



Australian Government
Department of Industry,
Science and Resources

Anti-Dumping
Commission

Importer verification report

Verification and case details

Initiation date	4/08/2023	ADN	2023/047
Case number	628		
The goods under consideration	Pineapple Fruit (Food Service and Industrial)		
Case type	Dumping Investigation		
Importer	FTA Food Solutions Pty Ltd		
Location	41-45 Slough Rd, Altona VIC 3018		
Verification date	11/04/2024		
Investigation period	1/07/2022	to	30/06/2023

The Anti-Dumping Commission will review this report, including its views and recommendations.

This report may not reflect the Anti-Dumping Commission's final position.

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Introduction

FTA Food Solutions Pty Ltd (FTA) submitted data to the Anti-Dumping Commission (the commission) in response to an importer questionnaire for Dumping Investigation 628 (case 628) into Pineapple Fruit (Food Service and Industrial) from Republic of Indonesia (Indonesia) and Kingdom of Thailand (Thailand).

A verification team (the team) has verified whether the data FTA submitted is complete, relevant and accurate for use in case 628. [Anti-Dumping Notice \(ADN\) 2016/30](#) describes the commission's verification procedure.

This report explains the team's key findings, including the evidence considered and material issues identified. Where FTA or the team materially revised the submitted data, this report outlines the nature, extent and outcomes of these revisions.

The commission prepared this report to publish on the electronic public record for case 628.

Verification teams are authorised to conduct verifications under sections 269SMG and 269SMR of the *Customs Act 1901* (Cth) (the Act).¹

¹ All legal citations in this report are to the Act unless otherwise stated.

1 Company background

1.1 Corporate structure and ownership

FTA is an importer and exporter of food products. The company service Australian and New Zealand markets in food service, quick service restaurants, industrial manufacturers and retail outlets. FTA originally began in 1993 to supply wholesalers and smaller manufacturers with dried fruit & nuts, pulses and seeds.² The company is privately owned by HSK Ward Pty Ltd (HSK Ward group).

FTA sells a wide range of food products in product categories such as fruit & nut, frozen products, pulses, seeds, grains, and packaged products. The goods are a product in the packaged products category.

1.2 Related parties

The team examined the relationships between FTA and parties involved in the supply and sale of the goods.

The team found that FTA did not have any related party customers or suppliers of the goods during the investigation period.

² <https://ftafoodsolutions.com.au/our-story/>

2 Goods under consideration

2.1 Importation of the goods under consideration

FTA confirmed that it imported goods from Thailand and Indonesia during the investigation period matching the description of the goods that are the subject of this investigation.

2.2 Model control codes

The sales and costs data FTA submitted complies with the model control code (MCC) structure detailed in ADN 2023/047.

2.2.1 Amendments to model control codes

Container type

ADN 2023/047 had tin cans as the only container type category. FTA added drum and pouch as two additional container types. The verification team accepted these changes as there was price differentiation between the packaging types.

2.3 Verification of model control codes

Table 1 details how the team determined MCC sub-categories and verified them to source documents.

Category	Sub-category verification method
Quality	All but one sale were for prime pineapple (one sale was for non-prime goods). There was no mention of quality on orders or invoices.
Pineapple Cut	Verified against sales orders and sales invoices.
Container Type	Sales order and sales invoice refers to FTA's internal product codes, but do not directly specify the container type. The team verified the container type by obtaining a mapping of FTA's product codes with product specification sheets.
Container Size	Verified against sales orders and sales invoices.
Packing Medium	Verified against sales orders and sales invoices

Table 1 MCC sub-category determination

Table 2 summarises the revised MCC for FTA.

Category	Sub-category	Identifier
Quality	Prime	P
	Non-prime (e.g. damaged can)	N
Pineapple cut	Chunks	CH
	Crushed	CR
	Pieces	PC
	Pizza cut	PZ
	Sliced	SL

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	Tidbits	TB
	Thin sliced	TS
Container type	Tin can	T
	Pouch	P
	Drum	D
Container size	Provide container size in net weight (grams)	e.g. '1250'
Packing medium	Light syrup	LS
	Heavy syrup	HS
	Natural juice (sweetened)	NJS
	Natural juice (unsweetened)	NJU

Table 2 - MCC Structure

The team is satisfied that FTA sold the goods in Australian market.

2.4 List of model control codes

FTA imported and sold the following MCCs during the period:

MCC
P-CR-T-3060-NJU
P-PC-T-3060-HS
P-PZ-P-1500-LS
P-PZ-T-3035-LS
P-PZ-T-3050-NJU
P-PZ-T-3060-LS
P-SL-T-3060-HS
P-SL-T-3060-LS
P-HC-T-3035-LS
N-PZ-T-3035-LS
P-TB-D-200 000-LS

2.5 Like goods assessment

The team considers that goods FTA imported for domestic sale had characteristics closely resembling those goods produced by Australian industry.

Goods FTA imported for domestic sale were therefore 'like goods' according to section 269T(1).

3 Verification of sales completeness and relevance

The commission typically verifies sales as complete and relevant by reconciling the revenue and quantity in sales listings up to management accounts and then audited financial accounts. ADN 2016/30 further describes this verification process.

The team verified whether the sales listing FTA submitted is complete and relevant by reconciling them to the audited financial statements, consistent with ADN 2016/30.

The verification team verified the relevance and completeness of the sales data as follows:

1. FTA provided a trial balance for the FY23 year. The trial balance accounts are labelled by division, FTA being a division of HSK Ward group. The team reconciled the total revenue from the FTA trial balance to HSK Ward group's audited accounts.
2. FTA supplied an upward sales reconciliation in the form of a worksheet detailing the value of each of the product categories; of which packaged products was one category.
3. FTA extracted the packaged fruit sales listing from which the verification team extracted the non-goods sales, rebates and sales returns and were able to balance the total back to the sales listing supplied to within a small margin.

The team the issues outlined below. The team detailed this process in the verification work program and its relevant attachments in **Confidential Attachment 1**.

3.1 Sales completeness and relevance exceptions

Exception 1: Revised Australian sales listing with rebates

Description: The verification team identified rebates were not included in the sales listing.

Resolution: FTA submitted an updated sales listing that included all rebates during the investigation period.

Exception 2: Missing sales

Description: The verification team identified that sales from one shipment (import) had not been included in the sales listing.

Resolution: FTA submitted an updated sales listing with the missing sales.

3.2 Sales completeness and relevance finding

The team is satisfied that the sales data FTA submitted is complete and relevant, including any revision outlined in an exception above.

4 Verification of sales accuracy

The commission typically verifies sales as accurate by reconciling a selection of volume, revenue and other key data in the sales listings down to source documents. ADN 2016/30 further describes this verification process.

The team verified whether the sales listing FTA submitted is accurate by reconciling them to source documents, consistent with ADN 2016/30.

The team identified the issues outlined below. The team detailed this process in the verification work program and its relevant attachments in **Confidential Attachment 1**.

4.1 Sales accuracy exceptions

Exception 3: Non-prime sale

Description: All sales on the sales listing were labelled as Prime, however the verification team identified and queried an unusually low-priced sale during verification. FTA explained that there was one transaction of damaged products sold during the investigation period.

Resolution: This sale has been reclassified as a non-prime sale.

Exception 4: Missing transactions from invoice

Description: The verification team identified one transaction missing from the sales listing.

Resolution: FTA amended the sales listing to include the missing transaction

Exception 5: Identified non-goods transaction

Description: The verification team identified one transaction in the sales listing for pineapple in a container less than 1 L (not the goods).

Resolution: This transaction was removed from the sales listing.

4.2 Sales accuracy finding

The team is satisfied that the sales data FTA submitted is accurate, including any revision outlined in an exception above.

5 Verification of imports and cost to import and sell

5.1 Import listing

FTA confirmed that the import listing extracted from the Australian Border Force (ABF) import database is a complete list of imports of the goods over the investigation period.

5.2 Verification of cost to import and sell

Prior to the verification, the Commission selected 12 shipments for FTA to complete the cost to import and sell (CTIS) spreadsheet of the importer questionnaire.

For each of the selected shipments, FTA provided the following source documents:

- Commercial invoice
- Certificate of analysis
- Bill of lading
- Packing list
- Certificate of origin
- Proof of payment
- Port, handling, and associated fees
- Ocean freight invoice

The commission typically verifies cost to import and sell (CTIS) as complete and relevant by reconciling the total cost to import and the selling, general and administrative (SG&A) expenses in cost listings up to management accounts and then audited financial accounts. ADN 2016/30 further describes this verification process.

The team verified whether the CTIS FTA submitted are complete and relevant by reconciling it to audited financial statements, consistent with ADN 2016/30.

The team identified the issues outlined below during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

5.2.1 Exceptions during verification of CTIS

Exception 6: Incorrect MCCs and quantities for import consignments

Description: For consignments containing multiple products (lines), the verification team identified that only the first line's weight in the shipment was recorded in the cost to import and sell worksheet.

Resolution: The verification team amended the quantities in the cost to import and sell worksheet based on source documents.

Exception 7: Incorrect invoice dates

Description: Bill of lading date was used rather than invoice date in the cost to import and sell worksheet for some samples.

Resolution: These dates were corrected to the supplier invoice date.

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Exception 8: Inland transport cost

Description: FTA provided standard costs for port handling and inland transport expense.

Resolution: FTA provided a revised import listing with actual inland transport and port handling expenses. These revised import listing was verified to source documents.

Exception 9: Ocean Freight

Description: The team identified several incorrect ocean freights amounts, including some ocean freight unnecessarily reported for CFR shipments.

Resolution: FTA identified that these were due to preparation errors. The verification team amended the ocean freight to the correct amounts according to ocean freight invoices.

Exception 10: Revised SG&A listing provided

Description: The trial balance was supplied to evidence the costs related to the SG&A calculation; however it was at the group level and could not be used to identify the FTA specific costs.

Resolution: FTA resupplied an updated trial balance with division (company) tags allowing a reconciliation to the audited accounts while also identifying the FTA specific costs.

5.3 CTIS allocation method

Table 3 outlines how the team allocated each CTIS component.

Cost Area	Method applied
Ocean freight	Actual amount ocean freight invoices
Marine insurance	Percentage of invoice value
Customs fees	Actual costs based on invoices.
Port service charges	Actual costs based on invoices.
SG&A	SG&A, including inland freight was calculated as a percentage of net revenue.

Table 3 CTIS allocation method

5.4 Forward orders

The team verified FTA's forward orders by reconciling the listing provided in the questionnaire response to the company's records. The verified list of forward orders is at Confidential Appendix 1.

5.5 CTIS verification finding

The team is satisfied that the CTIS provided by FTA, including any required amendments as outlined in the exception description above is accurate.

A table detailing the weighted average unit CTIS is at **Confidential Appendix 2.**

6 Export price

6.1 The importer

The team considers FTA to be the beneficial owner of the goods at the time of importation and therefore the importer of the goods, as FTA:

- was named on the commercial invoice from its supplier
- was named as the consignee on the bill of lading
- was declared as the importer on the importation declaration to Australian Border Force.
- paid for all the importation charges
- arranged delivery from the port.

6.2 The exporter

FTA stated that it imported the goods to Australia. The team considers the manufacturer or trader to be the exporter of the goods,³ as the manufacturer or trader is:

- named on the commercial invoice and packing lists
- named as consignor on the bill of lading.

6.3 Profitability of imports

The team assessed the profitability for the following selected shipments by comparing the revenue to the CTIS for each shipment. As the team can trace each selected shipment to actual sales transactions, the team used the actual revenue for each shipment to assess its profitability. The outcome of this assessment is in Table 4.

Shipment	Profitable (Y/N?)
1	N
2	Y
3	N
4	N
5	Y
6	Y
7	Y
8	Y
9	Y
10	Y
Weighted average all shipments	Y

Table 4 Profitability of selected imports

³ The Commission generally identifies the exporter as a principal in the transaction, located in the country of export from where the goods were shipped, that gave up responsibility by knowingly placing the goods in the hands of a carrier, courier, forwarding company, or its own vehicle for delivery to Australia; or a principal in the transaction, located in the country of export, that owns, or previously owned, the goods but need not be the owner at the time the goods were shipped.

The assessment is at **Confidential Appendix 2**.

6.4 Related party suppliers

The team did not find any evidence that FTA is related to its supplier of the goods exported from Thailand and Indonesia during the investigation period.

6.5 Arms length

In respect of imports of the goods to Australia by FTA during the investigation period, the team found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than its price
- the price was 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
- the buyer, or an associate of the buyer, was directly or indirectly, reimbursed, compensated or otherwise received a benefit for, or in respect of, whole or any part of the price.

Subject to further inquiries, the team is satisfied that the imports between FTA and its suppliers are arms length transactions.

6.6 Export price assessment

The team is of the opinion that for the goods imported by FTA from the trader or manufacturer:

- the goods have been exported to Australia otherwise than by the importer
- the goods have been purchased by the importer from the exporter(s)
- the purchases of the goods by the importer were arms length transactions.

Subject to further inquiries with these exporters, the team recommends that the export price for goods imported by FTA from trader or manufacturer can be established under section 269TAB(1)(a) of the Act, using the invoiced price, less transport and other costs arising after exportation.

7 Attachments

Confidential appendix 1	Forward orders
Confidential appendix 2	Profitability of imports
Confidential attachment 1	Verification work program