; and
- b) sign the requisite notice<sup>2</sup> (**confidential attachment 1**).

### 1.3 Summary of findings and conclusions

#### 1.3.1 The goods and like goods

**The goods**— The goods subject to the measures are preserved mushrooms or champignons of the genus *Agaricus*, whole, sliced or as pieces and stems, in brine,

---

<sup>1</sup> A reference in this report to a provision of legislation, unless otherwise specified, is a reference to the *Customs Act 1901 (Cth)*.

<sup>2</sup> Section 269ZHG(1).

## PUBLIC RECORD

sauce or some other preserving medium, packed in containers, including bottles, cans, bags, pails and barrels (see section 3.2 of this report).

**Like goods**—preserved mushrooms manufactured by Windsor Farm Foods Pty Ltd (Windsor Farm) are like goods<sup>3</sup> to the goods because they are physically similar and functionally and commercially interchangeable (see section 3.3 of this report).

### 1.3.2 Australian industry

There is an Australian industry producing like goods comprising Windsor Farm as the sole manufacturer of preserved mushrooms in Australia (see section 4 of this report).

### 1.3.3 Australian market

The size of the Australian preserved mushroom market has not changed significantly since measures were imposed in January 2006.

The Australian market for preserved mushrooms is supplied by Windsor Farm and importers. Imported preserved mushrooms from China supply the majority of the Australian market with most of the remainder supplied by Windsor Farm (see section 5 of this report).

### 1.3.4 Imports from China

Preserved mushrooms were exported to Australia from China during 2009-10 by exporters subject to measures at dumped prices with an average dumping margin of 77 percent.

China has continued to be the major supplier of preserved mushrooms to the Australian market after anti-dumping measures were imposed in January 2006. The majority of imports of preserved mushrooms from China are from exporters not subject to measures; however, the volume of imports from exporters subject to measures has remained significant.

Although the export price of preserved mushrooms from China has increased since measures were imposed, the export price of preserved mushrooms sold by exporters not subject to measures remains significantly below the export price of product sold by exporters subject to measures (see section 6 of this report).

### 1.3.5 Economic condition of the industry

The Australian industry has lost sales volume and market share since the imposition of measures. The lost sales volume and market share can be attributed to an increase in imports from China including from exporters subject to measures.

Windsor Farm's selling prices were undercut by the price of Chinese imports from exporters subject to measures. The level of price undercutting was significant (see section 7 of this report).

---

<sup>3</sup> Section 269T.

## PUBLIC RECORD

### 1.3.6 Likelihood of dumping recurring or continuing if measures expire

The delegate is satisfied that the expiration of measures would lead, or would be likely to lead, to a continuation of, or a recurrence of, the dumping that the anti-dumping measure is intended to prevent because:

- imports from China from exporters subject to measures were at dumped prices, with an average dumping margin of 77 percent; and
- imports from China have remained as the major source of supply of preserved mushrooms to the Australian market and Chinese exporters subject to measures continue to supply a significant volume of preserved mushrooms to the Australian market despite the imposition of anti-dumping measures in January 2006 (see section 8 of this report).

### 1.3.7 Likelihood of injury recurring or continuing if measures expire

The delegate is satisfied that the expiration of measures would lead, or would be likely to lead, to a continuation of, or a recurrence of, the material injury that the anti-dumping measure is intended to prevent because:

- Chinese imports continue to be the main source of supply to the Australian preserved mushroom market;
- imports from China undercut the selling prices of the Australian industry to its major customers and the expiration of measures is likely to lead to imports becoming more price competitive, resulting in further undercutting; and
- the Australian industry has suffered injury in the form of lost sales volume and market share caused by price undercutting by dumped Chinese imports from exporters subject to measures. If measures expire dumped, low priced imports from China are likely to cause material injury to the Australian industry (see section 9 of this report).

## 2. INTRODUCTION

### 2.1 The continuation inquiry

The current measures applying to preserved mushrooms from China are due to expire on 12 January 2011.

On 9 April 2010 a notice was published inviting certain persons to apply for the continuation of the anti-dumping measures applying to certain preserved mushrooms exported from China (the measures).

On 8 June 2010, Windsor Farm lodged an application for the continuation of the measures. The application was made in the prescribed manner by a person entitled to make the application.<sup>4</sup>

After examining the application, the delegate was satisfied that there appeared to be reasonable grounds for asserting that the expiration of anti-dumping measures to which the application relates might lead, or might be likely to lead, to a continuation of, or a recurrence of, the material injury that the measures are intended to prevent.<sup>5</sup> The delegate decided not to reject the application.

Notice of the initiation of this inquiry was published in *The Australian* newspaper on 28 June 2010.<sup>6</sup> Australian Customs Dumping Notice (ACDN) No. 2010/24 was also published.

On 16 October 2010, the delegate placed on the public record a statement of essential facts on which the delegate proposed to base his recommendation to the Minister concerning the continuation of anti-dumping measures. Interested parties were invited to lodge submissions in response to this statement of essential facts by 8 November 2010. One submission was received and the non-confidential version of the submission was placed on the public record.

Within 155 days after the initiation of the inquiry, or such later period as the Minister allows,<sup>7</sup> the CEO must give to the Minister a report in respect of the goods the subject of the application.

In formulating the final report, the CEO must have regard to:

- the application for continuation;
- any submissions relating generally to the continuation of the measures to which the CEO has had regard for the purpose of formulating the statement of essential facts;
- the statement of essential facts;
- any submission made in response to the statement of essential facts that is received by Customs and Border Protection within 20 days after the statement of essential facts was placed on the public record; and

---

<sup>4</sup> Section 269ZHC.

<sup>5</sup> Section 269ZHD(2).

<sup>6</sup> Section 269ZHD(4).

<sup>7</sup> Section 269ZHI.

## PUBLIC RECORD

- any other matters that the CEO considers to be relevant to the inquiry.<sup>8</sup>

### **2.2 Submissions in response to the statement of essential facts**

A submission made by Windsor Farm was received in response to the statement of essential facts.

In the submission, Windsor Farm supported Customs and Border Protection's preliminary findings that:

- imports from China during 2009-10 were at dumped prices with an average dumping margin of 77 percent;
- China continues to be the major supplier of preserved mushrooms to the Australian market;
- Windsor Farm lost sales volume in 2008-09 and 2009-10 and experienced price suppression in 2008-09;
- Imported preserved mushrooms from China undercut Windsor Farm's prices of its two largest product lines;
- The expiration of measures would lead, or would be likely to lead, to a continuation of, or a recurrence of, dumping; and
- and the expiration of measures would lead, or would be likely to lead, to a continuation of, or a recurrence of, material injury.

Windsor Farm also pointed out that Chinese exporters of preserved mushrooms maintain a dominant position on the global export market. The EU, Mexico and USA have each sought to take actions to minimise the impact of injurious Chinese exports of preserved mushrooms on their respective domestic markets.

### **2.3 History of anti-dumping measures**

On 5 April 2005, Customs and Border Protection initiated an investigation into preserved mushrooms exported from China, following an application by Windsor Farm.

The Minister accepted Customs and Border Protection's recommendation in Trade Measures Report No. 99 that anti-dumping measures be imposed on the goods exported from China other than by Jiangsu Cereals, Oils & Foodstuff Import Export Group (Jiangsu COF). The Minister published a dumping duty notice, on 12 January 2006, for preserved mushrooms exported to Australia from China other than by Jiangsu COF.

The Minister's decision was the subject of a reinvestigation following an appeal to the Trade Measures Review Officer. On 9 November 2006 the Minister accepted Customs and Border Protection's recommendation in Trade Measures Report 99A that anti-dumping measures be imposed on the goods exported from China other than by Jiangsu COF and Xiamen Gulong Import & Export Co., Ltd (Xiamen Gulong). The Minister published a dumping duty notice, on 21 November 2006, for preserved mushrooms exported to Australia from China other than by Jiangsu COF and Xiamen Gulong.

---

<sup>8</sup> Section 269ZHF(3).

## PUBLIC RECORD

On 13 September 2010, Customs and Border Protection initiated a review of measures following the consideration of an application by Xiamen Fortune Import & Export Co., Ltd. Customs and Border Protection is required to place a statement of essential facts for the review on the public record on or before 1 January 2011. A report and recommendation to the Minister will then be made on or before 15 February 2011.

### 3. THE GOODS & LIKE GOODS

#### 3.1 Findings

**The goods**—The goods subject to the measures are preserved mushrooms or champignons of the genus *Agaricus*, whole, sliced or as pieces and stems, in brine, sauce or some other preserving medium, packed in containers, including bottles, cans, bags, pails and barrels (preserved mushrooms).

**Like goods**—preserved mushrooms manufactured by Windsor Farm are like goods<sup>9</sup> to the goods because they are physically similar and functionally and commercially interchangeable.

#### 3.2 The goods

The goods subject to anti-dumping measures are:

*'preserved mushrooms or champignons of the genus Agaricus, whole, sliced or as pieces and stems, in brine, sauce or some other preserving medium, packed in containers, including bottles, cans, bags, pails and barrels.'*

*Preserved mushrooms refer to fresh mushrooms that have been washed, blanched, prepared (e.g. sliced or diced), packed into containers in a suitable liquid medium, heated and cooled.*

*All other species of mushrooms, including straw, shiitake, and oyster, are not covered.'*

##### 3.2.1 Tariff classification

The goods are classified under tariff subheading 2003.10.00, statistical codes 81 and 82 in Schedule 3 to the *Customs Tariff Act 1995*. The rate of customs duty on imports of preserved mushrooms from China is five percent.

#### 3.3 Like goods

Windsor Farm is the sole producer of preserved mushrooms in Australia at its production facility located at Cowra, NSW. Windsor Farm preserves sliced mushrooms in a variety of sauce mediums including butter, peppercorn, lite, no added salt, gravy and gluten free. Windsor Farm has also produced small quantities of mushrooms in brine in 2.8 kilogram cans.

Windsor Farm sells preserved mushrooms in can sizes ranging from 130 grams, 220 grams, 410 grams, 500 grams, 2.8 kilograms and in 200 kilogram barrels.

##### 3.3.1 Original finding

In the original investigation in 2005<sup>10</sup>, Customs and Border Protection found that preserved mushrooms exported from China were young mushrooms, generally

---

<sup>9</sup> Section 269T.

<sup>10</sup> Trade Measures Report No 98.

## PUBLIC RECORD

known as champignons. The mushrooms were either processed as whole, sliced or pieces and stems and were preserved in brine.

In contrast Windsor Farm's products were older mushrooms, only processed in the sliced form and preserved in a variety of mediums principally butter sauce.

Notwithstanding the physical differences such as age and form of the processed mushrooms, Customs and Border Protection found that the physical characteristics and use of the products were essentially the same i.e. they come in containers of similar size and weight and comprise the same key ingredient, a preserved form of the mushroom genus *Agaricus*, had similar manufacturing processes, were sold to the same market sectors (retail and food services) and were distributed through similar channels.

Customs and Border Protection was satisfied that preserved mushrooms manufactured by Windsor Farm were like goods to the preserved mushrooms imported from China because they were:

- physically similar: the goods are produced in a similar grade, purity, appearance and standard;
- commercially interchangeable: the goods directly compete with Australian produced goods; and
- functionally interchangeable: the goods are used to perform the same function and have the same end-use.

### 3.3.2 The current continuation inquiry

The following claims about like goods were made by importers during verification visits:

- the market for imported goods (i.e. mushrooms in brine) is not the same as the market for the goods manufactured by Windsor Farm (i.e. mushrooms in butter sauce);
- mushrooms in sauce are purchased from Windsor Farm, as it is the only supplier of that product, and mushrooms in brine are imported as this product is not supplied by Windsor Farm;
- the two products do not compete with each other as mushrooms in sauce is more of a convenience product whereas mushrooms in brine is more of an ingredient product. Mushrooms in brine are more likely to be used when mushrooms are an ingredient in a recipe regardless of any price difference. Consumers wanting a mushroom sauce, on the other hand, are split between the two products; and
- mushrooms in sauce and mushrooms in brine are stocked by retailers to offer customers the full range of products.

A submission on like goods was received from the Food & Beverage Importers Association (FBIA) during the inquiry. The FBIA submitted that mushrooms in sauce are not a like good to mushrooms in brine because:

- the goods are not physically identical: young mushrooms in brine versus older mushrooms in sauce; and

## PUBLIC RECORD

- the sauce in the local product is for consumption whereas the brine in the imported product is a preserving medium and not for consumption. Because it is in a sauce, the local product has a limited end use compared to the imported product which may be used in a variety of foods.

### 3.3.3 Assessment

Customs and Border Protection found that there was no information submitted during this inquiry that would cause it to deviate from the original finding that preserved mushrooms manufactured by Windsor Farm are like goods to the goods because they are physically similar and functionally and commercially interchangeable.

## 4. AUSTRALIAN INDUSTRY

### 4.1 Findings

There is an Australian industry producing like goods comprising Windsor Farm as the sole manufacturer of preserved mushrooms in Australia.<sup>11</sup>

### 4.2 Manufacturing process

For goods to be taken as produced in Australia they must be wholly or partly manufactured in Australia. For the goods to be partly manufactured in Australia, at least one substantial process in the manufacture of the goods must be carried out in Australia.<sup>12</sup>

Windsor Farm stated that it is the sole manufacturer of preserved mushrooms in Australia. No other interested party has claimed to be an Australian producer of preserved mushrooms.

A verification visit to Windsor Farm's canning facility was not undertaken during this inquiry. However during the original investigation, Customs and Border Protection visited Windsor Farm's canning facility at Cowra, NSW where the production of preserved mushrooms was observed. Customs and Border Protection was satisfied that preserved mushrooms were wholly produced in Australia by Windsor Farm.

Customs and Border Protection visited Windsor Farm's head office in Sydney during this review for the purpose of verifying production and sales data provided by Windsor Farm.

### 4.3 Assessment

The delegate is satisfied that at least one substantial process in the manufacture of preserved mushrooms is carried out in Australia, and that preserved mushrooms are manufactured in Australia by Windsor Farm.

---

<sup>11</sup> Subsection 269T(4).

<sup>12</sup> Subsections 269T(2) and 269T(3).

# PUBLIC RECORD

## 5. AUSTRALIAN MARKET

### 5.1 Findings

The size of the Australian preserved mushroom market has not changed significantly since measures were imposed in January 2006.

The Australian market for preserved mushrooms is supplied by Windsor Farm and importers from a number of countries. Imports from China supply the majority of the Australian preserved mushroom market with most of the remainder supplied by Windsor Farm.

### 5.2 Market structure

There are three market sectors which can be differentiated by end-use and container size:

**Table 1: Australian market structure**

Market sector	Supplied by	End-use	Container size
1. Retail - supermarket chains and independent grocery stores	<ul style="list-style-type: none"><li>Windsor Farm;</li><li>imports</li></ul>	<ul style="list-style-type: none"><li>retail sale</li></ul>	130g to 425g (Typically in 220g and 410g cans)
2. Food services - restaurants, take-away outlets, bakeries and caterers	<ul style="list-style-type: none"><li>Windsor Farm;</li><li>imports</li></ul>	<ul style="list-style-type: none"><li>ingredient in food products</li></ul>	1.5kg to 3kg (Typically 2.8kg cans)
3. Industrial food processors	<ul style="list-style-type: none"><li>Windsor Farm</li></ul>	<ul style="list-style-type: none"><li>inputs for packaged products</li></ul>	10kg + (Typically in barrels)

In 2009-10,<sup>13</sup> sales to the retail sector (i.e. sales of 220 gram and 410 gram can sizes) accounted for about 83 percent of total sales and sales to the food services sector (i.e. sales of 2.8 and 2.95 kilogram can sizes) accounted for about 15 percent of total sales. Only a small volume of sales was made to the industrial food processors sector.

### 5.3 Market size

The size of the Australian preserved mushroom market was estimated based on:

- verified sales data submitted by Windsor Farm and verified import and sales data provided by three major importers of preserved mushrooms during this inquiry;
- Data verified in the original investigation; and
- data sourced from Customs and Border Protection's import database.

The Australian market is supplied by imports from China, Windsor Farm and imports from other countries.

---

<sup>13</sup> A year written in this format refers to the financial year

## PUBLIC RECORD

The importers visited during the continuation inquiry collectively accounted for more than 60 percent of total imports from China during 2009-10.

Windsor Farm's sales data and import data were not available for the second half of 2004-05 and import data was not available for the first quarter of 2005-06. Data has therefore been estimated for 2004-05 and 2005-06 based on available data.

The size of the Australian market for preserved mushrooms from 2002-03 to 2009-10 is charted below (**confidential attachment 2**).

**Chart 1: The Australian market**



The size of the Australian market has fluctuated between 2002-03 and 2009-10. Since measures were imposed in January 2006 the size of the Australian market has increased by an average of 3 percent.

### 5.3.1 Assessment

The Australian market for preserved mushrooms is supplied by Windsor Farm and importers from a number of countries. Imports from China supply the majority of the Australian preserved mushroom market with most of the remainder supplied by Windsor Farm.

The size of the Australian market has not changed significantly since measures were imposed in January 2006.

# PUBLIC RECORD

## 6. IMPORTS FROM CHINA

### 6.1 Findings

Preserved mushrooms were exported to Australia from China during 2009-10 by exporters subject to measures at dumped prices with an average dumping margin of 77 percent.

China has continued to be the major supplier of preserved mushrooms to the Australian market after anti-dumping measures were imposed in January 2006. The majority of imports of preserved mushrooms from China are from exporters not subject to measures, however, the volume of imports from exporters subject to measures has remained significant.

Although the export price of preserved mushrooms from China has increased since measures were imposed, the export price of preserved mushrooms sold by exporters not subject to measures remains significantly below the export price of product sold by exporters subject to measures.

### 6.2 Dumping during the review period

At the commencement of this inquiry, Customs and Border Protection sent an exporter questionnaire to all known exporters of preserved mushrooms from China subject to measures requesting domestic sales, costs and export information relating to 2009-10. No exporters responded.

The normal value, export price and dumping margins for exporters from China during 2009-10 were determined using information supplied by Windsor Farm, importers<sup>14</sup> and from Customs and Border Protection's import database.

#### 6.2.1 Normal Value

Windsor Farm provided information in its application on recent Chinese domestic selling prices for canned mushrooms sold in China. Windsor Farm quoted a market report for Chinese mushrooms for the December 2007 to March 2008 crop<sup>15</sup>. The report contained Chinese contracted prices for canned mushrooms at the beginning and end of the 2008 season. These prices are shown in the table on the following page.

Windsor Farm stated the report indicated that tin prices and utility charges continued to increase in 2008 and claimed that prior to the onset of the global financial crisis, input costs, particularly steel, had increased by up to 30 percent. Windsor Farm claimed it is therefore reasonable to conclude that the contracted selling prices in the 2007-08 season are indicative of domestic selling prices in 2008 and most likely into 2009.

Windsor Farm claimed that it is reasonable to compare the contracted price for the 8 ounce can (227 gram can) in China with export prices to Australia as Customs and

---

<sup>14</sup> During the inquiry Customs and Border Protection visited Woolworths, Coles and Riviana. The visit reports for these companies are available on the public record.

<sup>15</sup> *Market Report for Chinese Mushrooms (2007/2008 crop)*, Xiamen Kingstar Imp & Exp Co., Ltd, 31 August 2007

## PUBLIC RECORD

Border Protection found in the original investigation that more than 80 percent of sales in Australia of preserved mushrooms were in containers up to 425 grams in size. Windsor Farm calculated a midpoint price per tray and converted the price to US dollars per kilogram.

**Table 2: Chinese contracted prices – canned mushrooms 2007-08 crop**

Item	Price1 FOB US\$/ tray	Price2 FOB US\$/ tray	Midpoint price FOB US\$/ tray	Midpoint price FOB \$US/ kg
12x8oz <sup>16</sup> whole EOE <sup>17</sup>	6.80	8.20	7.50	2.76
12x313ml <sup>18</sup> slice 30%	5.10	6.10		
6x68oz <sup>19</sup> pieces & stems	20	26		

Windsor Farm claimed that the identified selling price information represents the best available information upon which to assess whether export prices to Australia in 2009-10 have been at dumped prices.

Windsor Farm claimed that a comparison of pricing for contracted sales in China with recent export prices to Australia (from ABS statistics) indicates that dumping margins of between 8 and 20 percent are evident.

Customs and Border Protection considered the above information provided by Windsor Farm and found that for the purpose of this inquiry, the Chinese contract price for 8 ounce cans of whole preserved mushrooms is the best available information to base an assessment of normal value for all exporters subject to measures.

### 6.2.2 Export price

Import information (including the value and volume of the goods) verified through visits to importers<sup>20</sup> provides a reasonable basis for determining the export price for all exporters subject to measures.

The preserved mushrooms imported during 2009-10 by one of the importers visited were sourced from exempt exporters (except one shipment). Weighted average export price is therefore based on the free-on-board export price paid by the two importers who purchased preserved mushrooms from exporters subject to measures during 2009-10.

---

<sup>16</sup> 8oz is approximately 226.796 grams

<sup>17</sup> EOE denotes "easy open ends"

<sup>18</sup> 313ml is 313 grams

<sup>19</sup> 68oz is approximately 1927.767 grams

<sup>20</sup> During the inquiry Customs and Border Protection visited Woolworths, Coles and Riviana. The visit reports for these companies are available on the public record.

## PUBLIC RECORD

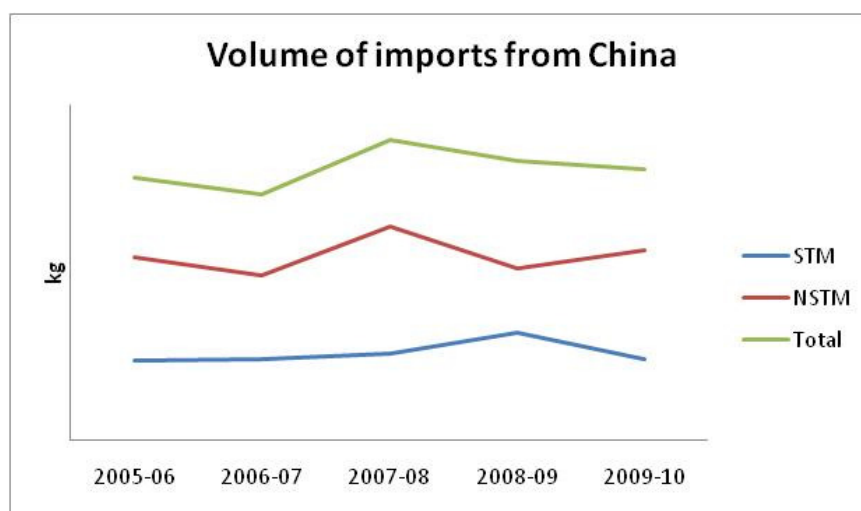
### 6.2.3 Dumping Margins

Preserved mushrooms were exported to Australia from China during 2009-10 by exporters subject to measures at dumped prices with an average dumping margin of 77 percent (**confidential attachment 3**).

### 6.3 Volume Trends

The volume of imports between 2005-06 (the year measures were imposed) and 2009-10 is charted below. The data used in the chart was extracted from Customs and Border Protection's import database (**confidential attachment 4**).

Chart 2: Volume of imports from China



STM denotes subject to measures  
NTSM denotes not subject to measures

The total volume of imports from China decreased in 2006-07 by 6 percent after measures were imposed but then increased by 22 percent in 2007-08. The total volume then declined by 9 percent between 2007-08 and 2009-10 but is still at a higher level than 2005-06.

The volume of imports from exporters not subject to measures has fluctuated between 2005-06 and 2009-10. Overall, exporters not subject to measures have maintained volume throughout the period.

The volume of imports from exporters subject to measures increased between 2005-06 and 2008-09 and then decreased in 2009-10 to a similar level achieved in 2005-06, the year in which measures were imposed.

#### 6.3.1 Assessment

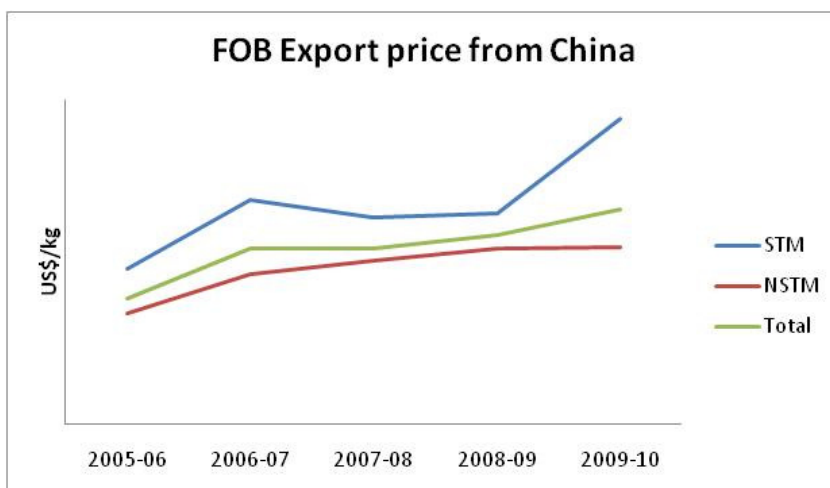
China has continued to be the major supplier of preserved mushrooms to the Australian market after anti-dumping measures were imposed in January 2006. The majority of imports of preserved mushrooms from China are from exporters not subject to measures; however, the volume of imports from exporters subject to measures has remained significant.

# PUBLIC RECORD

## 6.4 Price Trends

The US dollar free on board export price of preserved mushrooms from China during the period 2005-06 to 2009-10 is charted below (**confidential attachment 4**). The data used in the chart was extracted from Customs and Border Protection's import database.

Chart3: USD FOB export price of preserved mushrooms from China



FOB export price of preserved mushrooms from China increased by 40 percent in 2006-07 following the imposition of measures and then continued to increase each year to 2009-10 by a further 23 percent.

FOB export price from exporters subject to measures increased by 44 percent in 2006-07, following the imposition of measures, then declined by 8 percent in 2007-08 remaining at a similar level in 2008-09. The FOB export price in 2009-10 does not appear to fit the pattern and is considered to be unreliable.

FOB export price from exporters not subject to measures increased by 32 percent in 2006-07 and has continued to increase by a further 18 percent to 2009-10.

### 6.4.1 Assessment

Although the export price of preserved mushrooms from China has increased since measures were imposed, the export price of preserved mushrooms sold by exporters not subject to measures remains significantly below the export price of product sold by exporters subject to measures.

## 7. ECONOMIC CONDITION OF THE INDUSTRY

### 7.1 Findings

The Australian industry has lost sales volume and market share since the imposition of measures. The lost sales volume and market share can be attributed to an increase in imports from China including from exporters subject to measures.

Windsor Farm's selling prices were undercut by the price of Chinese imports from exporters subject to measures. The level of price undercutting was significant.

### 7.2 Assessment methodology

The economic condition of the Australian industry was assessed based on:

- verified cost, sales and other financial data provided by Windsor Farm in the original investigation and the continuation inquiry;
- verified import and sales data provided by importers visited during this inquiry; and
- import data from Customs and Border Protection's import database.

Windsor Farm's sales data and import data were not available for the second half of 2004-05 and import data was not available for the first quarter of 2005-06. Data has therefore been estimated for 2004-05 and 2005-06 based on available data.

The assessment of the economic performance of Windsor Farm focuses on the highest selling product lines by volume i.e. 220 gram, 410 gram and 2.8 kilogram can sizes of mushrooms in butter sauce.

### 7.3 Volume effects

#### 7.3.1 Claims made by the Australian industry

Windsor Farm submitted on 7 September 2010<sup>21</sup> that:

- There has been a continued presence of imported preserved mushrooms from China in the market since measures were imposed in early 2006;
- The Australian retail food sector is dominated by two major retailers who have 75-80 percent market share which provides the companies with significant purchasing power that is detrimental to the local supplier;
- Over the past two years Windsor Farm has had product lines deleted from retailers and has lost sales of preserved mushrooms to Chinese imports. These include:
  - July 2010 – 410 gram mushrooms in butter sauce was deleted by a customer and replaced by imported Chinese preserved mushrooms;

---

<sup>21</sup> Copy of submission is available on the public record

## PUBLIC RECORD

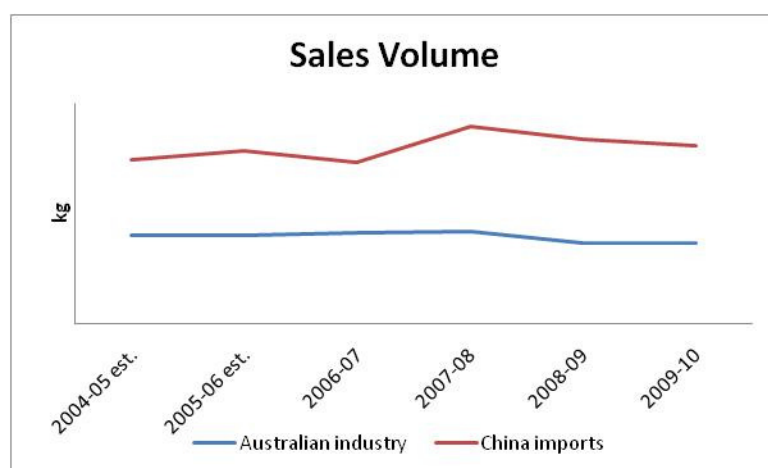
- March 2009 – 130 gram mushrooms in butter sauce was deleted whereas imported Chinese preserved mushrooms in same can size remain;
- Windsor Farm has lost sales of \$350,000 per annum to the Food Service sector over the past 3 to 4 years to imported product; and
- Windsor Farm has lost all sales to Master Foods who is understood to be now sourcing preserved mushrooms solely from China.

Windsor Farm provided no direct evidence to support these claims.

### 7.3.2 Sales volume

The volume of preserved mushrooms sold by the Australian industry and imported from China between 2002-03 and 2009-10 is charted below (**confidential attachment 2**).

**Chart 4: Australian industry sales volume and volume of Chinese imports of preserved mushrooms**



The volume of sales by Windsor Farm increased between 2005-06, the year in which measures were imposed, and 2007-08 by 4 percent and then decreased by 12 percent in 2008-09 remaining at a similar level in 2009-10. The volume of sales by Windsor Farm in 2008-09 and 2009-10 are the lowest since 2000-01.

The volume of Chinese imports has fluctuated throughout the same period. The volume of Chinese imports decreased by 6 percent in 2006-07 (the year following the imposition of measures), then increased by 22 percent in 2007-08 and then decreased in 2008-09 and 2009-10 by 10 percent. The volume of Chinese imports was higher in 2009-10 than 2005-06, the year in when measures were imposed.

An examination of imports from Chinese exporters subject to measures and Chinese exporters not subject to measures shows that the volume of imports from China from exporters subject to measures increased each year after measures were imposed except in 2009-10 (**confidential attachment 2**).

### **Assessment**

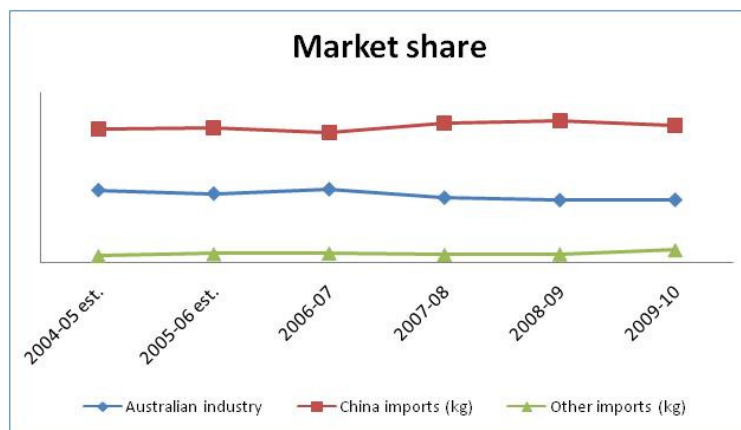
The sales volume lost by the Australian industry after the imposition of measures can be attributed to an increase in imports from China including exporters subject to measures.

## PUBLIC RECORD

### 7.3.3 Market Share

The share of the Australian market held by the Australian industry, imports from China and other imports since the period immediately before measures were imposed to 2009-10 is charted below (**confidential attachment 2**).

Chart 5: Australian market share



The market share held by the Australian industry increased by 2 percent in 2006-07 (the year following the imposition of measures) but then declined by 5 percent by 2009-10. Overall the Australian industry has lost market share since measures were imposed in January 2006.

The market share held by Chinese imports on the other hand decreased by 3 percent in 2006-07, increased by 6 percent by 2008-09 and then decreased by 2 percent in 2009-10. Overall Chinese imports have increased market share since measures were imposed.

The market share held by imports from other countries increased by 2 percent in 2009-10.

### **Assessment**

The market share lost by the Australian industry after the imposition of measures can be attributed to an increase in market share held by Chinese imports including exporters subject to measures.

### **7.4 Price effects**

Price effects may be in the form of:

- price suppression, which occurs when price increases for a company's product, which otherwise would have occurred, have been prevented; and/or
- price depression, which occurs when a company, for some reason, lowers its prices; and/or
- price undercutting, which occurs when imported product is sold at a price below that of the Australian product in comparable sales.

## PUBLIC RECORD

### 7.4.1 Claims made by the Australian industry

Windsor Farm claimed in its application<sup>22</sup> for continuation of anti-dumping measures that:

- it has experienced cost increases since 2007-08 particularly in tin plate, carton board as well as raw materials. The increased cost of production has resulted in increasing selling prices (the anti-dumping measures have ensured a floor price was maintained since imposition) [price effect];
- The continuation of the anti-dumping measures at levels which reflect contemporary prices and costs would enable it to operate profitably and expand its supply to the Australian market [price effect]; and
- In the absence of anti-dumping measures Chinese export prices would reduce resulting in price undercutting leading to price depression and reduced profits and profitability [price effect].

Windsor Farm submitted on 7 September 2010<sup>23</sup> that:

- it has been experiencing pricing pressure from imports of preserved mushrooms from China and provided the following examples:
  - One major retailer requested a price reduction for a reason it claimed was good for its strategic partners. The special offer was not made or requested from suppliers of imported Chinese preserved mushrooms. Shortly after the special offer, the retailer deleted a number of product lines from its range, namely, 220 gram in lite sauce, 220 gram in gluten free gravy and 410 gram mushrooms;
  - During a recent annual tender negotiation, a retailer requested a 10-15 percent price reduction so that it could maintain its margins. The retailer cited cheaper imported preserved mushrooms as an alternative;
- Over the past two years Windsor Farm has had product lines deleted from retailers and has lost sales of preserved mushrooms to Chinese imports. These include:
  - Windsor Farm supplied mushrooms in brine to a customer from July 2008 but due to lower prices for imported Chinese mushrooms it is struggling to make target sales and is presently running down its stocks;
  - In a recent October 2009 tender with a major customer, Windsor Farm requested a 4 percent price increase to cover increases in wages, power and can costs. The request was refused with the threat that the product would be replaced by imports if Windsor Farm increased its prices; and
  - Windsor Farm was unsuccessful with a tender with another major customer. The customer said that Windsor Farm's prices were up to 60 percent uncompetitive.

---

<sup>22</sup> Copy of Windsor Farm's application is available on the public record

<sup>23</sup> Copy of submission is available on the public record

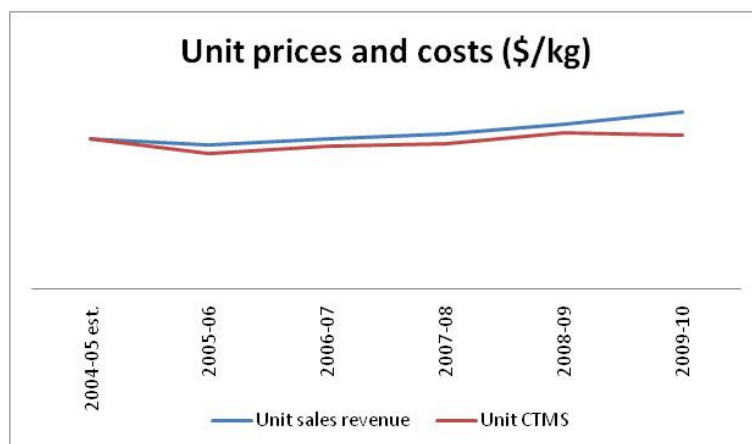
## PUBLIC RECORD

Windsor Farm did not provide any direct evidence to support these claims.

### 7.4.2 Price suppression

Movements in Windsor Farm's unit prices and costs since the period immediately before measures were imposed to 2009-10 are charted below (**confidential attachment 5**).

Chart 6: Australian industry – unit prices and costs



Windsor Farm's unit sales revenue increased by 22 percent between 2005-06 and 2009-10. Over the same period, Windsor Farm's unit costs increased by 15 percent to 2008-09 and then decreased by 1 percent in 2009-10.

#### **Assessment**

There is no evidence of price suppression since measures were imposed.

### 7.4.3 Price depression

Windsor Farm's unit sales revenue increased by 22 percent between 2005-06 and 2009-10.

#### **Assessment**

There is no evidence of price depression since anti-dumping measures were imposed.

### 7.4.4 Price undercutting

A price undercutting analysis was carried out to assess whether preserved mushrooms imported from China were sold at a price below that of the Australian industry.

The price undercutting analysis was based on price information provided by Windsor Farm and price and cost information provided by the three importers visited during the inquiry. These importers accounted for more than 60 percent of total imports from China during 2009-10.

- Importer 1: purchased preserved mushrooms from Windsor Farm and from Chinese exporters both subject to measures and not subject to measures;
- Importer 2: purchased preserved mushrooms from Windsor Farm and from Chinese exporters subject to measures only; and

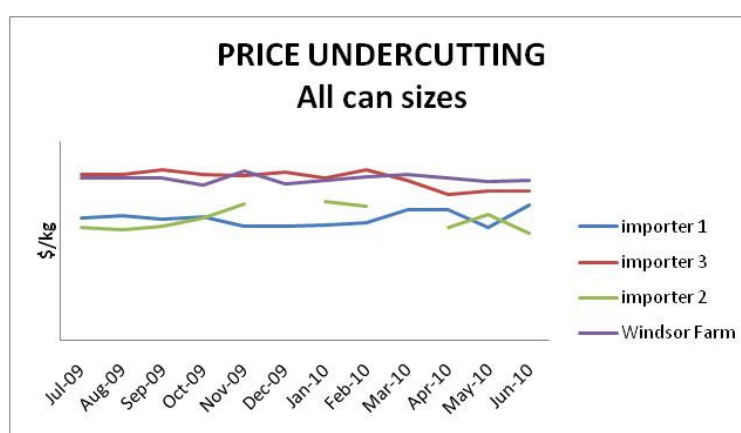
## PUBLIC RECORD

- Importer 3: purchased preserved mushrooms from Chinese exporters not subject to measures and one shipment from a Chinese exporter subject to measures. This importer did not purchase preserved mushrooms from Windsor Farm.

Price information provided by Windsor Farm and the above importers was examined to assess whether price undercutting was evident in the market since measures were imposed. Information at the wholesale/distributor level was assessed as it was considered to be the level at which Windsor Farm operates in competition with imports (**confidential attachment 6**).

Windsor Farm's monthly average selling price was compared with the landed duty paid into-store (LDPIS) price of Chinese preserved mushrooms purchased by importers 1 and 2 in 2009-10 from exporters subject to measures and to the average monthly selling price of importer 3. The results of the analysis are charted below.

**Chart 7: Price undercutting – all can sizes**



The weighted average LDPIS price of goods purchased by importer 1 and importer 2 from exporters subject to measures undercut Windsor Farm's prices throughout the period by between 20 and 26 percent. The weight average selling price of goods purchased by importer 3 from Chinese exporters not subject to measures undercut Windsor Farm's prices in November 2009 and in the last quarter of 2009-10 by between 4 and 10 percent.

Windsor Farm's monthly average selling prices for 220 gram and 410gram can sizes were compared with the LDPIS price of Chinese preserved mushrooms purchased by importers 1 and 2 in 2009-10 from exporters subject to measures and to the average monthly selling price of importer 3.

None of the importers sold the same size cans as Windsor Farm. The most comparable sized cans were therefore used in the analysis (i.e. sales of 220 gram cans were compared to imports of 190 gram and 184 gram can sizes and sales of 410 gram cans were compared to imports of 400 gram and 425 gram can sizes). To simplify the analysis, data relating to 'pieces and stems' and 'whole' mushrooms for each can size was combined.

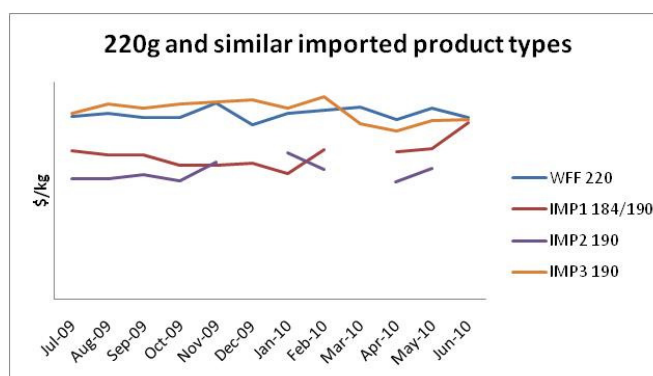
The results of the analysis are charted on the following page.

The LDPIS price of preserved mushrooms from Chinese exporters subject to measures purchased by importers 1 and 2 undercut Windsor Farm's prices for the 220 gram can size by between 8 and 23 percent and for the 410 gram can size by between 20 and 36 percent. The analysis also showed that the monthly average

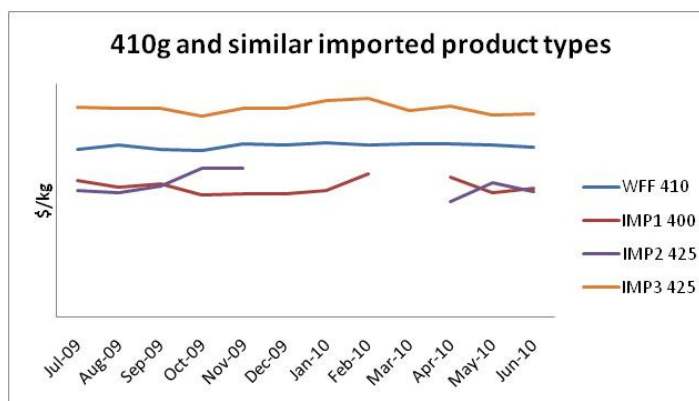
## PUBLIC RECORD

selling price of preserved mushrooms from Chinese exporters not subject to measures did not undercut Windsor Farm's prices for the 220 gram and 410 gram can sizes.

**Chart 8: Price undercutting – 220g can produced by Australian industry and similar imported can sizes**



**Chart 9: Price undercutting – 410g can produced by Australian industry and similar imported can sizes**



### **Assessment**

The price of preserved mushrooms from Chinese exporters subject to measures undercut Windsor Farm's prices during 2009-10. The level of price undercutting was significant.

## **7.5 Profits and profitability**

### **7.5.1 Claims made by the Australian industry**

The Chairman of Windsor Farm Foods Group reported in the 2009 annual report that the company again incurred a loss for the 2009 financial year of \$1.4 million compared to a loss of \$2.2 million for the 2008 financial year. The chairman also reported that the cannery continues to remain the greatest challenge due to:

- changing consumer demands in packaging; and
- the continuing trend of import substitution for local canned product due to cost advantage due to:
  - the high exchange rate of the Australian dollar; and

## PUBLIC RECORD

- large share of the retail market controlled by a few.

### 7.5.2 Profits and profitability

Movements in Windsor Farm's total domestic profits and unit profitability (profit measured as a percentage of revenue) are illustrated in the following charts (**confidential attachment 5**).

**Chart 10: Australian industry profitability in 2009-10**



**Chart 11: Total profits made by the Australian industry in 2009-10**



Windsor Farm's unit profitability increased by 6 percent in 2005-06 (the year in which measures were imposed), fluctuated between 2005-06 and 2008-09 and increased by 8 percent in 2009-10. The increase in unit profitability in 2009-10 was due to a combination of an increase in unit price and a decrease in unit cost.

A similar trend can be observed with Windsor Farm's total profit on domestic sales.

### **Assessment**

There is no evidence of lost profits and profitability

**8. LIKELIHOOD OF DUMPING RECURRING OR CONTINUING IF MEASURES EXPIRE**

**8.1 Findings**

The delegate is satisfied that the expiration of measures would lead, or would be likely to lead, to a continuation of, or a recurrence of, the dumping that the anti-dumping measure is intended to prevent because:

- imports from China from exporters subject to measures were at dumped prices, with an average dumping margin of 77 percent; and
- imports from China have remained as the major source of supply of preserved mushrooms to the Australian market and Chinese exporters subject to measures continue to supply a significant volume of preserved mushrooms to the Australian market despite the imposition of anti-dumping measures in January 2006.

**8.2 Claims made by the applicant**

In its application for the continuation of measures Windsor Farm claimed that as the variable factors applicable to preserved mushrooms exported from China have not been revised since imposition in 2006, it is considered likely that recent exports to Australia (since 2008) have been at dumped prices due to raw material increases in China and globally.

Windsor Farm claimed that in the absence of anti-dumping measures reflecting contemporary prices, Chinese export prices for preserved mushrooms are likely to be at dumped prices during 2010.

**8.3 Likelihood of dumping continuing or recurring if measures expire**

Imported preserved mushrooms from China were found to be sold at dumped prices in 2009-10.

Chinese exporters subject to measures continue to supply a significant volume of preserved mushrooms to the Australian market.

The US International Trade Commission reported in June 2010<sup>24</sup> that:

- China accounts for 87 percent of total export volume of canned mushrooms in 2008 and for nearly all of the rise in global exports of canned mushrooms since 2003-04;
- China, India and Indonesia have become major suppliers of canned mushrooms since 2003-04. All three countries have mushroom canning industries that are export oriented; and
- In spite of rising consumption of many processed foods in China as well as increases in the cost of processing raw materials, Chinese food processors

---

<sup>24</sup> *Mushrooms Industry & Trade summary*, US International Trade Commission, June 2010

## PUBLIC RECORD

are expected to continue processing greater amounts of canned mushrooms each year.

Customs and Border Protection examined semi-annual returns to the World Trade Organisation and conducted internet based research to see if other countries have anti-dumping measures in place for preserved mushrooms from China.

The United States conducted a sunset review inquiry into preserved mushrooms in 2009 and decided to continue anti-dumping measures applicable to exports of preserved mushrooms from Chile, China, India and Indonesia.

Imports of processed vegetable products (including certain preserved mushrooms) into the European Union are subject to a tariff-rate quota system. In 2006 the European Union modified the annual quota assigning an annual quota of 63.8 million pounds to imports of preserved mushrooms from China and 11.1 million pounds from all other countries (other than Bulgaria and Romania). The out of quota tariff rate is 23 percent for HTS subheadings 2003.10.20 and 2003.10.30.

Mexico imposed an antidumping duty order on imports of preserved mushrooms from Chile and China in May 2006.

### 8.3.1 Assessment

Given the current level of dumping found, the volume of dumped product from China continuing to be imported into Australia from exporters subject to measures, the capacity of the canned mushroom industry in China and the propensity of Chinese exporters to sell at dumped prices, the delegate is satisfied that the expiration of anti-dumping measures on preserved mushrooms from China is likely to lead to a continuation of the goods being exported at dumped prices.

## **9. LIKELIHOOD OF INJURY RECURRING OR CONTINUING IF MEASURES EXPIRE**

### **9.1 Findings**

The delegate is satisfied that the expiration of measures would lead, or would be likely to lead, to a continuation of, or a recurrence of, the material injury that the anti-dumping measure is intended to prevent because:

- Chinese imports continue to be the main source of supply to the Australian preserved mushroom market;
- imports from China undercut the selling prices of the Australian industry to its major customers and the expiration of measures is likely to lead to imports becoming more price competitive, resulting in further undercutting; and
- the Australian industry has suffered injury in the form of lost sales volume and market share caused by price undercutting by Chinese imports at dumped prices from exporters subject to measures. If measures expire dumped, low priced imports from China are likely to cause material injury to the Australian industry.

### **9.2 Claims made by the applicant**

In its application, Windsor Farm claimed that:

- Chinese exports of preserved mushrooms account for between 60 and 66 percent of the Australian market. Chinese exporters have maintained well established distribution channels into the Australian market and continue to hold a significant proportion of total sales;
- the anti-dumping measures imposed have ensured that the Australian industry has not been subjected to injurious prices that would have resulted in significant lost sales volumes (and reduced market share);
- the measures established a floor price based upon ascertained export prices across the original investigation's "investigation period". As exports from China represent the dominant alternative source for preserved mushrooms (with clearly established distribution channels into the Australian market) it is considered highly probable that in the absence of measures, Chinese preserved mushroom exports to Australia would have increased and displaced Australian industry sales;
- it has compared Chinese export prices to New Zealand and Australia over the period from January 2009 to April 2010. The data indicates that the average free-on-board price to New Zealand, a market where anti-dumping measures do not apply, is significantly lower than the average free-on-board export price to Australia when compared on a month by month basis by between 13.8 and 55.7 percent. Windsor Farm considers that the pricing differentials to be substantial and demonstrative of the effectiveness of the current anti-dumping measures; and
- China is the world's largest exporter of preserved mushrooms, with the ability to displace the production of the Australian industry swiftly. In the periods following the imposition of measures China has continued as the main source

## PUBLIC RECORD

of supply of preserved mushrooms to the Australian market. Since 2007-08 China has supplied approximately 95 percent of the total import volume into Australia. It is apparent that importers have continued to source preserved mushrooms from China and will continue to do so over the longer term.

### 9.3 Claims by Other Interested Parties

The Food and Beverage Importers Association (FBIA) claimed in a submission dated 6 August 2010 that:

- the preserved mushroom market is a declining market because of changing consumer preferences for fresh and exotic mushrooms; and
- there are other factors influencing import activity and the Australian preserved mushroom market as evidenced by:
  - the contraction in the market in 2008-09 and 2009-10 which started 18 months after the imposition of anti-dumping measures; and
  - there was a significant decrease in imports during this period which was not taken up by Windsor Farm.

### 9.4 Likelihood of material injury caused by dumping continuing or recurring

Windsor Farm was unable to provide direct evidence to support its claims that retailers referred to import prices during supply contract negotiations in an attempt to negotiate better terms and prices for the purchase of domestically produced preserved mushrooms. However in the absence of contrary views, Customs and Border Protection has given some weight to these claims.

Windsor Farm has experienced lost sales volume and market share caused by price undercutting by Chinese imports at dumped prices from exporters subject to measures.

The export price of preserved mushrooms sold by exporters not subject to measures remained significantly below the export price of sales by exporters subject to measures.

In the absence of measures the export price of preserved mushrooms exported by exporters subject to measures is likely to decline to the same level as the export price of preserved mushrooms exported by exporters not subject to measures.

Windsor Farm' claims that if measures expire, the price of imports from China will drop further. This claim is based on information provided by Windsor Farm which shows that the price of exports of preserved mushrooms from China to New Zealand, where no anti-dumping measures are in place, is lower than to Australia. While there are many factors that could contribute to this differential, it suggests a potential for export prices to Australia to fall in the absence of anti-dumping measures.

Given the likely reduction in export prices following the expiration of anti-dumping measures, it is reasonable to believe that Windsor Farm would face further price pressures during negotiations for supply contracts with major retailers and/ or lead to reduced or lost sales volumes.

Material injury is therefore likely to recur should the anti-dumping measures on preserved mushrooms from China expire.

## PUBLIC RECORD

### **9.5 Other Factors**

The FBIA claimed that there are other factors influencing import activity and the Australian preserved mushroom market such as changing consumer preferences for fresh and exotic mushrooms.

The Australian market data indicates that the size of the Australian preserved mushroom market has not changed significantly since measures were imposed in 2005-06.

## PUBLIC RECORD

### 10. CONFIDENTIAL ATTACHMENTS

Confidential attachment 1	Section 269ZHG(1) notice
Confidential attachment 2	Australian market
Confidential attachment 3	Dumping margin calculation
Confidential attachment 4	imports from China – volume and price trends
Confidential attachment 5	Economic condition of the Australian industry
Confidential attachment 6	Price undercutting analysis