



Variable factors – Preliminary assessment

Dole Thailand Ltd

Investigation 628 – Food Service & Industrial (FSI) pineapple exported to Australia from the Kingdom of Thailand

The Anti-Dumping Commission (commission) has calculated a preliminary dumping margin for Dole Thailand Limited (DTL). DTL is an exporter of the goods from the Kingdom of Thailand (Thailand).

Export Price	Normal Value	Dumping Margin
Section 269TAB(1)(c)	Section 269TAC(1)	negative 2.1%

Table 1: Summary of preliminary variable factors for DTL

Table 1 is a preliminary assessment based on the information currently before the commission and may not reflect the final position of the commission.

This file note explains results of the verification, analysis and assessment and the evidence relied on to calculate the preliminary dumping margin.

DTL's response to the exporter questionnaire

The commission received a response to the exporter questionnaire (REQ) from DTL. The REQ also included relevant information from related party distributors Dole Asia Holdings Pte Ltd (DAH) and Thai-American Food Co., Ltd (TAF).

DTL's response was received within the legislated period¹ and contained relevant information regarding:

- its role in the export of the goods to Australia
- sales of like goods made by it to export and domestic markets
- the cost of production and sale of like goods, including selling, general and administrative expenses (SG&A).

DTL is a cooperative exporter.

The public version of DTL's REQ is available on the electronic public record (EPR) for this case on the commission's website at www.adcommission.gov.au.²

¹ DTL's REQ was received on or before the legislated due date of 10 September 2023.

² EPR 628 – [document 8](#).

The commission's approach to calculating the preliminary variable factors

The commission has assessed DTL's REQ, following the verification principles explained in *Anti-Dumping Notice 2016/30* (ADN 2016/30),³ noting that the Minister may disregard any information that they consider unreliable.⁴

The following verification activities were performed:

- Reconciliation of data sets to the ABF import database, audited financial statement and trial balance.
- Verifying data using explanations in the REQ and source documents submitted – for example, invoices and bills of lading.
- Analysis and comparison of data submitted by other exporters of FSI pineapple from Thailand.

The following other exporters submitted an REQ:

- Kuiburi Fruit Canning (KFC)⁵
- Siam Food (2513) Company Limited (Siam 2513)
- Prime Products Industry Co., Ltd (PPI).

The commission has prepared a verification work program at **Confidential Attachment 1**.

³ [ADN 2016/30](#).

⁴ Under sections 269TAB(4) and 269TAC(7) of the *Customs Act 1901* (Cth)(the Act), the Minister has the discretion to disregard any information he or she considers to be unreliable, in relation to export price and normal value respectively.

⁵ KFC was verified onsite. The verification report is published at EPR 628 – [document 14](#).

Model Control Code (MCC)

Changes to the structure

The commission has amended the preliminary MCC structure that was published in ADN 2023/047, the public notice advising interested parties that Investigation 628 is initiated.⁶

These changes were made to the relevant data sets submitted by interested parties to this investigation.

Category 2 – Pineapple cut

The commission has changed MCC category 2 – ‘Pineapple cut’. The change removes the distinction between ‘tidbits’, ‘pieces’ and ‘pizza cut’ to describe ‘tidbits’ only.

The terms ‘tidbits’, ‘pieces’ and ‘pizza cut’ are used interchangeably by exporters and their customers (in Australia and Thailand). The interchangeable use of the terms was observed in product specification documents, brochures, purchase orders, contracts, and invoices (in the same transaction).

The information and evidence show that the pineapple cut size for either description is in the range of $\frac{1}{14}$ to $\frac{1}{16}$ of a pineapple slice. The other cut size dimensions such as the thickness and arc are either identical or have the same nominal measurements.

It is the commission’s view that the cut size description ‘tidbits’, ‘pieces’ and ‘pizza cut’ is a term of art used by customers and manufacturers and not a description of a particular physical characteristic that influences price.

Category 3 – Container type

Additional container types have been included in MCC category 3 – ‘Container type’.

Exporters sell like goods in tin cans, but also use the following container types:

- pouch
- aseptic bag (packaged in a carton)
- aseptic bag (packaged in a drum).

Category 5 – Packing medium

An additional packing medium has been included in MCC category 5 – ‘Packing medium’.

Exporters also use water as a packing medium.

⁶ EPR 628 – [document 3](#).

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Revised MCC structure

Category	Sub-category	Identifier	Sales data	Cost data
Quality	Prime	P	Mandatory	NA
	Non-prime (e.g., damaged can)	N		
Pineapple cut	Chunks	CH	Mandatory	Mandatory
	Crushed	CR		
	Tidbits (incl. pieces and pizza cut)	TB		
	Sliced	SL		
	Thin sliced	TS		
Container type	Tin can	T	Mandatory	Mandatory
	Pouch	P		
	Aseptic bag (in a carton)	AB		
	Aseptic bag (in a drum)	ABD		
Container size	Provide container size in net weight (grams)	e.g., '1250'	Mandatory	Mandatory
Packing medium	Water	W	Mandatory	Mandatory
	Light syrup	LS		
	Heavy syrup	HS		
	Natural juice (sweetened)	NJS		
	Natural juice (unsweetened)	NJU		

Table 2: Revised MCC structure

Exceptions

Exception description		Resolution
1	DTL incorrectly described a domestic product with a pineapple cut as a 'piece', when all documentation and descriptions show the product is a chunk cut.	The commission revised the pineapple cut and packing medium subcategories in the: <ul style="list-style-type: none"> • domestic sales list • domestic CTM data DTL did not export this product to Australia and so no additional changes were required.
2	DTL incorrectly described a domestic product packaged in NJU, when all documentation and descriptions show the product is packaged in water.	

Table 3: MCC identification and classification

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MCC lists

DTL submitted information for the following MCCs during the investigation period.

Australian Sales Dole → DAH → Australian importer	Australian CTM	Domestic Sales Dole → TAF	Domestic Sales TAF → market	Domestic CTM
		P-CH-T-3062-W	P-CH-T-3062-W	CH-T-3062-W
		P-TB-T-3062-LS	P-TB-T-3062-LS	TB-T-3062-LS
P-TB-T-3062-HS	TB-T-3062-HS	P-TB-T-3062-HS		TB-T-3062-HS
		P-TB-P-2835-LS		
		P-TB-P-10000-LS		
		P-CR-AB-22712-NJU		

Table 4: List of MCCs

Like goods – assessment

The commission considers that the like goods produced or purchased by DTL for domestic sale have characteristics closely resembling those of the goods exported to Australia and are therefore 'like goods' in accordance with section 269T(1) of the *Customs Act 1901* (the Act).⁷

Export price

DTL makes export sales to Australia through a related party, DAH. DAH then sells the goods to the Australian customers.

DTL's export price has been calculated in accordance with section 269TAB(1)(c). The export price is established at free on board (FOB terms).

The commission found DTL's Australian export sales data to be reliable, subject to the exceptions detailed in Table 5.

The results of commission's verification activities are contained at **Confidential Attachment 1**.

The commission's preliminary export price calculations are at **Confidential Appendix 1**.

⁷ All legislative references are to the *Customs Act 1901*, unless otherwise specified.

Exceptions

Exception description		Resolution
3	Date of sale was a different date than the invoice date.	DTL submitted in the REQ response that invoice date was the date of sale. However, the sales listing did not necessarily list the date of sale as the invoice date. The commission changed date of sale to invoice date.
4	Invoice net weight (kg) was not provided in the Australian export sales list.	The commission calculated net weight using the following calculation: no. cases x no. containers in each case x net weight of each container

Table 5: Exceptions identified in DTL's Australian sales

Importer

Each of the Australian customers identified in DAH's export sales data are the importer of the goods. The Australian customers are the beneficial owner of the goods at the time of their arrival within the limits of the port or airport in Australia at which they have landed.

The Australian customers were:

- named as the purchaser on the commercial invoices (at FOB terms)
- named as the consignee on the bills of lading provided with each REQ
- identified as the importer in the ABF database.

Based on importer verifications, the Australian customers pay for ocean freight, marine insurance, importation charges and arrange delivery from the Australian port to the importer's warehouse or own customer.⁸

Exporter

DTL is the exporter of the goods as it is the principal, located in the country of export who knowingly placed the goods in the hands of a carrier, courier, forwarding company, or their own vehicle for delivery to Australia.

DTL:

- is the manufacturer of the goods located in the country of export
- arranges and pays for export inland transport and port and handling expenses
- sell the goods to DAH at FOB terms, before the goods are on sold by DAH to the Australian importer at FOB terms
- documents the export supply chain in its sales ledger to recognise both DAH and the Australian importer in the transaction.
- identifies the Australian importer in its invoice to DAH
- is named as the shipper/exporter on the bill of lading.

Arms length

Australian export transactions between DTL and DAH (and then DAH to the Australian importer) are arms length, as:

- there is no consideration payable other than the price

⁸ At the time of preparing this file note, the commission had performed importer verifications and was in the process of finalising the preparation of relevant reports (including review and clearance by the importer).

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- the price is not influenced by a commercial or other relationship
- there is no reimbursement or compensation paid by the seller or seller's associate to the buyer or buyer's associate.

Determination of export price and recommendation

The commission recommends setting an export price for DTL under section 269TAB(1)(c).

The role of DAH as an intermediary trader in the export transactions from DTL to Australia prevent the export price calculation according to section 269TAB(1)(a). This section requires that the export sales are purchased by the Australian importer from DTL the exporter. This does not occur.

The commission considers the transactions between DTL and DAH and DAH to the Australian importer are arms length. Therefore, the commission cannot use section 269TAB(1)(b) for the export price calculation.

The export price recommendation is section 269TAB(1)(c) as the price that the Minister determines having regard to all the circumstances of the exportation.

In this circumstance, the commission recommends that the export price is the price paid by DAH to DTL at FOB terms.

Normal value

DTL makes domestic sales through a related party, TAF. TAF then sells to the goods to unrelated domestic customers.

DTL's preliminary normal value has been calculated in accordance with section 269TAC(1), including adjustments under section 269TAC(8).

The results of the commission's verification activities are contained at **Confidential Attachment 1**.

The commission's preliminary CTMS calculations are at **Confidential Appendix 2**.

The commission's preliminary normal value calculations are at **Confidential Appendix 3**.

Exceptions

Exception description		Resolution
5	DTL excluded domestic sales to TAF in the domestic sales list. The commission considers these sales are traded like goods (like goods produced by another manufacturer and sold by DTL to TAF domestically).	DTL provided a sales ledger for sales between it and TAF for the investigation period. The ledger was used to calculate the accounts receivable turnover. The commission identified sales of FSI pineapple in the ledger that did not appear in the domestic sales list. The commission added these transactions from Dole to TAF to the sales list and assigned an MCC and other relevant information.
6	One product was classified as cut size = pieces, but description on sales sample documentation stated the cut size is chunk.	DTL price list, product description in REQ and information in the sales sample including the customer PO all state that the cut size is chunk. The commission changed the MCC subcategory to chunk ("CH").
7	One product was classified with packing medium = NJU, but description on sales sample stated acidified water.	Dole did not state pineapple juice costs for this product code in its CTM. Consistent with KFC's MCC structure, the commission changed the packing medium to water ("W").

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Exception description		Resolution
8	Invoice net weight (kg) was not provided.	The commission calculated net weight using the following calculation: no. cases x no. containers in each case x net weight of each container

Table 6: Domestic sales data reliability

Exception description		Resolution
9	One product in the domestic CTM was classified as cut size = pieces, but description on sales sample documentation stated the cut size is chunk.	DTL price list, product description in REQ and information in the sales sample including the customer PO all state that the cut size is chunk. The commission changed the MCC subcategory to chunk ("CH").
10	One product was classified with packing medium = NJU, but description on sales sample stated acidified water.	DTL did not state pineapple juice costs for this product code in its CTM. Consistent with KFC's MCC structure, the commission changed the packing medium to water ("W").
11	Packaging costs were included in the data for brite can production and packaging production in the domestic and Australian CTM. The costs were double counted.	The commission deleted the packaging costs from the brite can production.
12	A formula was used to convert the production quantity of brite and packaged cans from cases to kg. There was no explanation of the formula and what the inputs represented.	The commission replaced the formula converting cases to kg, using the following calculation: no. cases x no. containers in each case x net weight of each container
13	For one product in the domestic CTM, negative costs for each cost category and production quantity were submitted. This occurred for both brite and packaged production.	The negative costs were deleted from the domestic CTM.

Table 7: Cost to Make data reliability

Exception description		Resolution
14	General expenses such as subscriptions and office supplies were identified as direct selling expenses and excluded from the domestic SG&A calculation. Inland freight expenses were identified as general expenses and included in the domestic SG&A calculation. Unrealised foreign exchange gains and losses were identified as a general expense and were included in the domestic SG&A calculation.	The commission: <ul style="list-style-type: none"> • included the general expenses in the domestic SG&A calculation. • excluded the freight expenses from the domestic SG&A calculation as these are direct selling expenses. Excluded the unrealised foreign exchange gains and losses from the domestic SG&A calculation as these expenses were not incurred.

Table 8: SG&A data reliability

Arms length

Domestic sales between DTL and its related party domestic distributor TAF (and TAF to unrelated domestic customers) are arms length, as:

- there is no consideration payable other than the price.
- the commercial or related-party relationship does not appear to influence the price.
- the seller or the seller's associate did not reimburse or compensate the buyer or buyer's associate.

Determination of normal value and recommendation

The normal value is determined in accordance with section 269TAC.

The commission preliminarily finds that the normal value for DTL be calculated under section 269TAC(1) using DTL's domestic sales of like goods to TAF sold in the ordinary course of trade (OCOT) in arms length transactions.

Section 269TAC(1) provides that:

...the normal value of any goods exported to Australia 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 or, if like goods are not so sold by the exporter, by other sellers of like goods.

The OCOT test is outlined in section 269TAA. The commission preliminarily found that DTL made domestic sales of like goods to TAF in the OCOT.

An exporter's domestic sales of like goods are taken to be in a low volume where the total volume of sales of like goods for home consumption in the country of export by the exporter is less than 5% of the total volume of the goods under consideration that are exported to Australia by the exporter (unless the Minister is satisfied that the volume is still large enough to permit a proper comparison for the purposes of assessing a dumping margin).

The total volume of DTL's domestic sales of like goods was assessed as a percentage of the total volume of goods exported to Australia and found that the volume of relevant domestic sales was not less than 5%.

The volume of domestic sales of DTL's exported model (P-TB-T-3062-HS) was 5% or more of the volume exported. Accordingly, the commission considers it can make a proper comparison at the model level.

From the above, the commission is satisfied that there are sufficient volumes of sales of like goods sold for home consumption in the country of export that were 'arms length' transactions and at prices that were within the OCOT.

Accordingly, the commission has preliminarily determined the normal value for DTL under section 269TAC(1).

Cost to make and sell (CTMS)

The CTMS used in the commission's OCOT testing relied on the exporter's records in accordance with section 43 and 44 of the *Customs (International Obligations) Regulation 2015*.

DTL produced the MCCs of CH-T-3062-W, TB-T-3062-LS and TB-T-3062-HS and provided CTMS for these MCCs.

DTL traded MCCs of P-TB-P-2835-LS, P-TB-P-10000-LS and P-CR-AB-22712-NJU and did not provide the CTMS for these MCCs. For these traded MCCs, the commission used the CTMS of DTL's produced MCCs which for 2 of 3 MCCs, required specification adjustments:

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- P-CR-AB-22712-NJU – the commission used CTMS for P-TB-P-10000-LS.
- P-TB-P-10000-LS – the commission used the CTMS for TB-P-2835-LS and adjusted it for size difference.
- P-TB-P-2835-LS – the commission used TB-T-3062-LS and adjusted it for can/end cost with pouch cost.

Adjustments

The commission has made the following adjustments to properly compare export price of the Australian export goods to the corresponding normal value in accordance with section 269TAC(8).

These adjustments were made to compare the export price and normal value on FOB terms.

Adjustment description	Adjustment application
Domestic credit terms	Deduct an amount for export credit terms
Export inland transport	Add an amount for export inland transport
Export port & handling charges	Add an amount for export port & handling charges
Export credit terms	Add an amount for export credit terms
Timing	Add or deduct an amount for timing adjustment

Table 9: Summary of adjustments applied

Dumping margin

The commission has calculated a preliminary dumping margin of **negative 2.1%**.

The commission calculated DTL's dumping margin according to section 269TACB(2)(a), comparing weighted average Australian export prices to the corresponding weighted average normal values for the investigation period.

The commission's preliminary dumping margin calculation is at **Confidential Appendix 4**.

Confidential attachments and appendices

Confidential attachment 1: Verification work program

Confidential appendix 1: Export price calculation

Confidential appendix 2: CTMS calculation

Confidential appendix 3: Normal value calculation

Confidential appendix 4: Dumping margin calculation