



## Variable factors – Preliminary assessment

### Prime Products Industry Co., 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 Prime Products Industry Co., Ltd (PPI).

Export Price	Normal Value	Dumping Margin
section 269TAB(1)(a)	section 269TAC(2)(c)	1.1%

Table 1: Summary of preliminary variable factors for PPI

Table 1 is a preliminary assessment based on the information currently available 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.

#### PPI's response to the exporter questionnaire

The commission received a response to the exporter questionnaire (REQ) from PPI.

PPI's response was received within the legislated period<sup>1</sup> and contained relevant information regarding:

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

PPI is a cooperative exporter.

The public version of PPI's REQ is available on the electronic public record (EPR) for this case on the commission's website at [www.adcommission.gov.au](http://www.adcommission.gov.au).<sup>2</sup>

<sup>1</sup> The original due date for a response to the exporter questionnaire was 10 September 2023. PPI was granted an extension to provide its full response on 30 September 2023.

<sup>2</sup> EPR 628 – [document 11](#).

## The commission's approach to calculating the preliminary variable factors

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

The following verification activities were performed:

- reconciliations of data sets to the ABF import database, audited financial statement, trial balance.
- verifying data with the REQ explanations and source documents submitted (e.g., invoices, bills of lading).
- analysis and comparison of data submitted by other exporters of FSI pineapple from the Kingdom of Thailand (Thailand).

The following other exporters submitted an REQ:

- Kuiburi Fruit Canning (KFC)<sup>5</sup>
- Siam Food (2513) Company Limited (Siam 2513)
- Dole Thailand Limited (DTL), including relevant information from related party distributors Dole Asia Holdings Pte Ltd (DAH) and Thai-American Food Co., Ltd (TAF).

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

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<sup>3</sup> [ADN 2016/30](#).

<sup>4</sup> 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.

<sup>5</sup> 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.<sup>6</sup>

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.

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<sup>6</sup> EPR 628 – [document 3](#).

## PUBLIC RECORD

### 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	For one product exported to Australia, PPI incorrectly used the container size of kilograms (kg) instead of grams. For example: '200' instead of '200,000'	<p>The commission revised the container size value in the:</p> <ul style="list-style-type: none"> <li>• Australian sales list</li> <li>• Australian Cost to Make (CTM) data</li> </ul> <p>PPI did not sell this container size domestically and so no additional changes were required.</p>

**Table 3: MCC identification and classification**

## MCC lists

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

Australian Sales	Australian CTM	Domestic Sales	Domestic CTM
P-SL-T-3060-LS	T-3060-LS/HS	P-TB-T-3060-LS	T-3060-LS/HS
P-TB-ABD-200000-LS	TB-ABD-200000-LS		
P-TB-T-3060-HS	T-3060-LS/HS		
P-TB-T-3060-LS	T-3060-LS		
P-TS-T-3060-HS	T-3060-LS/HS		
P-TS-T-3060-LS	T-3060-LS/HS		
P-TB-T-3060-NJU	T-3060-NJU		

**Table 4: List of MCCs**

## Like goods – assessment

The commission considers that the like goods produced by PPI 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).<sup>7</sup>

## Export price

PPI’s export price has been calculated in accordance with sections 269TAB(1)(a) and 269TAB(1)(c). The export price is established at free on board (FOB terms).

The commission found PPI’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**.

## Exceptions

Exception description		Resolution
<b>2</b>	Date of sale was a different date than the invoice date.	PPI submitted in the REQ response that invoice date was the date of sale. However, the date of sale listed in the sales listing did not necessarily match the invoice date. The commission changed date of sale to invoice date.
<b>3</b>	Incorrect invoice date recorded for 2 transactions. The date recorded was outside the investigation period.	The transaction information was verified to the ABF import database for the investigation period. The commission corrected what appeared to be a data entry error.
<b>4</b>	Invoice net weight (kg) was not provided in the Australian export sales list.	The commission calculated the net weight using the following calculation: Number of cases x number of containers in each case x net weight of each container
<b>5</b>	The date for the exchange rate was different from the invoice date/date of sale.	The exchange rate for the invoice date/date of sale were used instead of the data submitted by PPI.

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

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Exception description		Resolution
		The verified Bank of Thailand exchanges rates (from KFC verification) were used. If there was no corresponding verified forex rate from the KFC verification, the rates published by the Bank of Thailand were used.
6	One transaction included VAT in the recorded port and handling expense.	The commission revised the data with the VAT exclusive amount on the invoice.

**Table 5: Australian export data reliability**

### Importer

Each of the Australian customers identified in the export sales data are the importer of the goods, as each is 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.<sup>8</sup>

### Exporter

PPI 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.

PPI:

- is named as the seller on the commercial invoice and as the shipper on the bill of lading
- is the manufacturer of the goods located in the country of export
- arrange transportation of the goods to the port of export to Australia and knows that the goods are destined for Australia.

### Arms length

Australian export transactions between PPI and its Australian customers are arms length, as:

- there is no consideration payable other than the price
- 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.

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<sup>8</sup> 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).

## Determination of export price and recommendation

The commission recommends setting an export price for PPI under sections 269TAB(1)(a) and 269TAB(1)(c).

PPI exports goods directly to Australian importers. PPI also exports goods via an intermediary trader.

For PPI's exports directly to Australian importers, the commission recommends setting the export price according to section 269TAB(1)(a). Under this section, the:

- like goods have been exported to Australia otherwise than by the importer and have been purchased by the importer from the exporter
- purchase of the like goods by the importer was an arms length transaction
- export price is the price paid by the importer to the exporter less transport and other costs arising after exportation.

For PPI's exports to Australia via the intermediary trader, the commission recommends setting the export price according to section 269TAB(1)(c). Under this section, the price is determined having regard to all the circumstances of the exportation.

In these circumstances, the export price is the price paid by the trader to PPI.

## Normal value

PPI had a low volume of domestic sales, in accordance with section 269TAC(14). Therefore, due to the operation of section 269TAC(2)(a)(i), PPI's normal value cannot be based on section 269TAC(1).

PPI's preliminary normal value has been calculated in accordance with section 269TAC(2)(c) at FOB terms.

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
<b>7</b>	For PPI's one domestic sale, the listed date of sale was 5 months prior to the order date and 6 months before the invoice date.	PPI stated in the REQ that invoice date is the date of sale. The commission updated the date of sale = invoice date.
<b>8</b>	Invoice net weight (kg) was not provided in the domestic sales data.	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**

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Exception description		Resolution
9	Domestic CTM packaging costs did not verify with the packaging costs submitted in the domestic sales data.	The packaging costs for the domestic CTM was replaced with the weighted average domestic packaging cost of all other exporters of similar products for the investigation period.

**Table 7: Domestic Cost to Make data reliability**

Exception description		Resolution
10	Pineapple costs were not submitted for one product in the Australian CTM.	PPI explained the error where pineapple fruit cost was recorded as pineapple juice cost. The commission verified that the product was not packaged in natural juice and therefore would not have a pineapple juice cost. PPI's explanation was accepted, and the commission revised PPI's data.

**Table 8: Australian Cost to Make data reliability**

Exception description		Resolution
11	Port & Handling expenses were not identified as direct export selling expenses and were included in the domestic SG&A calculation submitted by PPI.	The commission identified these expenses as direct export selling expenses and removed them from the domestic SG&A calculation.

**Table 9: SG&A data reliability**

### Determination of normal value and recommendation

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

The normal value was unable to be determined under section 269TAC(1). Under section 269TAC(2)(a)(i), the Minister can be satisfied that there is a low volume of domestic sales for PPI, as the volume is less than 5% of the volume of goods exported by PPI, for the purposes of section 269TAC(14).

Sections 269TAC(2)(c) provides an alternative method for calculating the normal value of goods exported to Australia where there is an absence, or low volume, of relevant sales of like goods in the market of the country of export.

The commission has used section 269TAC(2)(c) to calculate the normal value for PPI. The commission has calculated a normal value that is the sum of:

- the cost to make (CTM) of the goods in the country of export
- the administrative, selling and general (SG&A) costs<sup>9</sup>
- an amount for profit<sup>10</sup>
- any required adjustments under section 269TAC(9).

<sup>9</sup> As per section 44 of the regulations.

<sup>10</sup> As per section 45 of the regulations.



### **Australian CTM**

PPI did not submit cost data that was specific to the MCC structure. For nominal weight 3kg cans, PPI's records identified differences in packing medium according to syrup (LS and HS) and natural juice. Pineapple cut is not costed separately.

PPI's MCC list is described at Table 4.

The commission has used PPI's data for the CTM of the Australian exported goods (packaged) as reported by PPI in its records.

### **Domestic SG&A**

The commission calculated the SG&A for PPI's domestic sales of like goods under section 44(2) of the regulations.

Section 44(2) of the Regulations states that the Minister must, work out the amount of SG&A using the exporter's records, if those records are in accordance with the generally accepted accounting principles (GAAP) and reasonably reflect the SG&A expenses associated with the sale of the goods.

### **Profit**

The commission has calculated an amount for profit under section 45(2) of the regulations.

Section 45(2) of the Regulations states that the Minister must, if reasonably practicable, work out the amount of profit on the sale of the goods by using data relating to the production and sale of like goods by the exporter or producer of the goods in the ordinary course of trade (OCOT).

## **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(9).

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

<b>Adjustment description</b>	<b>Adjustment application</b>
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

**Table 10: Summary of adjustments applied**

## **Dumping margin**

The commission has calculated a preliminary dumping margin of **1.1%**.

The commission calculated PPI'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