



Australian Government
**Department of Industry,
Innovation and Science**

**Anti-Dumping
Commission**

INVESTIGATION 334

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

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

VERIFICATION REPORT

PRIME PRODUCTS INDUSTRIES 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 THE ANTI-DUMPING COMMISSION**

June 2016

1 BACKGROUND

1.1 Background

On 9 March 2016, the Commissioner of the Anti-Dumping Commission (the Commissioner) gave public notice of his decision to initiate a continuation inquiry into anti-dumping measures in respect of consumer and FSI pineapple exported to Australia from the Republic Of Philippines (Philippines) and the Kingdom of Thailand (Thailand). Anti-Dumping Notice (ADN) No. 2016/21¹ provides further information on the investigation and is available on the Anti-Dumping Commission's (the Commission's) electronic public record (EPR).

The background relating to the initiation of this inquiry is contained in Consideration Report 334.

Following initiation of the inquiry, the Commission wrote to Prime Products Industries Co. Ltd. (PPI) advising them of the initiation of the inquiry and requesting co-operation with the inquiry. PPI co-operated through submitting a completed exporter questionnaire response (EQR) and relevant attachments.

1.2 Purpose of this report

On the basis that PPI have only exported FSI pineapple, this report relates only to investigation case no. 334.

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

Whilst a decision was made not to conduct an on-site verification visit, an analysis of the exporter questionnaire response provided by PPI was completed. This analysis included tests for the reasonableness, accuracy and completeness of the export sales, domestic sales and cost to make and sell (CTMS) data utilised in calculating the preliminary dumping margin.

¹ Document no. 2 on the electronic public file.

2 VERIFICATION OF DOMESTIC AND AUSTRALIAN SALES

2.1 Australian sales listing

As part of its EQR, PPI provided a line by line basis Australian sales listing. A comparison of the Australian sales listing to the information reported in the Australian Border Force (ABF) import database identified discrepancies, namely shipments that were not identifiable in the ABF database.

On this basis, at the request of the Commission, PPI provided a corrected Australian sales listing as well as additional source documents to substantiate the information provided in the corrected Australian sales listing. These transactions represent **53.7** per cent of the total volumes denoted in the sales listing. The Australian sales listing is located at **Confidential Appendix 1**.

The source documents included purchase orders, commercial invoices, bills of lading, packing declaration, certificate of analysis, export declarations and bank remittances. These documents are at **Confidential Attachment SALES 1**.

In addition, PPI provided financial statements for the year ending December 2015 (**Confidential Attachment SALES 2**).

2.2 Domestic sales listing

PPI does not sell FSI pineapple on the domestic market.

2.3 Conclusion

Having regard to the above desktop verification, the assessment team is satisfied that the Australian sales listings provided by PPI are reasonably accurate, relevant and complete, and can be relied upon for the purpose of assessing the export price.

In the absence of domestic sales transactions, there is no information to calculate a reasonable normal value. On this basis, normal value will be constructed.

3 EXPORT PRICE

3.1 Australian export sales

In its EQR, PPI stated that it was not related to its Australian customers during the investigation period and does not offer discounts, rebates or allowances. The assessment team found no evidence to suggest otherwise.

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

3.2 Export price – preliminary assessment

The assessment team considers that:

- PPI is the exporter;
- the goods have been exported to Australia otherwise than by the importer; and
- purchases of the goods by the importer were arm's length transactions.

As such, the export price has been calculated using paragraph 269TAB(1)(a) of the *Customs Act 1901* (the Act)² using the invoiced price by PPI to the importer less any part of that price that represents a charge in respect of the transport of the goods after exportation or in respect of any other matter arising after exportation.

Details of the preliminary export price calculations are at **Confidential Appendix 1**.

² All legislative references in this report relate to the Customs Act 1901, unless stated otherwise.

4 COST TO MAKE AND SELL

4.1 Cost to make and sell

In its EQR, PPI provided a CTMS spreadsheet showing quarterly costs data for the goods sold to Australia (**Confidential Appendix 2**).

4.2 Verification of PPI's costs to financial statements

The assessment team was able to reconcile most individual CTMS line items to the management accounts for completeness. The total cost to make reconciled to the audited financial statements.

4.3 Verification of costs to source documents

4.3.1 Pineapple fruit

The assessment team notes that pineapple fruit accounts for approximately 49-67 per cent of PPI's cost to make. Given the materiality of pineapple fruit cost, the assessment team verified the accuracy of PPI costs to source documents.

At the request of the Commission, PPI provided a line by line listing of its pineapple fruit purchases (**Confidential Appendix 5**). From this listing the assessment team selected two purchases for verification to source documents. PPI provided invoice and payment details for the two purchases (**Confidential Attachment CTMS 1**).

4.3.2 Tin cans

At the request of the Commission, PPI provided a spreadsheet detailing its tin can costs for the investigation period (**Confidential Attachment CTMS 2**). From this listing the assessment team selected two purchases for verification to source documents. PPI provided invoices and payment details for the two purchases (**Confidential Attachment CMTS 2**).

4.4 Cost to make and sell summary

Having verified PPI's CTMS data for cost to make to financial accounts and to source documents, the assessment team is satisfied that PPI's CTMS data is reasonably complete, relevant and accurate.

PPI's verified CTMS spreadsheet is at **Confidential Appendix 2**.

5 NORMAL VALUE

5.1 Domestic sales

In its EQR, PPI noted that it does not sell on the domestic market.

5.1.1 Related party transactions

There were no related parties or related party transactions.

5.2 Normal value – preliminary assessment

5.2.1 Constructed normal value

The assessment team has formed the view that there are no suitable domestic sales by PPI to be used for establishing normal values under subsection 269TAC(1).

Instead, the assessment team has utilised 269TAC(2)(c) to construct PPI's normal value. The constructed costs included:

Cost to make and sell	PPI's actual cost to make and sell in relation to export sales.
Profit	Calculated from a weighted average profit derived from other exporters in Thailand with domestic sale evident.

A full reconstruction of this method is attached under **Confidential Appendix 3**.

5.2.2 Profit

For the purposes of providing data for a constructed normal value under subsection 269TAC(2)(c)(ii), Regulation 45(3)(b) of the *Customs Regulations (International Obligations) 2015* allows for the profit to be determined by using the weighted average of the actual amount realised by other exporters or producers from the sale of like goods in the domestic market.

A weighted average was calculated based on the following exporters that exported like goods in the investigation period.

5.3 Model matching

The verification team has determined that under normal values subsection 269TAC(2)(c), model matching to domestic models to export models of FSI pineapple is not required.

5.4 Adjustments to the normal value

In constructing normal values, the assessment team considers that certain adjustments are necessary to ensure fair comparison of normal values with export prices.

To ensure the comparability of normal values to export prices, the Commission considers that following adjustments are required for maintaining price comparability pursuant to subsection 269TAC(9):

Export inland transport	Add cost of actual export inland transport
Handling and other	Add cost of handling and other
Credit	Add cost of credit terms of 30 days

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

In calculating PPI’s export inland handling and other charges, the assessment team relied on actual costs detailed in its export sales listing.

The above adjustments were calculated as weighted averages (using the data in the export sales listings) and applied to the normal value.

The assessment team’s preliminary 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 PPI for the investigation period is **3.12 per cent**.

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

7 LIST OF APPENDICES

Confidential Attachment SALES 1	Source documents for Australian export sales
Confidential Attachment SALES 2	Financial Statement
Confidential Attachment CTMS 1	Source documents for pineapple
Confidential Attachment CTMS 2	Source documents for tin cans
Confidential Appendix 1	Export price summary
Confidential Appendix 2	Cost to make and sell summary
Confidential Appendix 3	Normal value summary
Confidential Appendix 4	Dumping margin summary