



**Australian Government**  
**Anti-Dumping Commission**

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**INVESTIGATION 334**

**CONTINUATION INQUIRY OF  
PINEAPPLE FRUIT -  
FOOD SERVICE AND INDUSTRIAL (FSI)**

**EXPORTED FROM  
THE REPUBLIC OF PHILIPPINES AND THE KINGDOM OF  
THAILAND**

**DUMPING MARGIN CALCULATION REPORT**

**DOLE THAILAND 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 THE ANTI-DUMPING COMMISSION

**June 2016**

# 1 BACKGROUND

## 1.1 Background

On 2 December 2015, in accordance with subsection 269ZHB(1), a notice (Anti-Dumping Notice (ADN) No. 2015/136) was published on the Commission's website inviting certain persons to apply to the Commissioner for the continuation of antidumping measures on consumer, and food service and industrial (FSI) pineapple exported to Australia from the Republic Of Philippines (Philippines) and the Kingdom of Thailand (Thailand).

On 29 January 2016, Golden Circle Limited (GCL), a member of the Australian industry producing FSI pineapple, lodged an application for the continuation of the measures.

GCL contended that the on-going import volumes from Thailand and the Philippines have adversely affected the sales volume and profit margins of the Australian industry. GCL submitted that in the event that anti-dumping measures are not continued, there is a high probability that exporters in Thailand and the Philippines would seek to further increase sales volumes. In this event, GCL contends that the Australian industry manufacturing consumer and FSI pineapple will be exposed to a recurrence of material injury from the dumped exports.

Subsequent to receiving further information from GCL and having considered the application, the Commissioner decided not to reject the application and initiated a continuation inquiry of anti-dumping measures on consumer and FSI pineapple exported from Thailand and the Philippines.

Public notification of initiation of the inquiry and a full description of the goods are available in Anti-Dumping Notices (ADN) No. 2016/21<sup>1</sup>. The ADN is available on the Anti-Dumping Commission's (the Commission's) website at [www.adcommission.gov.au](http://www.adcommission.gov.au).

Following initiation of the investigation, a search of the Department of Immigration and Border Protection import database indicated that Dole Thailand Limited (DTL) exported FSI pineapple to Australia from Thailand during the period 1 January 2015 to 31 December 2015 (the inquiry period).

The Commission notified DTL of the initiation of the investigation, and sought its cooperation with the investigation through the completion of an exporter questionnaire regarding FSI pineapple.

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<sup>1</sup> Document no. 2 on the public record.

## **1.2 Purpose of this report**

Based on the volumes of DTL's exports of FSI pineapple relative to the total export volume during the investigation period, a decision was made not to conduct an on-site verification visit at DTL's premises.

The purpose of this report is to assess DTL's exporter questionnaire response and make assessments regarding the:

- export price (Chapter 3 refers);
- cost to make and sell (Chapter 4 refers);
- normal value (Chapter 5 refers); and
- dumping margin (Chapter 6 refers).

While a decision was made not to conduct an on-site verification visit, an analysis of the exporter questionnaire response provided by DTL was conducted. This analysis included tests for the reasonableness of the export price, cost to make and sell and domestic sales data provided in calculating the dumping margin.

## **2 VERIFICATION OF AUSTRALIAN AND DOMESTIC SALES**

### **2.1 Australian sales**

The assessment team selected a sample of Australian sale transactions and requested source documents for these transactions. DTL provided purchase orders, packing lists, commercial invoices, test certificates, waybills and bills of lading. These source documents are at **Confidential Attachment SALES 1**.

The assessment team found that the information in the exports sales listing (3.1 refers) matched the information in the source documents.

### **2.2 Domestic sales**

The assessment team selected a sample of domestic sale transactions and requested source documents for these transactions. DTL provided purchase orders and commercial invoices. These source documents are at **Confidential Attachment SALES 2**.

The assessment team found that the information in the domestic sales listing (5.1 refers) matched the information in the source documents.

### **2.3 Verification of sales to financial accounts**

DTL provided financial accounts for the investigation period at **Confidential Attachment SALES 3**. The assessment team was able to reconcile the total value of sales, including Australian, other country export and domestic sales, to the financial accounts.

### **2.4 Conclusion**

Having regard to the desktop verification, the assessment team is satisfied that the Australian and domestic sales listings provided by DTL can be relied upon for the purpose of assessing the export price and normal value.

## **3 EXPORT PRICE**

### **3.1 Australian sales**

In its response to the Exporter Questionnaire, DTL provided a detailed spreadsheet listing its Australian sales of FSI pineapple during the investigation period on a line-by-line basis (referred to as the Australian sales listing).

The assessment team reconciled the quantity and value in the Australian sales listing to the Department of Immigration and Border Protection import database.

In its Exporter Questionnaire response, DTL stated that it sold FSI pineapple to an affiliated party in Thailand, Dole Asia Holdings Pte Ltd (DAH), which exported the goods to Australia. DTL provided sufficient information for the assessment team to determine an export price by DAH to its Australian customers.

For sales of FSI pineapple to Australia, DTL stated that neither it, nor DAH, is related to any Australian customers. DTL stated that the only discount or rebate it applied to these sales was a fast payment discount. DTL provided source documentation pertaining to the payment terms discount and the assessment team has verified this information.

The assessment team has adopted the invoice date as the date of sale.

### **3.2 Export price**

The assessment team is satisfied that the export sales listing is complete, relevant and accurate and recommends that export price be determined under subsection 269TAB(1)(a) of the Act, as the price paid by the importer less transport and other costs arising after exportation.

The assessment team calculated the export price at free-on-board (FOB) delivery terms.

A summary of the export price calculation is at **Confidential Appendix 1**.

## 4 COST TO MAKE AND SELL

### 4.1 Cost to make and sell

DTL provided a cost to make and sell (CTMS) spreadsheet for the goods showing quarterly unitised costs data for the goods sold domestically and exported to Australia. A summary of the CTMS for the goods is at **Confidential Appendix 2**.

### 4.2 Verification of DTL's costs to financial accounts

The assessment team notes that the CTMS spreadsheet provided by DTL as part of its exporter questionnaire response shows only unit costs. By multiplying the unit CTMS by the annual volume, the assessment team was able to reconcile the CTMS to the financial accounts within a small margin. On this basis, the assessment team considers that the CTMS allocated to FSI pineapples is complete and relevant.

The assessment team notes that the regional general and administrative expenses account for around ■ per cent of the cost to sell. DTL provided an extract of its regional general and administrative expenses at **Confidential Attachment CTMS 1**. The assessment team was able to reconcile these expense allocations in both the Australian and domestic sales listing, and the CTMS spreadsheet, to the extract of the regional general and administrative expenses.

### 4.3 Verification of DTL's costs to source documents

#### 4.3.1 Pineapple purchases

The assessment team notes that pineapple purchases account for approximately ■ per cent of DTL's cost to make. Given the materiality of pineapple purchases, the assessment team verified the accuracy of pineapple costs to source documents.

DTL provided extracts of its general ledger that showed the total cost of pineapple purchases for 2015. This information is at **Confidential Attachment CTMS 2**. Screen print evidence from DTL's accounting system was also provided for several of the major pineapple cost items in the general and account ledgers. This information is at **Confidential Attachment CTMS 3**.

The assessment team selected a sample of pineapple purchase transactions and DTL provided source documentation for these transactions. These documents are at **Confidential Attachment CTMS 4**.

For purchases of a particular pineapple grade, the assessment team was able to trace downwards the unitised CTMS to the general and account ledgers, using appropriate conversions for unit quantity and currency. The assessment team then attempted to trace the costs in the general and account ledgers to source documentation for a sample of purchases. DTL explained that the commercial invoices for the sample purchases included other items that were not the goods and provided a breakdown of the transactions in the account ledger at **Confidential Attachment CTMS 3**. The assessment team was then able to reconcile the amounts in the account ledger to the source documentation.

### 4.3.2 Packaging purchases

The assessment team notes that packaging purchases account for approximately [REDACTED] per cent of DTL's cost to make. Given the materiality of packaging purchases, the assessment team verified the accuracy of packaging costs.

DTL explained that packaging materials comprise four components: case, container, label and sticker, and glue. DTL provided extracts of its general ledger that showed the total cost of packaging in 2015 for each of the materials. DTL also provided bill of materials, which was used in conjunction with the general ledger to calculate the CTMS related to packaging. The general ledger and bill of materials are at **Confidential Attachment CTMS 5**.

The assessment team notes that containers represent the majority of the packaging costs. The assessment team selected a sample of container purchase transactions and DTL provided source documentation for these transactions. These documents are at **Confidential Attachment CTMS 6**.

For purchases of containers, the assessment team was able to trace downwards the unitised CTMS to the general ledger, using appropriate conversions for unit quantity and currency. The assessment team observed commercial invoices and remittance for a sample of container purchases and is satisfied that the unitised CTMS for packaging is reasonable.

### 4.3.3 Selling, general and administrative expenses (SG&A)

DTL's SG&A expense allocations in its Australian and domestic CTMS spreadsheets are consistent with other verified exporters and appear to be reasonable.

### 4.3.4 Cost to make and sell summary

Having regard to the desktop verification of a significant proportion of DTL's CTMS data, the assessment team is satisfied that the CTMS information can be relied upon for the purpose of assessing the dumping margin.

## **5 DOMESTIC SALES AND NORMAL VALUE**

### **5.1 Domestic sales**

In its Exporter Questionnaire response, DTL provided a detailed spreadsheet listing of its domestic sales of FSI pineapple during the investigation period on a line-by-line basis (referred to as the domestic sales listing).

Having reviewed the documentation provided by DTL, the assessment team considers that the goods manufactured for domestic consumption have characteristics closely resembling the goods exported to Australia and are therefore 'like goods' in accordance with subsection 269T(1).

Similar to its Australian sales, DTL offers a fast payment discount for its sales to domestic customers. The assessment team is satisfied that the information provided by DTL regarding discounts in the domestic sales listing reasonably reflects the sales terms of the goods sold domestically.

#### **5.1.1 Related party transactions**

In its Exporter Questionnaire response, DTL stated that it sold FSI pineapple to an affiliated party in Thailand, Thai American Food Co Ltd (TAF), which is a distributor of DTL and sold the goods to domestic customers during the investigation period. DTL provided sufficient information for the assessment team to determine the domestic selling price from TAF to domestic customers.

### **5.2 Model matching**

The assessment team applied model matching criteria based on pineapple grade, syrup type and net weight of the product.

### **5.3 Normal value**

Normal values were calculated pursuant to subsection 269TAC(1), which is the price paid or payable for like goods sold in the ordinary course of trade for home consumption in the country of export in sales that are arms length transactions by the exporter.

A summary of the normal value calculation is at **Confidential Appendix 3**.



### 5.3.1 Adjustments to the normal value

To ensure the comparability of normal values to export prices, the assessment team considers that following adjustments are required for maintaining price comparability pursuant to subsection 269TAC(8):

|  |   |
|--|---|
| Domestic inland transport                    | <b>Less</b> domestic inland transport cost  |
| Domestic packing                             | <b>Less</b> domestic packing cost   |
| Domestic distribution and handling           | <b>Less</b> domestic distribution and handling cost                                       |
| Domestic selling and marketing               | <b>Less</b> domestic selling and marketing cost   |
| Domestic regional general and administrative | <b>Less</b> domestic regional general and administrative costs                            |
| Export tinsplate duty drawback               | <b>Less</b> export tinsplate duty drawback (downwards adjustment to normal value)         |
| Domestic credit                              | <b>Less</b> domestic credit cost  |
| Export inland transport                      | <b>Add</b> export inland transport cost   |
| Export packing                               | <b>Add</b> export packing cost  |
| Export handling, loading and ancillary       | <b>Add</b> export handling, loading and ancillary costs                                   |
| Export regional general and administrative   | <b>Add</b> export regional general and administrative costs                               |
| Export credit                                | <b>Add</b> export credit cost   |
| Syrup type                                   | <b>Adjust</b> for difference in syrup type differences between domestic and export models |
| Container weight                             | <b>Adjust</b> for difference in container weight between domestic and export models       |

**Figure 1: adjustments made to ensure comparability of normal values to export prices**

The above adjustments were calculated as weighted averages (using the data in the domestic and export sales listings) or based on verified export CTMS information, and were applied to the normal value. The assessment team's adjustment calculations are included in normal value calculations at **Confidential Appendix 3**.

## **6 DUMPING MARGIN**

Dumping has been assessed by comparing quarterly weighted average export prices (at free on board terms) to corresponding quarterly weighted average normal values for the investigation period, in accordance with paragraph 269TACB(2)(a) of the Act.

The weighted average product dumping margin for FSI pineapple exported to Australia by DTL for the investigation period is **13.8 per cent**.

Details of the dumping margin calculations are at **Confidential Appendix 4**.

**7 LIST OF ATTACHMENTS**

|  |   |
|--|---|
| <b>Confidential Appendix 1</b>         | Export price summary  |
| <b>Confidential Appendix 2</b>         | Cost to make and sell summary   |
| <b>Confidential Appendix 3</b>         | Normal value summary  |
| <b>Confidential Appendix 4</b>         | Dumping margin summary  |
| <b>Confidential Attachment SALES 1</b> | Source documents for Australian sales                                 |
| <b>Confidential Attachment SALES 2</b> | Source documents for domestic sales                                   |
| <b>Confidential Attachment SALES 3</b> | Financial accounts  |
| <b>Confidential Attachment CTMS 1</b>  | Extract of regional general and administrative expense allocation     |
| <b>Confidential Attachment CTMS 2</b>  | Extract of general and account ledgers – pineapple purchases          |
| <b>Confidential Attachment CTMS 3</b>  | Pineapple purchase screen prints from account ledger                  |
| <b>Confidential Attachment CTMS 4</b>  | Pineapple purchases source documentation                              |
| <b>Confidential Attachment CTMS 5</b>  | Extract of general ledger and bill of materials – container purchases |
| <b>Confidential Attachment CTMS 6</b>  | Container purchases source documentation                              |