



Exporter Verification Report

ADC Case: 478

Verification & Case Details

Initiation Date	18/06/2018	ADN:	2018/101
Case:	Consumer Pineapple - Review of Measures - Thailand		
Exporter	Siam Food Products Public Company Limited		
Review Period	1/04/2017	to	31/03/2018

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

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1 BACKGROUND

1.1 This review

On 18 June 2018, following an application by Prime Products Industry Co.,Ltd (PPI), the Anti-Dumping Commissioner (the Commissioner) initiated a review of the anti-dumping measures applying to pineapple fruit – consumer (consumer pineapple or the goods) exported to Australia from the Kingdom of Thailand (Thailand), and furthermore extended the review to include all exporters of consumer pineapple from Thailand.

The review is examining whether the variable factors relevant to the taking of the anti-dumping measures should be varied.

Public notification of the initiation of the investigation was published on the Commission's website. The background relating to the initiation of this investigation is contained in Consideration Report 478.

Following the initiation, the Anti-Dumping Commission (the Commission) wrote to Siam Food Products Public Company Limited (SFP) and other exporters of consumer pineapple, inviting them to cooperate with the investigation. SFP cooperated with the investigation and completed the exporter questionnaire and relevant attachments.

Due to the number of exporters involved in this review, the Commission decided to not conduct an on-site verification of SFP's exports but rather benchmark SFP's data against verified exporters.

1.2 The goods

The goods subject to the anti-dumping measures, in the form of a dumping duty notice are:

Pineapple prepared or preserved in containers not exceeding one litre (consumer pineapple).

The goods are currently classified to the tariff subheading 2008.20.00 (statistical codes 26 and 28) in Schedule 3 to the Customs Tariff Act 1995.

The goods exported by SFP to Australia are tidbits in juice in plastic cups. The goods fall under statistical code 28.

2 COMPANY BACKGROUND

2.1 Corporate Structure and Ownership

SFP is a public listed company that manufactures and exports canned pineapple, pineapple juice and juice concentrate and other processed tropical fruits. The majority of the shares are held by Plantheon Co.,Ltd.

2.2 Related Parties

The verification team examined the relationships between related parties involved in the manufacture and sale of the goods.

2.2.1 Related Customers

The verification team has verified SFP's sales listings against the related parties listing in SFP's annual report and is satisfied there were no related customers.

2.2.2 Related Suppliers

As the verification team has benchmarked SFP's costs against other verified exporters, detailed supplier data was not requested.

3 THE GOODS AND LIKE GOODS

3.1 Production Process

The verification team has relied on its knowledge of the production processes of verified exporters in making the determination that the production process does not differ between goods that is exported and goods for local consumption.

3.1 The goods exported to Australia

The verification team is satisfied that SFP produced and exported the goods to Australia during the review period.

3.2 Like goods sold on the domestic market

SFP did not sell like goods in the domestic market during the review period.

3.3 Like goods sold to third countries

The verification team is satisfied that SFP sold like goods to third countries during the review period.

The verification team considers that the goods manufactured for third country consumption are identical to, or have characteristics closely resembling, the goods exported to Australia, as they:

- are not distinguished from the exported goods during production (the exported goods and goods sold on the domestic market are produced in the same way, subject to individual customer specifications, and the costs of production for models sold domestically and for export are the same);
- are produced at the same facilities, using the same raw material inputs and manufacturing processes;
- the goods compete in the same market sector, are interchangeable and use similar distribution channels; and
- can be considered functionally alike, as they have similar end uses.

3.4 Model matching

The verification team considered the following parameters when comparing sales of models to Australia and sales of models to the appropriate third country. It was noted that SFP made no domestic sales of like goods during the review period.

PUBLIC RECORD

Parameter	Rationale for Model Matching	Used in Model Matching
Container (can or plastic cup)	The cost of container, in form of tin can or plastic cup and film, is a cost driver of the goods.	Y
Cut (tidbits, slices, crush or chunks)	The cutting of the fruit is a driver of the price that pineapple manufacturers can achieve in the market.	Y
Packing media (Natural juice, light and heavy syrup)	The cost of packing medium is a cost driver of the goods.	Y

3.5 Like goods – assessment

The verification team considers that the goods produced by SFP for third country sales have characteristics closely resembling those of the goods exported to Australia and are therefore 'like goods' in accordance with subsection 269T(1).

4 UPWARDS VERIFICATION OF SALES

4.1 Verification of Sales Completeness and Relevance

As the verification team conducted this verification by benchmarking the company's data to verified exporters, the verification team has not verified the completeness and relevance of the sales beyond reconciling the data provided. The verification team reconciled the volume and values for all Australian and third country export sales listings of the goods under consideration with the data provided. The verification team is reasonably satisfied that the sales data is complete and relevant.

4.1.1 Domestic sales

SFP provided a sales listing of domestic sales of the goods in its original REQ. The verification team reviewed the sales listing and found that most of these sales were at Free Alongside Ship (FAS) terms of trade which indicated that the goods were destined for export. At the verification team's request SFP reviewed its domestic sales listing and provided a revised REQ in which the sales of the original domestic sales listing had been re-classified as third country sales. SFP confirmed that none of these sales were destined to Australia. SFP also confirmed that they made no sales domestically of the goods.

4.2 Completeness and Relevance Finding

The verification team are satisfied that the sales data provided in the REQ by SFP, including any required amendments as outlined as an exception above, is complete and relevant.

The verification team did not identify any issues during this process. Details of this verification process are contained in the verification work program, and its relevant attachments, at **Confidential Attachment 1**.

5 DOWNWARDS VERIFICATION OF SALES

5.1 Verification of Sales Accuracy

The accuracy of data is verified by reconciling selected data submitted "downwards" to source documents. This part of verification involves the process of agreeing the volume, value and other key information fields within the sales data and cost data down to source documents. This verifies the accuracy of the data (e.g. for sales data, the volume and value of the records for selected transactions are accurate and reflect sales that did occur) The verification team verified accuracy of the Australian and the American sales listings by reconciling these to source documents in accordance with ADN. No 2016/30.

5.2 Sales Accuracy Finding

The verification team are satisfied that the sales data provided in the REQ by SPF is accurate.

The verification team did not identify any issues during this process. Details of this verification process are contained in the verification work program, and its relevant attachments, at **Confidential Attachment 1**.

6 COST TO MAKE AND SELL

6.1 Benchmarking of completeness and relevance and accuracy of CTMS data

The verification team benchmarked the completeness and relevance of the cost to make and sell (CTMS) information provided in the REQ by comparing it to verified CTMS data of other exporters during the review period. The verification team noted issues which affect the accuracy of the data supplied and have sought further information from SFP to clarify these issues. The verification team is awaiting a response to be satisfied with its OCOT calculations.

The verification team's preliminary CTMS calculations are located at **Confidential Appendix 2**.

6.1 Benchmarking finding

Details of this benchmarking process are contained in the verification work program, and its relevant attachments, at **Confidential Attachment 1**.

7 EXPORT PRICE

7.1 The importers

In relation to the goods exported by SFP to Australia, the verification team considers that the customers listed for each shipment were the beneficial owners of the goods at the time of importation, and therefore were the importers of the goods.

7.2 The exporter

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 verification team were satisfied that for all Australian export sales during the period the verification team considers SFP to be the exporter of the goods.

7.3 Arm's length

In respect of SFP's Australian sales of the goods during the period, the verification team found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than its price; or
- 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; or
- the buyer, or an associate of the buyer, was directly or indirectly reimbursed, compensated or otherwise receive a benefit for, or in respect of, the whole or any part of the price.¹

The verification team therefore considers that all export sales to Australia made by SFP during the period were arm's length transactions.

7.4 Export Price – assessment

In respect of Australian sales of the goods by SFP, the verification team recommends that the export price be determined under paragraph 269TAB(1)(a), as the price paid by the importer to the exporter less transport and other costs arising after exportation.

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

¹ Section 269TAA of the Act refers.

8 DOMESTIC SALES SUITABILITY

The verification team found that SPF did not make domestic sales of like goods suitable for assessing normal value under subsection 269TAC(1).

9 NORMAL VALUE

9.1 Application of third country sales to determine normal value

SFP did not sell consumer pineapple in its domestic market during the review period.

Under subsection 269TAC(1) of the Customs Act 1901² 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.

If the Minister for Industry, Science and Technology (the Minister) is satisfied that because of the absence or low volume of sales of like goods in the market of the country of export that would be relevant for the purpose of determining a price under subsection 269TAC(1), the Minister may, under subsection 269TAC(2)(d), direct the normal value of the goods exported to Australia to be determined to be the price paid or payable for like goods sold in the ordinary course of trade in arms length transactions for exportation from the country of export to a third country determined by the Minister to be an appropriate third country.

Subsection 269TAC(5C) of the Act provides that without limiting the generality of the matters that may be taken into account by the Minister in determining whether a third country is an appropriate third country for the purposes of subsection 269TAC(2)(d), the Minister may have regard to the following matters:

(a) whether the volume of trade from the country of export referred to in subsection 269TAC(2)(d) or the country first-mentioned in paragraph (4)(d) is similar to the volume of trade from the country of export to Australia; and

(b) whether the nature of the trade in goods concerned between the country of export referred to in subsection 269TAC(2)(d) is similar to the nature of trade between the country of export and Australia.

The verification team reviewed SFP's third country sales submitted in the REQ. More detailed information was requested in relation to SFP's sales to New Zealand and the United States of America (the US), as it was considered that these sales would be in sufficient volumes, and were likely to be of comparable models to the goods exported to Australia. After analysing these sales, the verification team found the US to be an appropriate country, since the sales to the US included goods manufactured to specifications similar to the goods exported to Australia.

The verification team therefore assessed the American sales suitability for determining the normal value under subsection 269TAC(2)(d).

9.2 Arm's length

² References to any section or subsection in this report relate to provisions of the *Customs Act 1901*, unless specifically stated otherwise.

PUBLIC RECORD

In respect of sales of the goods made by SFP to its customers in the US during the review period, the verification team found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than its price; or
- 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; or
- the buyer, or an associate of the buyer, was not directly or indirectly reimbursed, compensated or otherwise received a benefit for, or in respect of, the whole or any part of the price.

The verification team therefore considers that all sales made by SFP to its US customers during the period were arm's length transactions.

9.3 Ordinary course of trade

Section 269TAA provides that if like goods are sold in the country of export, for domestic consumption or for export, at a price less than the cost of such goods, and are unrecoverable within a reasonable period, then they are taken not to have been sold in the ordinary course of trade (OCOT).

The verification team compared the revenue (i.e. net sales value) of American sales deemed suitable for model matching to the corresponding quarterly American CTMS to test whether those sales were profitable.

Where the volume of unprofitable sales exceeded 20 per cent for a particular model, the verification team tested the recoverability of the unprofitable sales by comparing the revenue for each transaction to the corresponding weighted average CTMS over the review period. Those sales found to be unrecoverable were considered not to be in the ordinary course of trade.

The results of the verification teams testing of the ordinary course of trade are as follows.

9.4 Suitability of American sales

The verification team found there was a sufficient volume of comparable American sales made in the OCOT for all models exported to Australia during the period.

The verification team's preliminary third party sales and OCOT calculations are located at **Confidential Appendix 3**.

9.4.1 The Commission's assessment

The verification team is satisfied that because of the absence, or low volume, of sales of like goods in the market of the country of export that would be relevant for the purpose of determining a normal value, the normal value of goods exported to Australia cannot be ascertained under subsection 269TAC(1).

The verification team has therefore calculated a preliminary normal value under subsection 269TAC(2)(d), being the price paid for like goods sold in the ordinary course of trade in arms length transactions for exportation from the country of export to the US, a third country determined by the Minister to be an appropriate third country.

The verification team's preliminary normal value calculations are at **Confidential Appendix 4**.

10 ADJUSTMENTS

Subsection 269TAC(8) provides that where the normal value of goods exported to Australia is the price paid or payable for like goods and that price and the export price of the goods exported:

- (a) relate to sales occurring at different times; or
- (b) are not in respect of identical goods; or
- (c) are modified in different ways by taxes or the terms or circumstances of the sales to which they relate;

that price paid or payable for like goods is to be taken to be such a price adjusted in accordance with directions by the Minister so that those differences would not affect its comparison with that export price.

The verification team has compared the sales made by SPF to the US to SPF's Australian sales and found that no adjustments to the normal value are warranted.

The verification team's analysis is located at **Confidential Attachment 1**.

11 DUMPING MARGIN

The dumping margin has been assessed by comparing weighted average Australian export prices to the corresponding quarterly weighted average normal value for the investigation period, in accordance with paragraph 269TACB(2)(a) of the Act.

The dumping margin in respect of the goods exported to Australia by SFP for the investigation period is **2.6 per cent**.

Details of the preliminary dumping margin calculation are at **Confidential Appendix 5**.

12 APPENDICES AND ATTACHMENTS

Confidential Appendix 1	Export price
Confidential Appendix 2	Cost to make and sell
Confidential Appendix 3	Third country sales, OCOT and profitability
Confidential Appendix 4	Normal Value
Confidential Appendix 5	Dumping Margin
Confidential Attachment 1	Verification work program