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Certain Pasta from Italy and Turkey; Inv. Nos. 701-TA-365-366, 731-TA-734-735; Third Sunset Review; Turkish Producers Presentation Before the Commission

Presented by:

Matthew Nolan, Diana Dimitriuc Quaia, Arent Fox LLP
Bulent Hacıoglu, Trade Resources Company

July 11, 2013

The Pasta Industry Has Changed

- **ConAgra acquired American Italian Pasta Co. in 2010**
- **Barilla is, well, Barilla**
- **Glencore/Xstrata owns Viterra which bought Dakota Growers in 2010**
- **Grupo Ebro in Spain acquired New World pasta in 2006**

Why are such large multinationals interested in U.S. pasta companies?

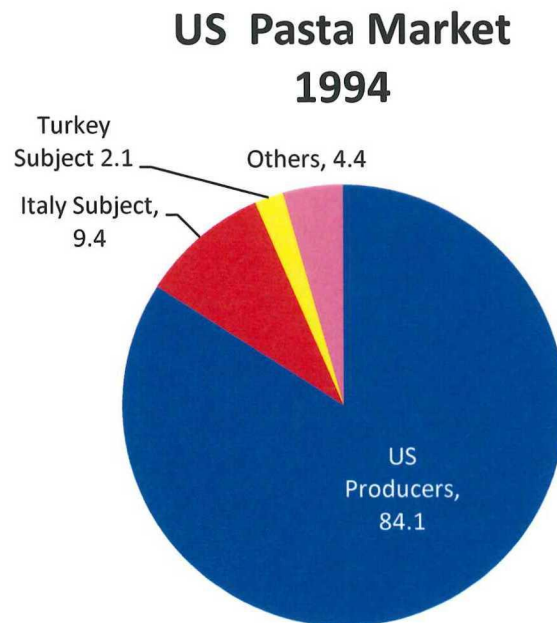
Perhaps they perceive a healthy U.S. industry

- **Average net sales value increased 58% over the POR**
- **Capacity utilization is very high (when stated correctly)**
- **Gross profit margins ranged from 26-35% during the POR**
- **Operating income also quite healthy.**
- **Average figures mask individual results which show significant variation.**

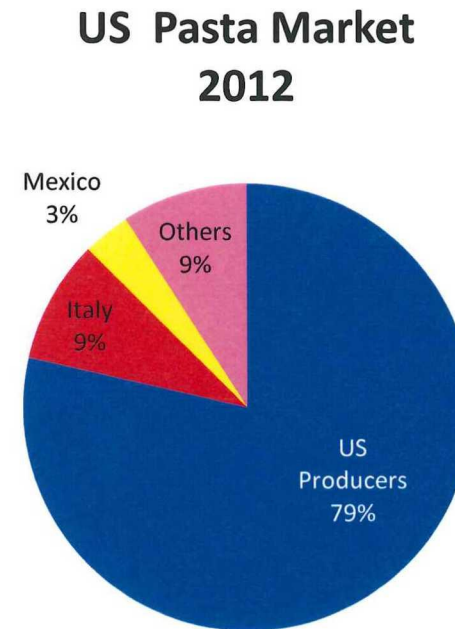
Source: Staff Report at Table III – 7.

What of imports over the last 17 years?

Mexico Replaced Turkey



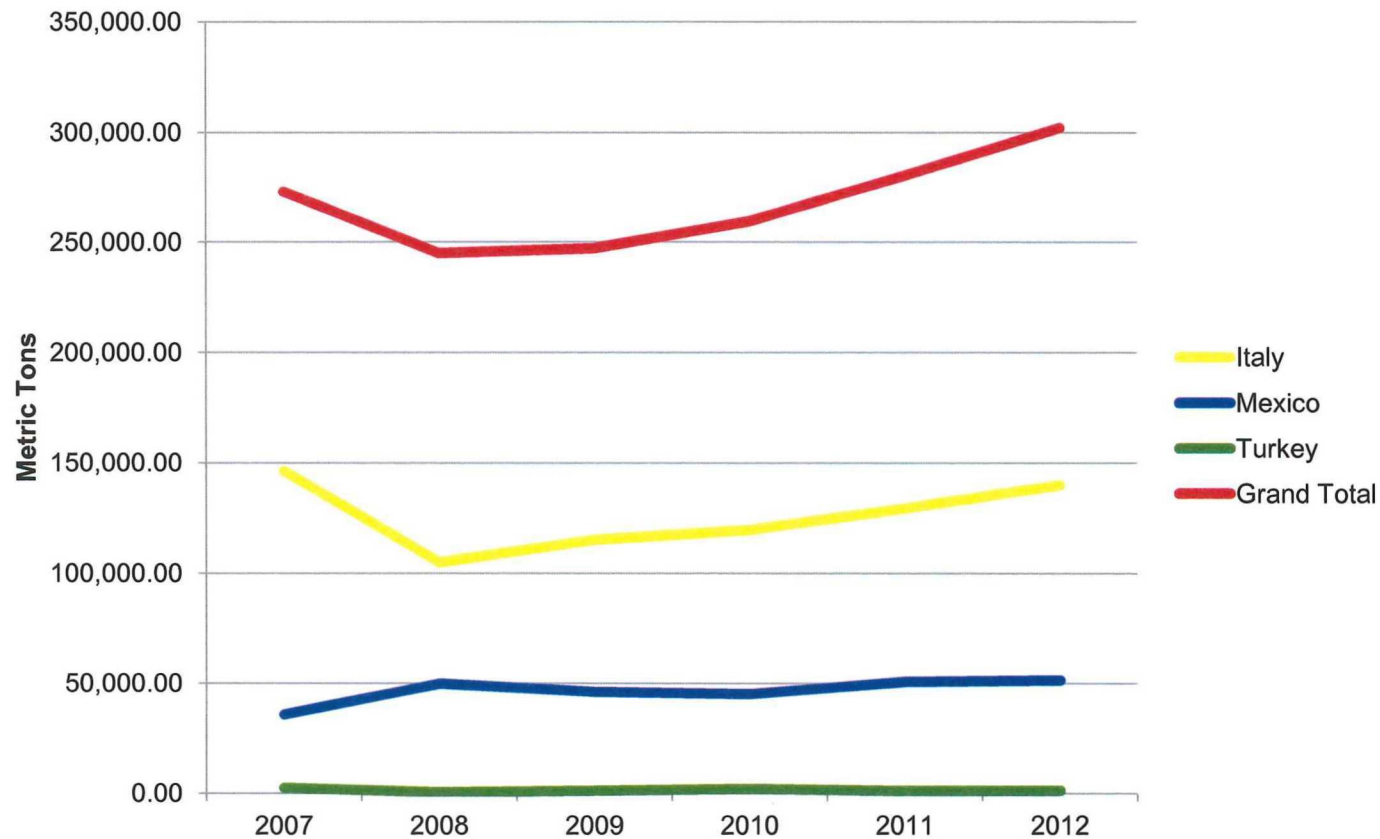
Source: Staff Report at Table L-1.



Source: Census Data

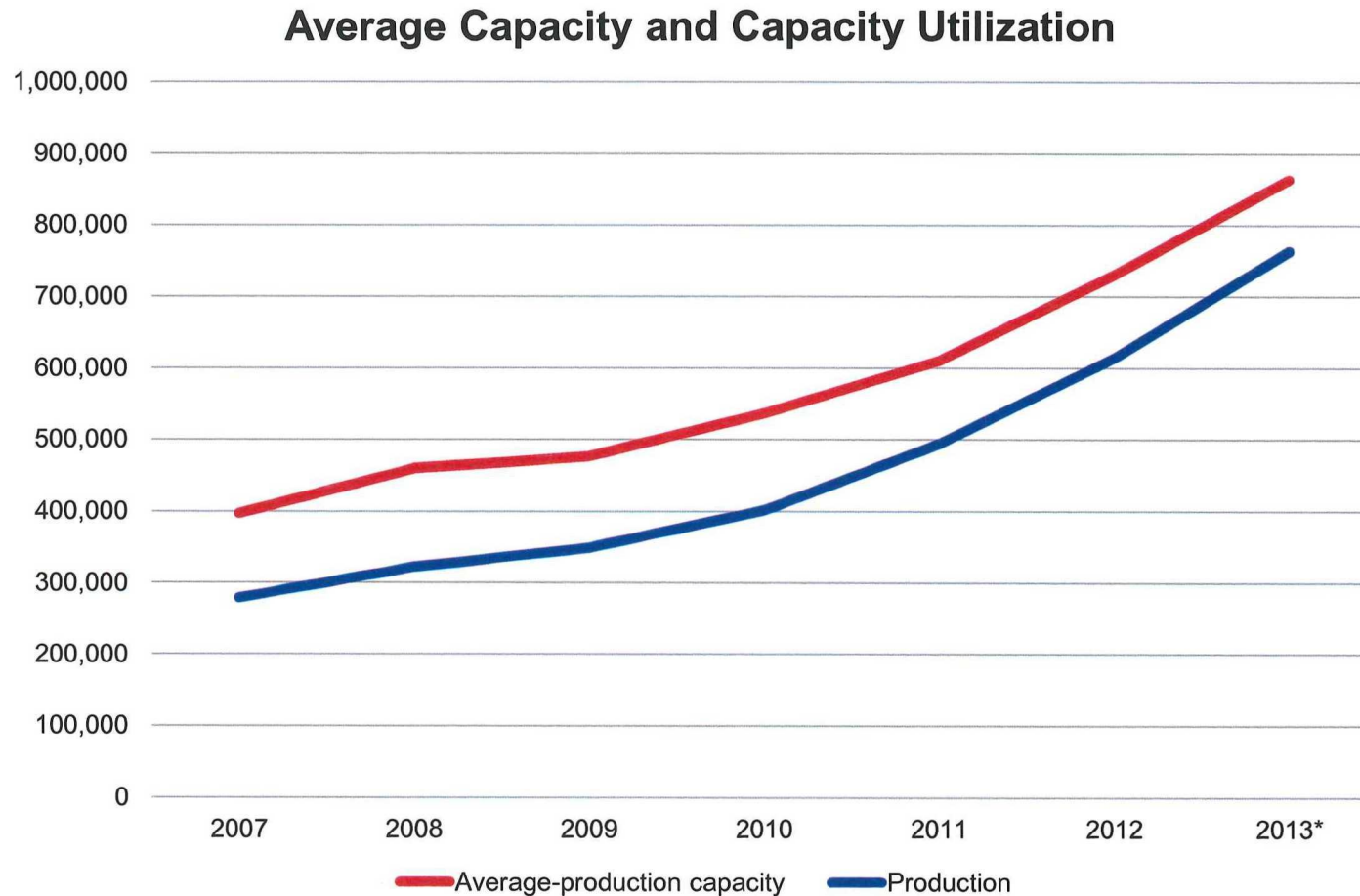
Turkish Imports are Negligible while Other Non-Subject Imports have grown, no effect on U.S. industry

U.S. Pasta Imports



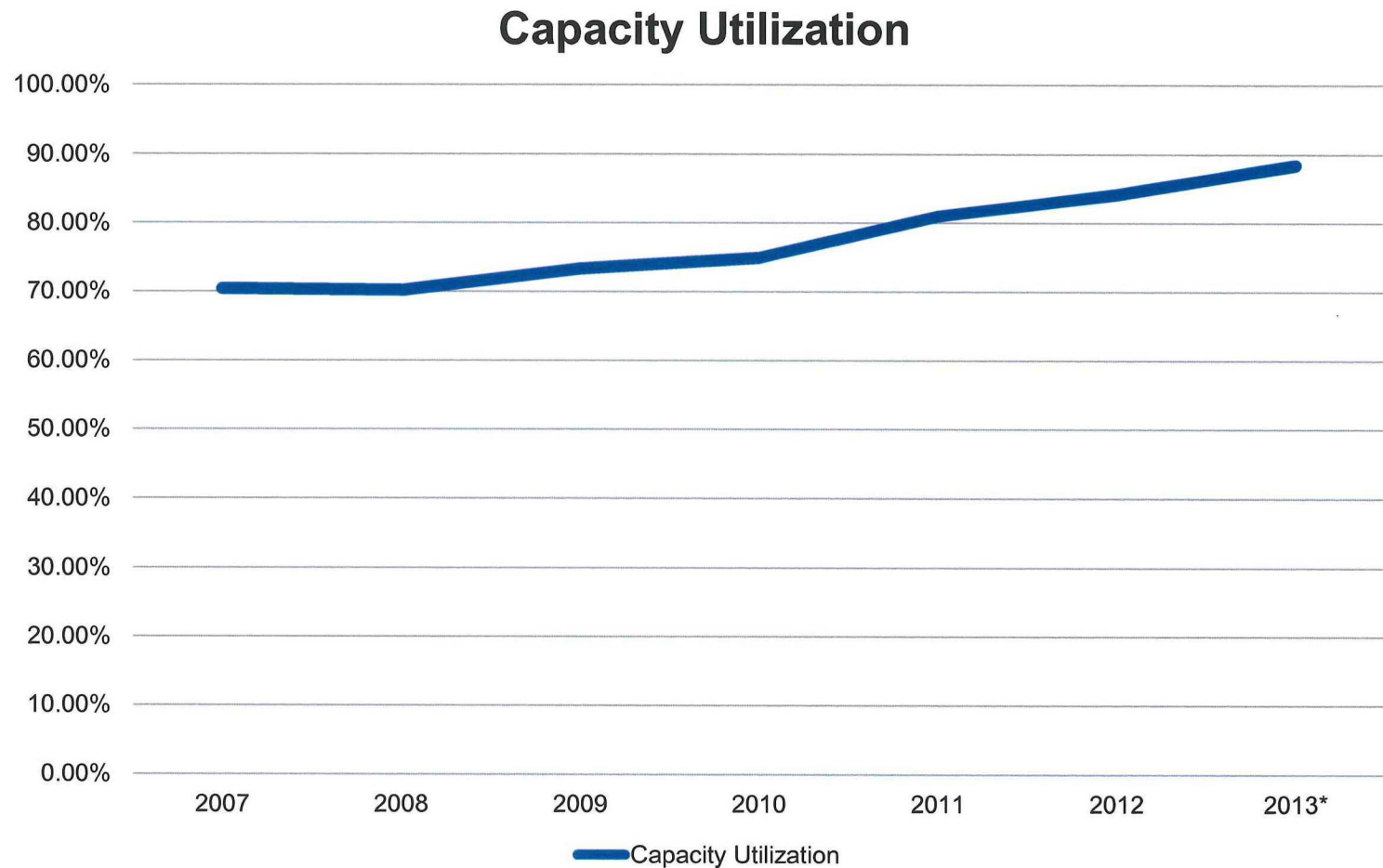
Source: Census Statistics

While Turkish capacity has increased to meet world demand



Source: Public Staff Report at Table IV – 10.

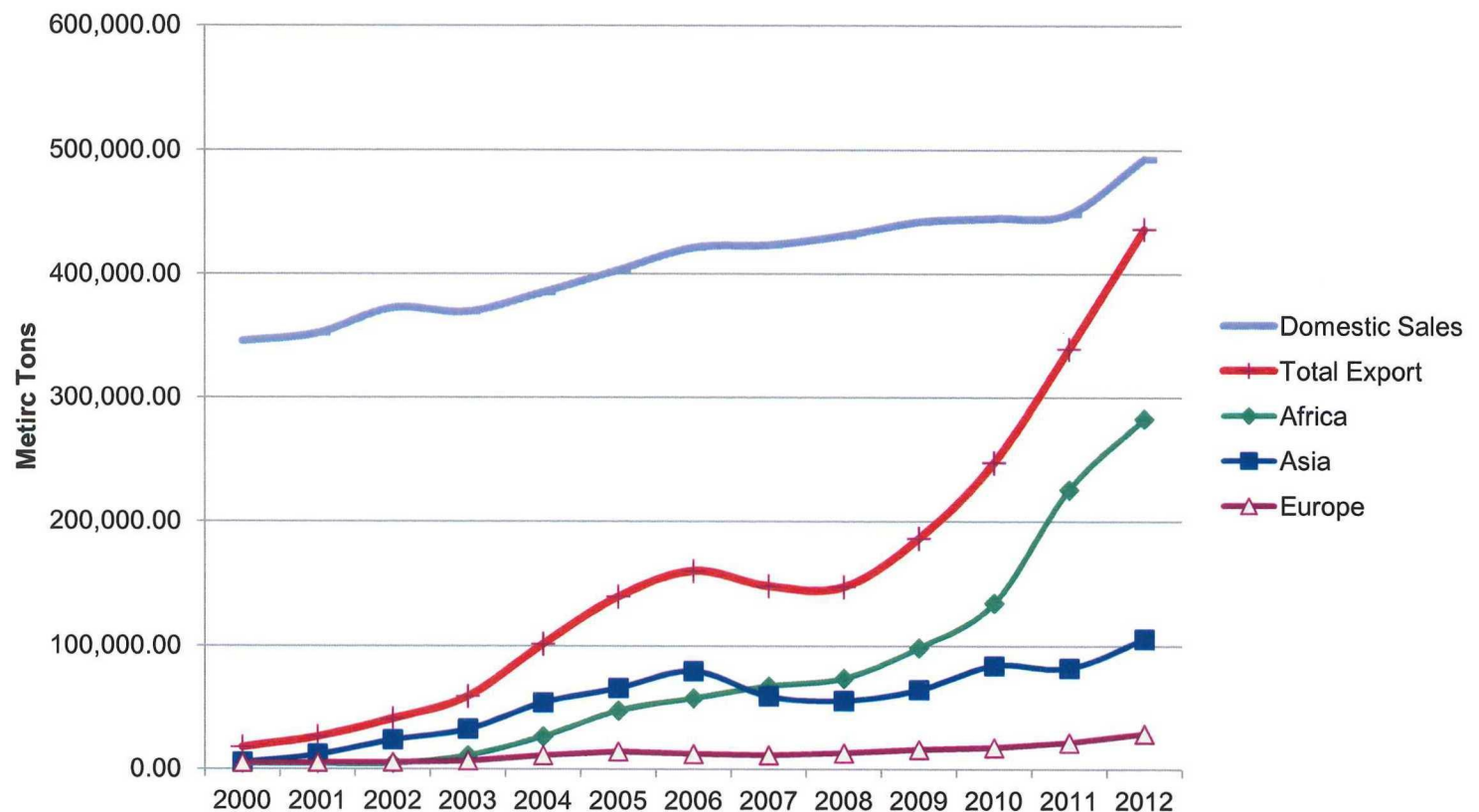
Turkish Capacity Utilization is Strong and Getting Stronger



Source: Public Staff Report at Table IV-10.

Turkey Has Had Success In Other Markets

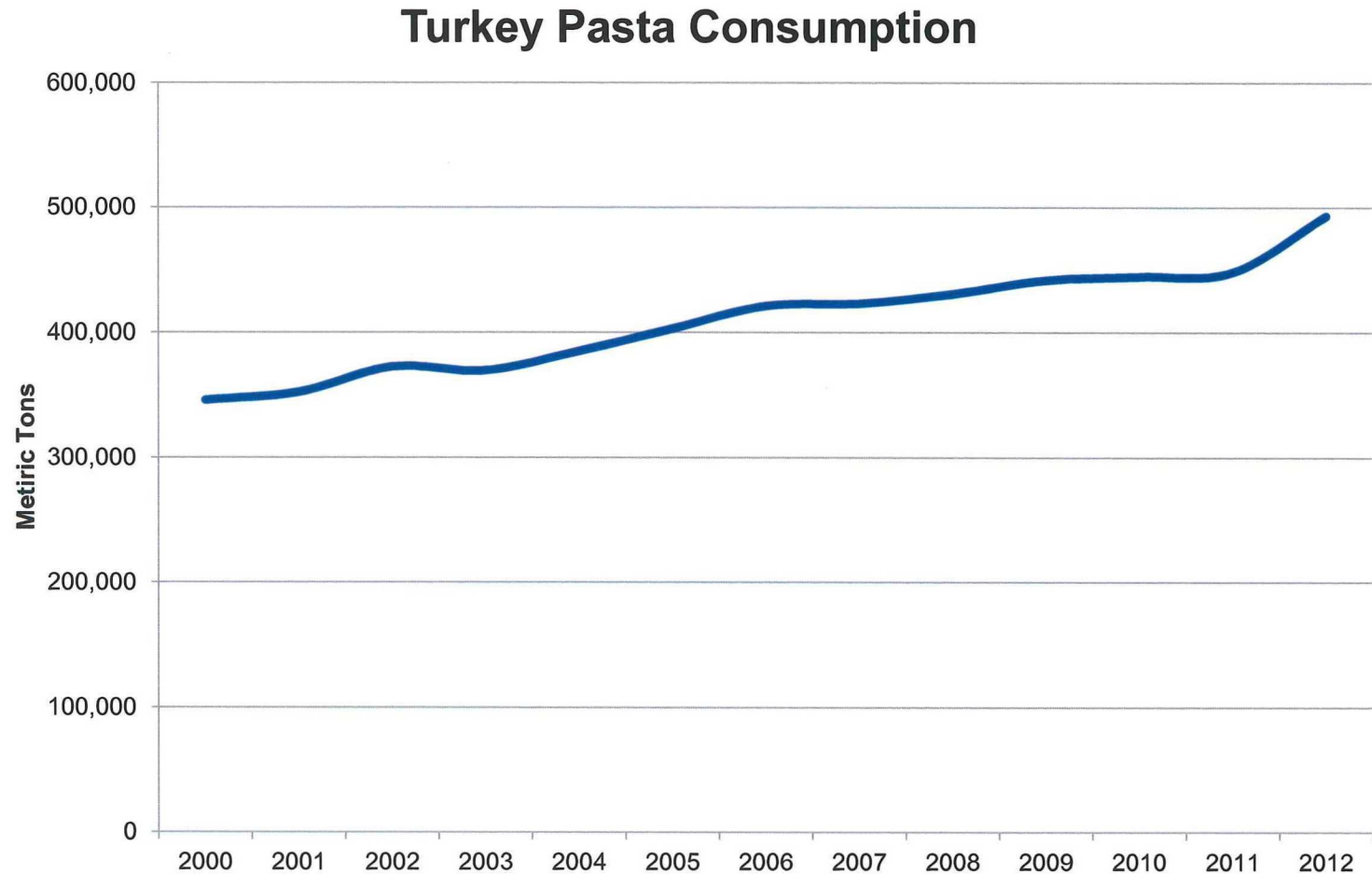
Growth of Turkey's Domestic and Major Export Markets



Source: Official Turkish Export Statistics

Turkish Producers' Prehearing Brief at Exhibit 2.

Domestic demand is steadily increasing

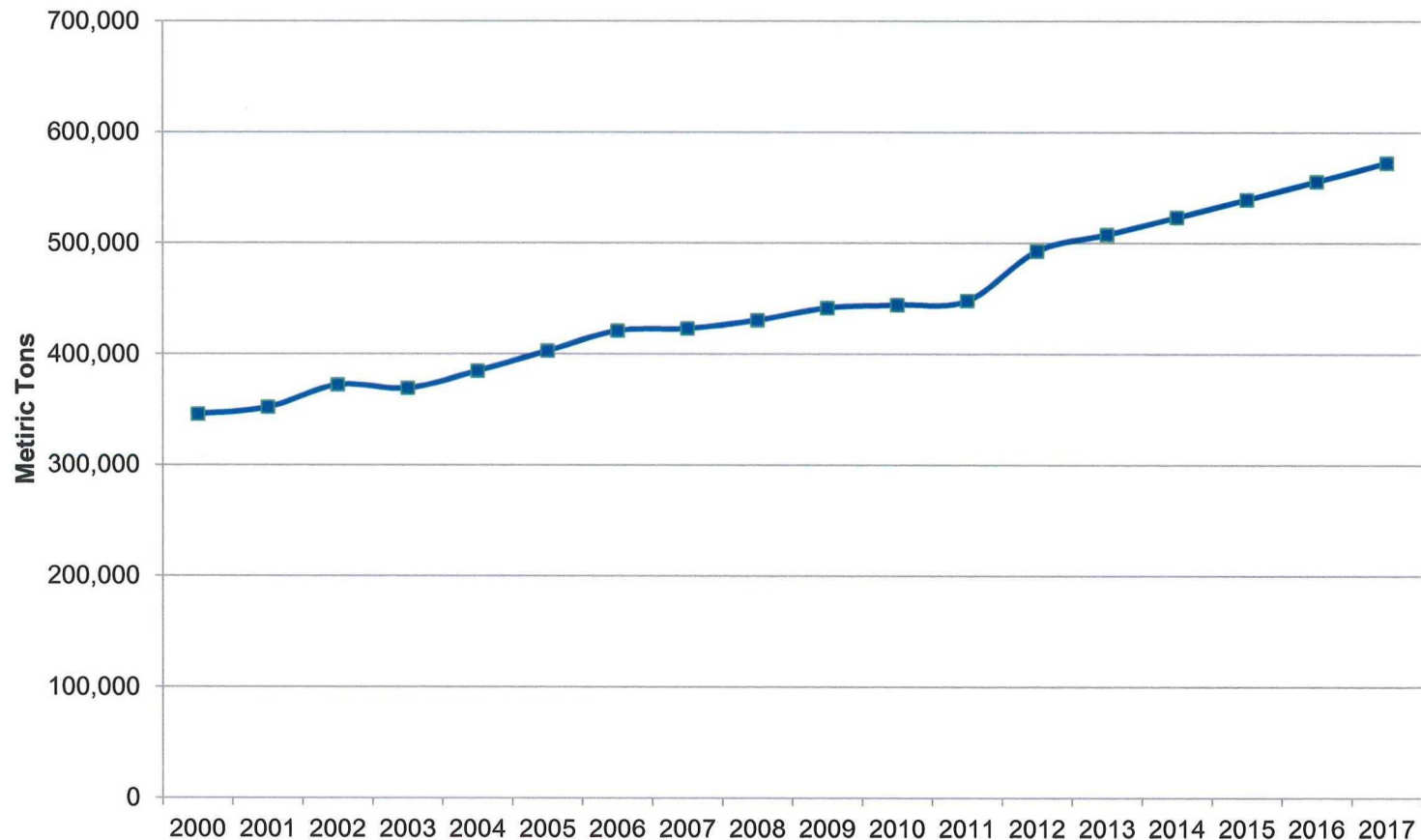


Source: Turkish Pasta Producers Association

Turkish Producers' Prehearing Report at Exhibit 7.

And Turkish consumption is expected to continue to grow

Turkey Pasta Consumption (Projected)

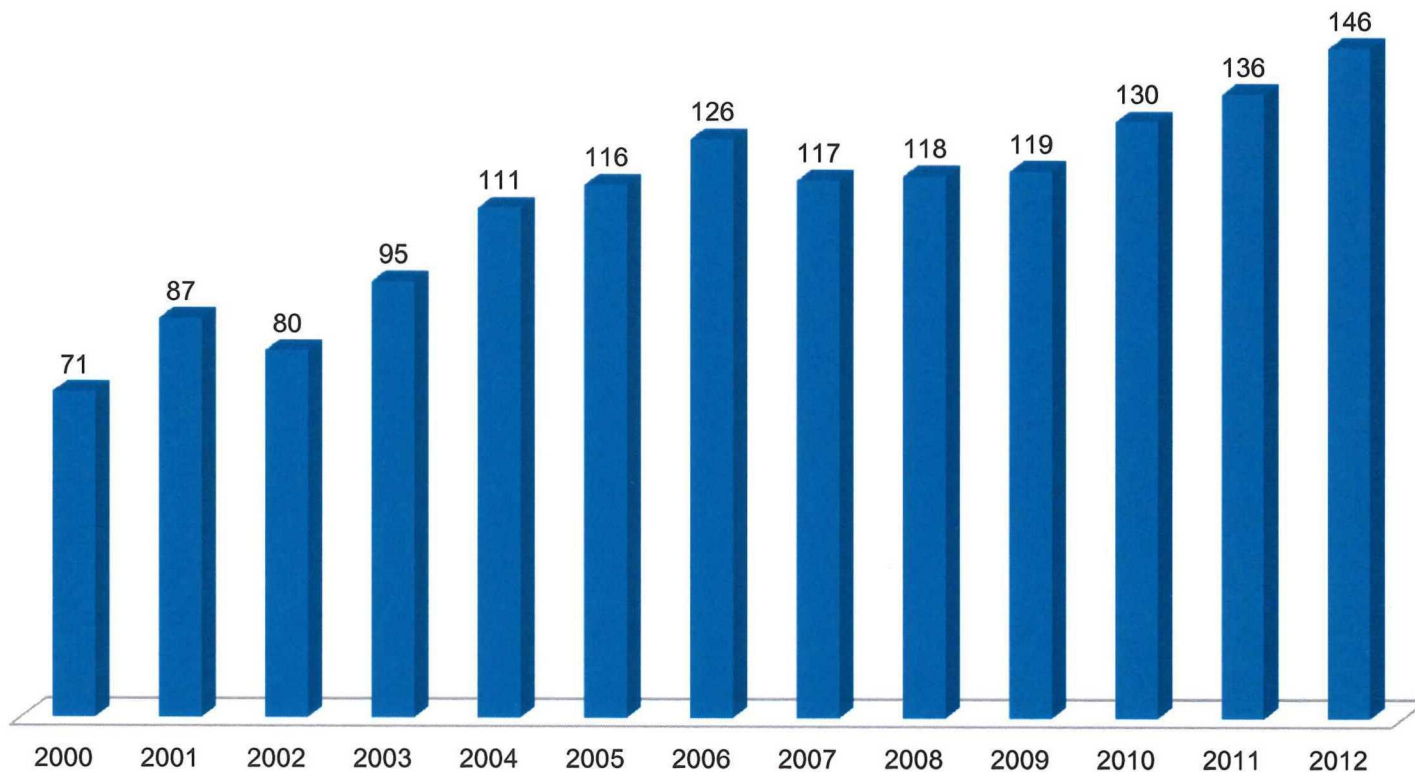


Source: Turkish Pasta Producers Association

Turkish Respondents' Prehearing Brief at Exhibit 7.

While Turkey Has Diversified its Export Destinations

Number of Countries Turkey Exported Pasta



Source: Official Turkish Export Statistics

Key U.S. Sectors/Barriers for Turkish Producers

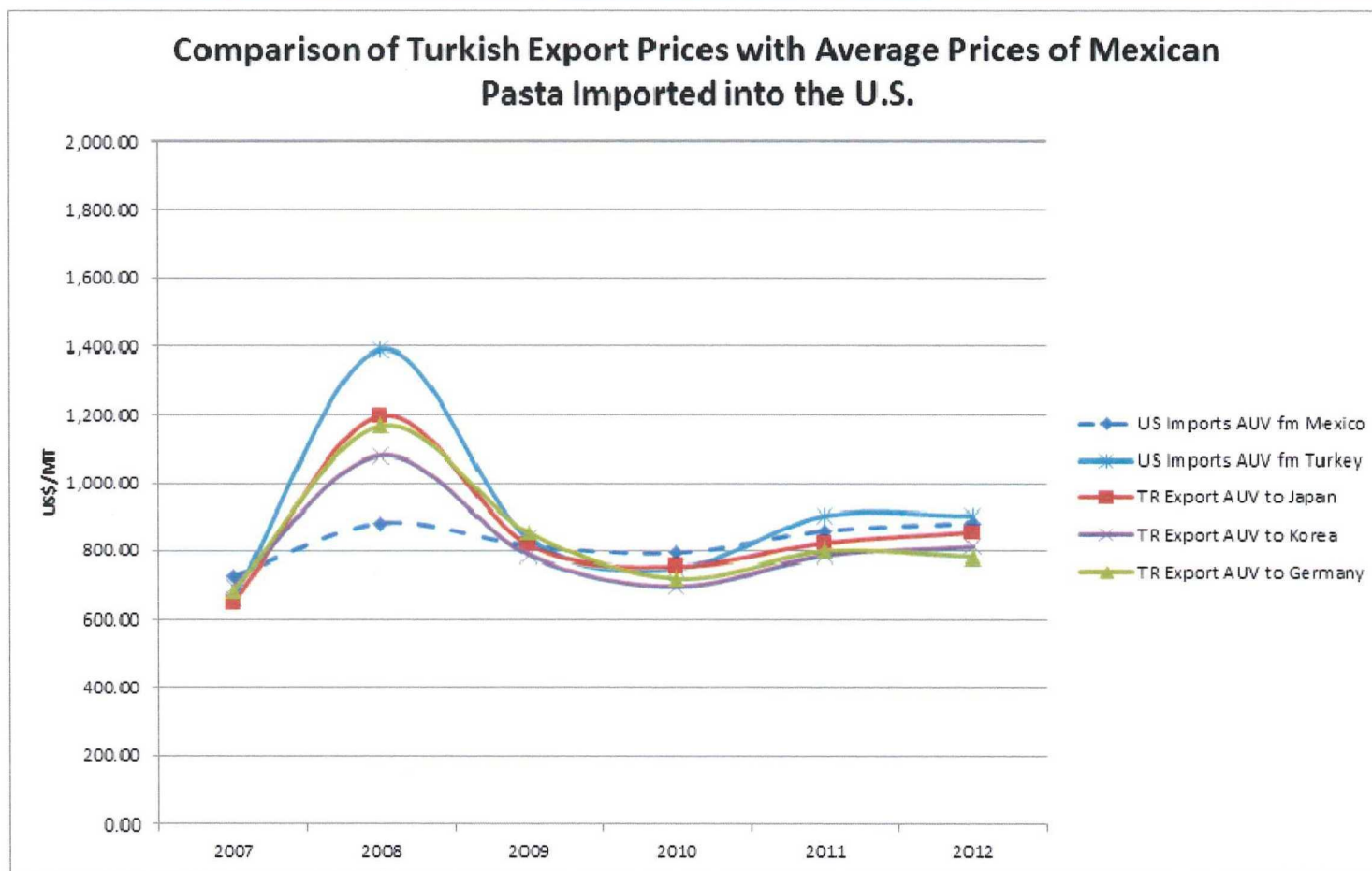
Expected Markets In U.S. are limited

- Food Service
- Ethnic Markets

Barriers to Growth

- Zero recognition/presence – no customers
- Extremely Limited Market Knowledge
- Packaging and certification requirements
- Logistics, supply chain
- Availability of Product
- No Vitamin Enrichment

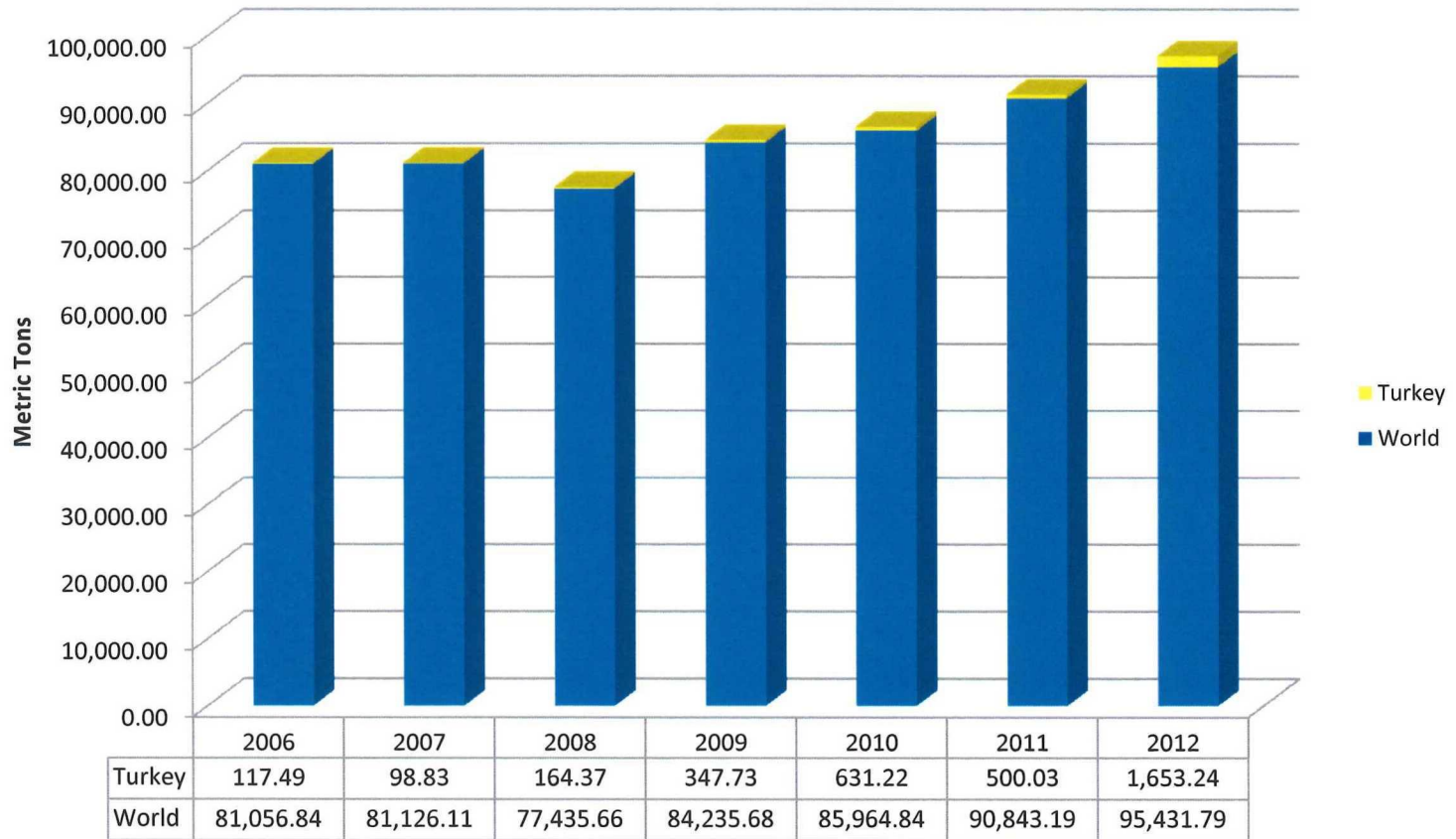
Turkish AUVs to U.S. are similar to other developed export markets, and Mexican AUVs



Source: Turkish Official Export Statistics and U.S. Import Statistics
Turkish Producers' Prehearing Brief at Exhibit 2-3.

Canada: similar market, no barriers, no growth?

Canada Total Imports vs Canadian Imports from Turkey



Source: Canadian Import Statistics (Stats Canada)
Turkish Respondents' Prehearing Brief at Exhibit 14.

Stephen Harper (Canadian PM)



Petitioners believe pasta is basically all the same, . . .



Brand does not really matter, does it?



Consumers do not look at brand, only price.



But then why are there so many brands?



And why is there so much price variation?



Imports from Turkey Should Not Be Cumulated with Imports from Italy

- Imports from Turkey and those from Italy compete under dramatically different conditions of competition Turkey.
- Turkey and Italy compete in different market segments. Turkey is not in the retail sector.
- Turkish pasta is not known in the U.S. whereas buyers seek out Italian brands
- No fungibility: Turkish pasta is not vitamin enriched and limited mostly to long products. The Italian pasta is imported under many shapes and varieties and is vitamin enriched
- Non-subject imports (from Mexico) are the only possible competition for subject Turkish imports and the U.S. industry has not been affected.
- Commission should exercise its discretion not to cumulate imports.