



Australian Government

**Australian Customs and
Border Protection Service**

**REVIEW OF ANTI-DUMPING MEASURES
APPLYING TO
FOOD SERVICES INDUSTRY PINEAPPLE FRUIT
EXPORTED TO AUSTRALIA FROM
THAILAND

VISIT REPORT
NATURAL FRUIT CO.,LTD**

**THIS REPORT AND THE VIEWS OR RECOMMENDATIONS CONTAINED
THEREIN WILL BE REVIEWED BY THE CASE MANAGEMENT TEAM AND
MAY NOT REFLECT THE FINAL POSITION OF CUSTOMS AND BORDER
PROTECTION**

February 2013

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2 BACKGROUND

2.1 Background to the current measures

Anti-dumping measures were first imposed on certain pineapple products exported from Thailand on 18 October 2001. All exporters of consumer pineapple from Thailand were subject to interim dumping duties. All exporters of Food Services Industry (FSI) pineapple were also subject to the goods with the exception of FSI pineapple exported by Malee Sampran Public Co. On 28 September 2006 the Minister accepted the recommendation of Customs and Border Protection to continue anti-dumping measures for a further five years following consideration of an application for continuation inquiries and reviews into consumer and FSI pineapple. Trade Measures Report No 111 ("REP 111") refers. Different variable factors were fixed at this review.

On 14 October 2011 the Minister accepted the recommendation of Customs and Border Protection to continue anti-dumping measures for a further five years with the variable factors fixed at a different rate to those determined in the 2006 review. Trade Measures Report No. 172c ("REP 172c") refers. The period of review was 1 January 2010 to 31 December 2010.

Only one exporter from Thailand, Kuiburi Fruit Canning Co Ltd ("KFC") cooperated with the 2011 review of anti-dumping measures relating to FSI pineapple. Measures in relation to both FSI pineapple are due to expire on 14 October 2016, subject to any continuation inquiry or revocation.

2.2 The current review of measures

On 10 December 2012, Tipco, an exporter of FSI pineapple from Thailand, lodged an application requesting a review of variable factors review with respect to the anti-dumping measures applying to FSI pineapple exported to Australia from Thailand by Tipco (variable factors review). Tipco also submitted a separate application for Customs and Border Protection to investigate whether the measures were still warranted (a revocation review).

The CEO decided not to reject the application for a review of variable factors. However the CEO decided to reject the application for a revocation review on the basis that the supporting evidence provided by the applicant and other relevant information, did not constitute reasonable grounds for asserting that dumping measures are no longer warranted and for a revocation review to be initiated.

The reasons for the initiation of a variable factors review, and rejection of the revocation review application, are set out in Consideration Report No. 196 (CON 196). CON 196 is available at www.customs.gov.au. A notice indicating that it is proposed to conduct a review of variable factors was published in The Australian on 19 December 2012.

The review period is 1 October 2011 to 30 September 2012. The variable factors under review are export price and normal value.

2.2.1 Extension of reviews

On 16 January 2013 the Minister for Home Affairs agreed to extend the scope of the review of measures to cover all exporters of FSI pineapple in Thailand.

2.3 Purpose of meeting

The purpose of the visit was to verify information contained in the questionnaire response provided by Natural Fruit Co.,Ltd (Natural) and, where appropriate, obtain and verify additional information relevant to determining normal values and export prices in respect of FSI canned pineapple produced and exported to Australia by Natural.

A non-confidential version of Natural's questionnaire response has been requested by Customs and Border Protection and has been placed on the public record once provided. A confidential version of the response is included as **confidential attachment GEN 1**.

Customs and Border Protection will use the verified information gathered at the visit to make preliminary assessments of, inter alia, the contemporary values of variable factors under investigation in relation to FSI pineapple exported to Australia from Thailand by Natural.

Specifically, in relation to consumer pineapple, Customs and border protection will use the verified information to produce preliminary assessment of:

- export prices; and
- appropriate bases for the determination of normal values; and
- potential determinations with respect to appropriate measures of profit achieved in relation to the domestic market for FSI pineapple in Thailand.

2.4 Meeting

2.4.1 Details of the meeting and the timeframe of the review

Natural have not been previously visited by Customs and Border Protection. As such, we explained the background of the review being undertaken and outlined the following key details:

- The investigation period for the review in relation to FSI pineapple is 1 October 2011 to 30 September 2012.
- The review will assess contemporary values in relation to two variable factors – export price and normal value.

- A statement of essential facts will be placed on the public record in relation to the review by 8 April 2013 or such later date as the Minister allows.
- The statement of essential facts will set out the material findings of fact on which Customs and Border Protection intends to base its recommendations to the Minister with respect to the review of variable factors and revocation of measures.
- The statement of essential facts will invite interested parties to respond, within 20 days, to the issues raised. Submissions received in response to the statement of essential facts will be considered when compiling the report and recommendations to the Minister.
- Customs and Border Protection's reports to the Minister is due no later than 23 May 2013, unless an extension to the statement of essential facts is approved by the Minister.

We advised Natural that we would prepare a confidential report on the visit, a copy of which would be provided to them to provide them opportunity to review the report for accuracy. Natural was also advised that a non-confidential version of this visit report would be prepared in consultation with the company and placed on the public record.

2.5 Meeting dates and attendees

Verification meetings were held at the offices of Natural which are located in Pranburi in Thailand.

As reflected below, Natural were not represented by an external consultant or representative during the course of our visit or in the preparation of all material provided to Customs and Border Protection.

The visit was facilitated by Ms Rungporn Sutjaritvorakul, who has strong verbal English language comprehension as well as fluency in Thai and was able to provide translation services between Customs and Border Protection staff and employees of Natural whose expertise was needed at various stages of verification.

As such official translation services were not required at any stage of the meeting.

The following people were present at various stages of the meeting:

Company name:	Natural Fruit Co.,Ltd
Address:	179/12 M.11 T.Nhongtatam A.Pranburi Prachuapkirikhan 77120
Contact Numbers:	032-622700-1
Company	Ms Rungporn Sutjaritvorakul, Marketing Manager

representatives:	Mr Kachin Komneyawanich, Vice President
Customs:	John Bracic, Director, Operations 1 Edward Macgregor, Supervisor, Operations 1
Date	20 February 2013

3	COMPANY INFORMATION
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3.1 Company background

Natural provided a detailed explanation of its company structure and commercial operations.

In summary, we confirmed that Natural is a privately owned company, registered in Thailand in 2001. Control of the company is held by a single individual, by virtue of a 65% majority shareholding interest. There are two other principal shareholders in the company who each hold shareholding interests of roughly 10%.

We confirmed that Natural was established, and continues to operate, as a family business and that all principal shareholders are related parties.

We confirmed that Natural does not have any subsidiary operations or affiliations with other commercial entities.

3.2 Commercial operations

3.2.1 General

We have confirmed that the core business of Natural is the manufacture canned pineapple and pineapple juice concentrate.

Natural operates one production facilities in Thailand, located at Pranburi. We confirmed that all canned pineapple and pineapple juice concentrate sold by Natural during the review period was manufactured at its Pranburi facility.

3.2.2 Production of the GUC

Natural provided a summary explanation of the production process with respect to the canned pineapple produced at its facility. We confirmed that the production process implemented by Natural is relevantly identical to the production processes of other manufacturers in Thailand, sighted previously by Customs and Border Protection

On the basis of the above, we decided that a site visit would not be of sufficient benefit relative to the potential sacrifices of time available for verification of substantive data provided by Natural.

3.2.2 Product models

Product nomenclature

We confirmed that Natural manufactures 5 different 'types' of canned pineapple fruit categorised as either tidbits, slice, pieces, chunks or crushed.

Of these categorised of canned pineapple fruit. Natural manufactures 9 different specific products (differentiated by distinctive product code) for export (to Australia and third countries). Natural manufactures 4 products that are only sold to domestic traders for re-export.

Each product is identified by a four-character alphanumeric code which reflects the type (for example, slice or tidbit) and the grading of the product. Grading relates to the quality of the pineapple fruit included in the product and is a function of the production process.

We confirmed that higher quality pineapple fruit is graded as 'choice' whilst lower quality fruit is graded as 'standard'. We confirmed that the letter 'N' in the product nomenclature refers to choice product whilst the letter 'S' indicates a standard graded product.

We confirmed that Natural only exports 'Choice' graded tidbit products to Australia.

Finally, we confirmed that all FSI products manufactured by Natural are sold in cans designated as 'A10' with a drained weight of either 1840 or 2040 grams.

In summation, a particular pineapple product category may be sold in two different grades and, in turn, each grade of the product type may be sold in either or both 1840 or 2040 sub-designations.

Product packaging

We confirmed that product packaging is relevant to the verification of the data provided by Natural, in particular the cost information provided, and discussed below.

We confirmed that goods are packed and sold in cases, which contains 1 carton.

However, cases vary in size and can comprise a different standard number of cans depending on the product. Specifically, consumer canned pineapple goods are either packaged in 'Standard' cases which comprise 24 cans which each have a net weight of roughly 0.565 kilograms. In contrast, FSI canned pineapple products are packaged in 'Regular' cases, which comprise 6 A10 cans per case. We confirmed that an A10 can has an average gross weight of roughly 3kg.

For completeness, we confirmed that pineapple concentrate is packed and sold in 256kg drums rather than cans. As will be discussed in greater detail in the discussion of costs, at our request Natural calculated that each drum of concentrate equates to roughly 73 standard cases of concentrate product.

3.2.4 Production capacities and actual rates of production

Natural have advised that, during the review period, its facility achieved an actual production of 82,072 metric tonne (MT) of all product (canned pineapple and concentrate) – [REDACTED] of total production capacity.

Of the total volume of the GUC sold by Natural during the investigation period, 164 MT ([REDACTED]%) was exported to Australia.

As is discussed in greater detail below, we confirmed that Natural also sells the goods to domestic traders in Thailand who export the goods to other countries. We confirmed that a total of 1,827 MT of the GUC ([REDACTED]%) comprise these 'export-domestic' sales.

We also confirmed that Natural also exports the GUC to third country markets itself (through its own trader in Thailand), a total of 2,457 MT ([REDACTED]%) was sold to third country export markets by Natural during the review period.

3.3 Accounting

Natural's accounting period is 1 January to 31 December.

Natural copies of the audited financial statements for the previous two completed accounting periods (calendar years 2011 and 2010) with its submission.

Both sets of financial statements were audited by CCK Audit Office and indicated that the financial statements represent fairly the financial position of the company.

The auditor's opinion was expressed in the following terms:

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position as at 31 December 2011 and 2010, and the results of operations and cash flows for the years then ended in accordance with general accepted accounting principles

4	GOODS UNDER CONSIDERATION AND LIKE GOODS
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4.1 The goods

The goods the subject of the application (the goods) are pineapple prepared or preserved in containers exceeding one litre (FSI pineapple).

The goods are classified to tariff subheading 2008.20.00, statistical code 27 and 28 in Schedule 3 of the *Customs Tariff Act 1995 (Cth)* ("Tariff Act").

The general rate of duty for imports of pineapple fruit from Thailand is free.

5 EXPORT SALES

5.1 General

5.1.1 Exported products

We confirmed that Natural only exports one product to Australia – canned choice tidbits in light syrup (product code 8NTL) in 1840 and 2040 sizes.

5.1.3 Overview of Natural's Australian export activities

Natural submitted that all sales to Australia made by the company are to one single Australian customer – [REDACTED]

We confirmed, however, that all export sales to Australia made by Natural during the period of investigation are made via a trader registered in Thailand, [REDACTED]

For completeness, we confirmed that all imports made by [REDACTED] during the review period were entered as supplied by [REDACTED] another unrelated manufacturer in Thailand.

5.2 Export sales process.

5.2.1 Summary of sales process

In summary, Natural explained that the process for all export sales was as follows:

- Natural negotiates directly, and enters into formal purchase agreements, with [REDACTED] which specify, inter alia, product specifics, product volume, value of the goods, shipping period and shipping destination.
- Sales terms are negotiated and crystallised in the terms of official supply contract between Natural and [REDACTED] – pricing terms are negotiated directly as part of the contract process.
- The relevant contract between Natural and [REDACTED] functions as a head of agreement under which multiple invoices for individual shipments (which comprise the total contractual volume) are administered between Natural and [REDACTED];
- Payment from [REDACTED] to Natural is required by electronic funds transfer, on the basis of [REDACTED], payable from the date of the relevant bill of lading for each individual shipment

- Goods are sold by Natural on FOB terms. Natural arranges transportation of the GUC from the warehouse to the port of export using trucks supplied by a third party freight provider;
- All services associated with the handling and packing of the goods into containers and shipment of the goods from the Thai port is administered by a Third party provider, [REDACTED]
- [REDACTED] invoices Natural for its services associated with moving the goods to FOB point on the export vessel applying a set rate in relation to the total cartons of goods in the consignment. The fee charged [REDACTED] is inclusive of all shipping and handling fees incurred by [REDACTED] and a [REDACTED] commission charged on the total value of FOB expenses (shipping and terminal handling charges);
- Beneficial legal ownership of the product passes from Natural to [REDACTED] once the goods cross the guardrail of the vessel of export at the Thai port.
- [REDACTED] does not retain physical custody of the goods at any point during the exportation process. Natural has no knowledge of the commercial arrangements between [REDACTED] and the ultimate Australian customer.

5.3 Pricing

5.3.1 Pricing policies

We confirmed that purchase contracts executed between Natural and [REDACTED] are negotiated on the basis of total supply volume, rather than a specified period.

Price is negotiated on the basis of the total volume of supply (in cartons) specifying a set unit price per carton in USD.

We understand that price offered to [REDACTED] by Natural most significantly influenced by the cost of the primary raw material – raw pineapple.

Raw pineapple prices in Thailand are subject to fluctuation driven primarily by patterns of crop supply. As such, raw material price is directly linked to climatic variables which impact crop yield, both positively and negatively.

Natural confirmed that the supply of raw pineapple has been steady during the period of investigation and at the time of the visit and, as such, raw material prices are lower than was the case during the original investigation.

5.3.1 Discounts, rebates and allowances

Natural stated in its response that it does not provide [REDACTED] with discounts, rebates or allowances and that the price on the invoice is the price paid.

We found no evidence to indicate that this was not the case.

5.4 Export sales verification - reconciliation to source documents

As part of its response to the exporter questionnaire, Natural provided copies of commercial documentation relating to transactions with [REDACTED].

These packages included:

- Formal purchase contract between Natural and [REDACTED]
- Commercial invoice from Natural to [REDACTED] (in USD);
- Commercial invoice from a Thai logistics company to Natural, reflecting inland transportation charges.

For each selected invoice we were able to trace the sales volumes of the individual transaction (in terms of total invoiced cartons) and values using the commercial invoices and packing lists provided to individual listings in export sales spreadsheet.

Documents obtained and verified relating to export sales are at **Confidential Attachment EXP 1**.

5.4.4 Payment terms

Natural sells the goods to [REDACTED] on an FOB basis. The total value, and unit value, of the goods is reflected in the relevant purchase contract in USD. However, commercial invoices for individual transactions under the purchase contract are provided by Natural, and paid by [REDACTED], in Thai Baht (THB), using the exchange rate of the bank of Thailand at on the delivery date (to port of export).

[REDACTED] provides payment to Natural via telegraphic transfer (TT). For the packages provided, payment was provided by [REDACTED] as part of a composite payment of several invoices. For each transaction, Natural provided copies of payment requests submitted to [REDACTED] by its accounts department specifying the total amounts requested and the composite invoiced amounts. We were able to identify the invoice value reflected in the commercial invoices to the composite payment requests.

Additionally, Natural provided TT confirmation in relation to each payment request. We were able to reconcile the value of the payment request, to the TT confirmation.

On this basis we are satisfied that the invoice price shown in the Australian Sales spreadsheet is reflective of value of individual transactions, paid by OPCO pursuant to the relevant purchase contract.

5.4.6 Inland freight charges

Inland freight from Natural's Pranburi facility to the port of export is provided by a third party provider. Freight costs were reflected on a line by line basis in the sales listing as actual costs per shipment.

With each source document package, Natural provided the inland transport delivery order reflecting transport of the invoiced consignment of goods to [REDACTED]. We were able to successfully confirm, inter alia, that the freight invoice provided corresponded to the relevant purchase invoice.

5.4.7 Shipping/export charge

Export charges (Shipping and Terminal Handling Charges) were not reflected separately in the export sales listing provided by Natural. As mentioned previously, Natural represent all sales to [REDACTED] to be on FOB terms and, as such, the price paid by [REDACTED] is stated to be inclusive of export charges up until the FOB point.

To confirm that the invoiced prices for transactions between Natural and [REDACTED] were made on FOB terms as represented, we requested and were provided with source documentation in the form of commercial invoices from the [REDACTED] Natural reflecting provision of administrative services by Thai Shing Ye on Natural's behalf.

5.5 The exporter

The *Customs Act* 1901 (Customs Act) does not define the "exporter", however Customs and Border Protection tends to look for the circumstances surrounding the exportation of the goods.

As discussed above, Natural sells the goods to [REDACTED] on an FOB basis. Thereafter, beneficial ownership of the goods vests with [REDACTED], who is responsible for all aspects of the administration of the export of the goods to Australia.

We confirmed that Natural does not undertake any function in relation to the exportation of the goods after the goods have cleared the FOB point in Thailand and has no direct interaction with [REDACTED] Australian customers or any knowledge (actual or inferred) of the commercial terms of sale between [REDACTED] and its customers.

Notwithstanding the above, we note that [REDACTED] is represented by Natural to be its trader in relation to export sales to Australia. We confirmed that Natural has actual knowledge that the goods sold to [REDACTED] will be exported to Australia at the time that purchase contracts are executed with [REDACTED],

pursuant to which Natural arranges for consignments of the GUC to be delivered to the port of export and moved to the FOB point.

On this basis during the review period, we consider Natural to be the exporter of consumer pineapple to Australia because it:

- manufactures the goods;
- sells the goods to [REDACTED] on an FOB basis;
- is solely responsible for packing and delivery of the goods to the port of export and retains beneficial ownership of the goods up to the point of FOB clearance at the Thai port; and
- receives payment from [REDACTED] for commercial transactions with [REDACTED] involving the exportation of the subject goods from Thailand to Australia.

5.6 The importer

[REDACTED] was not involved in the discussions with Natural during the visit. As such Customs and Border Protection does not possess any evidence from which to obtain an understanding of the commercial relationship and sales processes between [REDACTED] and its Australian customers.

However on the basis of the available evidence, we are satisfied that [REDACTED] is not the beneficial owner of the goods at the time of importation. On this basis we are satisfied that the goods are not purchased by the importer from the exporter.

5.7 Arms' length

In determining export prices under s.269TAB(1)(a) of the Customs Act and normal values under s. 269TAC of the Customs Act, the legislation requires that the relevant sales are arms' length transactions.

Section 269TAA the Customs Act outlines the circumstances in which the price paid or payable shall not be treated as arms' length. These are where:

- there is any consideration payable for in respect of the goods other than price;
- the price is influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller; or
- in the opinion of the Minister, the buyer, or an associate of the buyer, will, directly or indirectly, be reimbursed, be compensated or otherwise receive a benefit for, or in respect of, the whole or any part of the price.

With respect to the commercial relationship between Natural and [REDACTED], we found no evidence that:

- there is any consideration paid or payable for or in respect of the goods other than their price; or
- the price is influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller; or
- the buyer, will, subsequent to the purchase or sale, directly or indirectly, be reimbursed, be compensated or otherwise receive a benefit for, or in respect of, the whole or any part of the price.

Based on the above, we consider that sales of the GUC from Natural to [REDACTED] are sales that are arm's length transactions pursuant to the terms of subsection 269TAA.

5.8 Export price preliminary assessment

5.8.1 Basis for calculation

In the case of export sales to Australia by Natural, we consider:

- that the goods have been exported to Australia otherwise than by the importer;
- that the goods have not been purchased by the importer from the exporter; and
- the purchases of the goods were arms' length transactions

We consider that export price for export sales from Natural cannot be established under section 269TAB(1)(a) or (b) of the Act. Therefore we consider that export prices can be established under s.269TAB(1)(c), having regard to all the circumstances of the exportation.

Export prices have been determined having regard to the FOB invoice prices from Natural to [REDACTED].

Export price calculations are included at **confidential appendix 1**.

6 DOMESTIC SALES

6.1 Confirmation of the nature of 'domestic' sales

As part of its questionnaire response Natural provided an electronic sales listing of all sales made to commercial entities registered in Thailand during the review period. These sales are referred to by Natural throughout its response as 'domestic sales'.

At the visit we confirmed with Natural all its domestic customers are recognised as trading companies who procure the goods from Natural on an FOB basis for the purposes of exportation to countries other than Thailand – similar to the commercial operations [REDACTED].

Natural stated that, as far as they are aware, none of its Thai customers sold the GUC into the domestic market in Thailand during the review period. For completeness, we confirmed that Natural have no actual knowledge of the final destinations of the GUC provided to Thai trading companies pursuant to these 'domestic' transactions.

As part of its response to the exporter questionnaire, Natural provided source document packages in relation to sample transactions reflected in the domestic sales listing.

Like export sales, each domestic sales package contained;

- formal purchase contract between Natural and the Thai customer;
- commercial invoice from Natural to the customer;
- commercial invoice reflecting inland transportation charges; and
- commercial invoice reflecting export charges to the FOB point charged to Natural from a third party provider.

For each selected invoice we were able to trace the sales volumes of the individual transaction (in terms of total invoiced cartons) and values using the commercial invoices and packing lists provided to individual listings in the domestic sales listing.

On the basis of the above, we are satisfied that all 'domestic' sales made by Natural during the review period were made to trading companies for the purposes of exportation and were not sold into the Thai domestic market. As such we are satisfied that these sales are appropriately characterised as 'domestic-export' sales and should not be seen to be true domestic sales for the purposes of the review.

Documents relating to the verification of domestic sales are at **confidential attachment DOM 1**.

7	COST TO MAKE & SELL
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Prior to the visit Natural provided information showing its detailed quarterly cost to make and sell (CTMS) for canned pineapple exported to Australia.

7.1 Verification of production costs

Fruit costs

We asked Natural to demonstrate how the fruit cost of had been calculated for the exported products. Natural explained that pineapple fruit costs were allocated across the various products on a weight basis. A spreadsheet was provided showing the volume of regular cases for four categories of product (choice slice, standard slice, choice tidbit and standard tidbit). These volumes were converted to a corresponding volume for standard case which was based on A2 sized cans.

We requested and were provided with source production reports to confirm the production volumes submitted. We were unable to reconcile the total volume for choice tidbits, which included the goods exported to Australia. Further examination of the production report revealed that Natural had inadvertently omitted some of the relevant goods in calculating the totals for each quarter. We have revised the relevant spreadsheet to reflect the correct totals.

For each of the four categories of goods, Natural was able to calculate the individual proportion of produced canned pineapple against the total volume of all products. These proportions were then used to allocate the total quarterly pineapple purchase costs to each of the four categories.

We were provided with a detailed list of all pineapple purchased in 2011 and 2012, which identified the supplying grower and the respective total monthly weight and value of pineapple. We were able to use this report to reconcile the total pineapple costs used.

We randomly selected a number of months for verification to source documents and were provided with relevant documentation which reconciled to the list of purchases.

On the basis of the evidence provided, we are satisfied that the cost of fruit has been accurately recorded in the cost spreadsheets provided by DPI in its REQ.

Packaging costs

Packaging costs are a significant element in the cost of canned pineapple production. Packaging consists of the can, the carton and labels. DPI provided a schedule showing the breakdown of packaging costs for each quarter. The can cost was consistent across the review period as it was based on a contract price covering the period of review.

We sought and were provided with the contract for supply of cans, a corresponding invoice and payment advice which reconciled to the amounts shown on the invoice.

Following review of the above documents we are satisfied that the production costs reported in Natural's financial system and submitted in its questionnaire response are accurate.

7.2 Verification of selling, general and administration expenses

To calculate amounts for selling, general and administration expenses (SG&A), Natural allocated the total expenses from the finalised accounts to each product group based on production volume. The expenses allocated are:

- general and administrative expenses;
- delivery expenses; and
- financial expenses.

In 2011 these expenses represented approximately [REDACTED]% of Natural's total cost of production. For the review period, these expenses represented [REDACTED]% of the total cost to make.

We were able to reconcile the values for these expenses through to the company's income statement.

SG&A if sold on the domestic market

Given that Natural does not sell canned pineapple on the domestic market, we consider it reasonable to expect that if it had, it would incur similar expenses to those incurred on its exports to Australia.

7.3 Conclusion

The verification included an examination, on a test basis, of evidence related to costs disclosed to Customs and Border Protection in the submission made by Natural. Costs were traced from independent third party transactions, through cost and management accounts, to the finalised accounts. Methods for the allocation of costs were assessed against those used by the company during the normal course of business, or where these are not routinely done, against evidence to ensure the costs allocated reasonably reflect the costs actually incurred.

We are satisfied that sufficient information was available and verified to substantiate the CTMS for the GUC by Natural. We consider these CTMS are suitable for determining a constructed normal value (see 10.1 below).

The final CTMS worksheets are at **confidential appendix 2**.

8 THIRD COUNTRY SALES

It its exporter questionnaire response, Natural provided sales information relating to direct export sales made by Natural to third country export markets.

The information provided reflects roughly 40 export transactions by customer, on a line by line basis. We note that Natural's third country exports comprise a variety of products, including the product exported to Australia during the review period.

For completeness, we note that the sales data provided and do not specify the country of export.

We consider that there is insufficient information available (both in relation to information provided by Natural, and information procured by Customs and Border Protection from other sources) about other export markets to establish whether the nature of trade of like goods in Thailand would be similar to the nature of trade in third countries.

Therefore, we considered that third country export sales were not an appropriate basis for establishing a normal value to be compared with export sales to Australia

9	NORMAL VALUE
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9.1 Construction of normal value

We consider that there is insufficient information to establish normal values under s.269TAC(1). As a consequence, preliminary normal values have been calculated under s.269TAC(2)(c) of the Act.

We recommend normal values be calculated using Natural's cost to make and sell information for the exported goods in accordance with s.269TAC(2)(c).

In the absence of a reasonable rate of profit achieved on domestic sales of FSI canned pineapple by either Natural or other exporters, we consider that profits achieved by other exporters of like goods sold domestically are reasonable. In particular, the profit achieved on domestic sales of FSI pineapple by the two cooperating exporters during the 2006 review of measures¹.

A spread sheet detailing the adjusted normal values is at **Confidential Appendix 1**.

¹ REP 111 & REP 112

10 LIST OF APPENDICES AND ATTACHMENTS

Confidential appendix GEN 1	Exporter questionnaire response
Confidential appendix EXP 1	Export sales source documents
Confidential appendix EXP 2	Export price calculations
Confidential appendix DOM 1	Domestic sales source documents
Confidential appendix CTMS 1	CTMS documents