



Continuation Inquiry 572
Consumer Pineapple
Exported to Australia from the Kingdom of Thailand
File note

The Anti-Dumping Commission (Commission) conducted a benchmark verification of the responses to the exporter questionnaires (REQ) by Prime Products Industry Co., Ltd,¹ Siam Food Products Public Co., Ltd,² Kuiburi Fruit Canning Co., Ltd³ and Kuiburi Fruit Cup Co., Ltd.⁴ The verification involved targeted procedures informed by risk and consistent with Anti-Dumping Notice No. 2016/30 to satisfy the verification team of the accuracy, relevance and completeness of the REQs.

This file note details the findings, analysis, evidence relied upon and reasoning on key verification outcomes of data submitted to the Commission by the verification teams for publication on the public record.

It provides interested parties with information regarding all material aspects of the verification, including explanations of any material issues identified during the verification. It outlines the nature, extent and consequences of any changes made to the data submitted, including data corrections made by the company or by the verification team.

Verification teams are authorised to conduct verifications under section 269SMG and 269SMR of the *Customs Act 1901* (Cth) (the Act).⁵

¹ EPR 571 and 572, Item 6.

² EPR 571 and 572, Item 7.

³ EPR 571 and 572, Item 8.

⁴ EPR 571 and 572, Item 9.

⁵ References to any section in this report relate to provisions of the Act, unless specifically stated otherwise.

PRIME PRODUCTS INDUSTRY CO LTD

Export price

In relation to the Australian sales of the goods exported by Prime Products Industry Co Ltd (Prime Products), 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.

The verification team considers Prime Products to be the exporter of the goods as Prime Products:

- is the manufacturer of the goods;
- is named on the commercial invoice as the supplier;
- arranges and pays for the inland transport to the port of export; and
- arranges and pays for the port handling charges at the port of export.

The verification team is satisfied that for all Australian export sales during the period that Prime Products was the exporter of the goods.

The verification team found that all Prime Products' Australian exports of the goods were to unrelated parties.

In respect of Prime Products' 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 price; or
- the price appeared to be 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.

The verification team therefore considers that all export sales made by Prime Products to its Australian customers, all of whom were unrelated, during the period were 'arms length' transactions.

In respect of Australian sales of the goods by Prime Products, the verification team has determined an export price under section 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**.

Normal value

The verification team found Prime Products domestic sales of like goods in the inquiry period to be to unrelated customers. In respect of Prime Products domestic

PUBLIC RECORD

sales of like goods during the inquiry period, the verification team found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than its price;
- the price appeared to be 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.⁶

The verification team therefore considers that all sales made by Prime Products to its domestic customers during the inquiry period were “arms length” transactions.

In respect of domestic sales of like goods by Prime Products, the verification team recommends that the normal value be determined under section 269TAC(1), being 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.

When calculating a normal value under section 269TAC(1), in order to ensure a proper comparison between the goods exported to Australia and the goods sold on the domestic market, the Commission considers the volume of sales of each exported MCC on the domestic market. The verification team found that the export models were not sold on the domestic market during the inquiry period. As such, the verification team considered whether a specification adjustment was required.

The verification team has calculated a specification adjustment under section 269TAC(8) for all export MCCs, by having regard to material cost differences between domestic and export models, and calculating a specification adjustment for each export model, based on the difference in the cost to make plus a gross margin.

The verification team’s preliminary normal value calculations are at **Confidential Appendix 3**.

Adjustments

The verification team is satisfied there is sufficient information to justify the following adjustments in accordance with section 269TAC(8). The verification team considers

⁶ Section 269TAA of the Act refers.

PUBLIC RECORD

these adjustments to be necessary to ensure a fair comparison of normal value and export prices:

Adjustment Type	Deduction/addition
Export inland transport	Add an amount for export inland transport
Export handling & other	Add an amount for export handling & other
Specification adjustment	Add an amount for the difference in the cost to make plus the gross margin.

Table 1 - Summary of adjustments – Prime Products

Dumping margin

The preliminary dumping margin in respect of the goods exported to Australia by Prime Products for the inquiry period is **3.8%**.

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

SIAM FOOD PRODUCTS PUBLIC CO LTD

Export price

In relation to the Australian sales of the goods exported by Siam Food Products Public Co., Ltd (Siam Food), 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.

The verification team considers Siam Food to be the exporter of the goods as Siam Food:

- is the manufacturer of the goods;
- is named on the commercial invoice as the supplier;
- arranges and pays for the inland transport to the port of export; and
- arranges and pays for the port handling charges at the port of export.

The verification team found that all Siam Food's Australian exports of the goods were to unrelated parties.

In respect of Siam Food'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 price; or
- the price appeared to be 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.

The verification team therefore considers that all export sales made by Siam Food to its Australian customers, all of whom were unrelated, during the period were arms length transactions.

In respect of Australian sales of the goods by Siam Food, the verification team has determined an export price under section 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 5.**

PUBLIC RECORD

Normal value

The verification team found that Siam Food did not have any domestic sales of like goods in the inquiry period. The verification team considered whether the normal value could be ascertained under 269TAC(1), having regard to sales by other sellers of like goods.

The verification team notes that relevant domestic sales by other sellers were of different models to those exported to Australia by Siam Food. Additionally, the verification team considered that it had insufficient information to make specification adjustments for differences in sales in accordance with section 269TAC(8).

Therefore, the verification team is not satisfied that the volume of relevant sales is large enough to permit a proper comparison for the purposes of assessing a dumping margin.

The verification team recommends that the normal value instead be ascertained under section 269TAC(2)(c), using the sum of:

- the cost to make of the exported goods based on the company's records in accordance with section 43(2) of the Regulation;
- an amount for SG&A in accordance with section 44(3)(a) of the Regulation, having regard to the SG&A amount incurred by Siam Food for domestic sales of the same general category of goods (FSI Pineapple); and
- an amount for profit based on the weighted average of the amounts realised by other exporters or producers from the sale of like goods in accordance with section 45(3)(b) of the Regulation.

The verification team's preliminary normal value calculations are at **Confidential Appendix 7**.

Adjustments

The verification team is satisfied there is sufficient information to justify the following adjustments in accordance with section 269TAC(9). The verification team considers these adjustments to be necessary to ensure a fair comparison of normal value and export prices:

Adjustment Type	Deduction/addition
Export export inland freight	Add an amount for export inland freight
Export port handling charges	Add an amount for export port handling charges
Export credit	Add an amount for export credit

Table 2 - Summary of adjustments – Siam Food

Dumping margin

The preliminary dumping margin in respect of the goods exported to Australia by Siam Food for the inquiry period is **negative 5.3%**.

The preliminary dumping margin calculation is at **Confidential Appendix 8**.

KUIBURI FRUIT CANNING CO LTD AND KUIBURI FRUIT CUP CO LTD

Export price

The exporter

The term 'exporter' is not defined in the Act, however the Commission will generally identify the exporter as:

- a principal in the transaction located in the country of export from where the goods were shipped and who knowingly placed the goods in the hands of a carrier, courier, forwarding company, or their own vehicle for delivery to Australia; or
- a principal will be a person in the country of export who owns, or who has previously owned, the goods but need not be the owner at the time the goods were shipped.

Kuiburi Fruit Canning Company Limited (KFC) was founded in 1992, as a private company limited by shares. The company manufactures and exports fruit products in cans, mainly pineapple. Joint-products of the production include juice and dehydrated fruit, and by-products include scrap which is sold as animal feed. In 2010 KFC invested in a production line for plastic cups. KFC set up a subsidiary for the plastic cup division being Kuiburi Fruit Cup Company Limited (KFCup). KFCup is wholly controlled by KFC.

KFCup has few staff. Most of its business functions, including fruit processing and sales, are managed through shared services with KFC.

The Commission considers that KFC and KFCup are jointly the manufacturer and exporter of the goods.⁷ Consequently, the Commission has calculated variable factors jointly for KFC and KFCup (Kuiburi).

Assessment of export price

The verification team found that all Kuiburi's Australian exports of the goods were to unrelated parties.

In respect of the 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 price; or
- the price appeared to be 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

⁷ Consistent with the findings for REP 455 and REP 397.

PUBLIC RECORD

- 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.

The verification team therefore considers that all export sales made by Kuiburi to their Australian customers, all of whom were unrelated, during the period were arms length transactions.

In respect of Australian sales of the goods, the verification team has determined an export price under section 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 9**.

Normal value

The verification team assessed the total volume of relevant sales of like goods as a percentage of the goods exported to Australia and found that the volume of sales was less than five per cent. The verification team has considered whether this volume is still large enough to permit a proper comparison for the purposes of determining a normal value under section 269TAC(1).

The verification team notes that the total volume of sales is well below 5% and that there are differences in the models sold domestically and those exported to Australia. Additionally, there was not a material volume of sales for domestic consumption in all quarters during the relevant period and the verification team considered that it had insufficient information to make specification adjustments for differences in sales in accordance with section 269TAC(8).

Therefore, the verification team is not satisfied that the volume of relevant sales is large enough to permit a proper comparison for the purposes of assessing a dumping margin.

The verification team recommends that the normal value instead be ascertained under section 269TAC(2)(c), using the sum of:

- the CTM that reasonably reflects competitive market costs in accordance with section 43(2) of the Regulation;
- an amount for SG&A in accordance with section 44(2) of the Regulation, having regard to the SG&A amount incurred for domestic sales of like goods by Kuiburi; and
- an amount for profit based on data relating to the production and sale of like goods on the domestic market in the OCOT⁸ in accordance with section 45(2) of the Regulation.

The verification team's preliminary normal value calculations are at **Confidential Appendix 11**.

⁸ Section 269TAAD states that domestic sales of like goods are not in the OCOT if 'arms length' transactions are unprofitable in substantial quantities over an extended period and unlikely to be recoverable within a reasonable period. For the purposes of this investigation, the "extended period" and "reasonable period" are considered to be the investigation period.

Adjustments

The verification team is satisfied there is sufficient information to justify the following adjustments in accordance with section 269TAC(9). The verification team considers these adjustments to be necessary to ensure a fair comparison of normal value and export prices:

Adjustment Type	Deduction/addition
Export packaging costs	Add an amount for export packaging costs
Export export inland freight	Add an amount for export inland freight
Export port handling charges	Add an amount for export port handling charges
Export credit	Add an amount for export credit

Table 3 – Summary of adjustments – Kuiburi

Dumping margin

The preliminary dumping margin in respect of the goods exported to Australia by Kuiburi for the inquiry period is **negative 3.0%**.

The preliminary dumping margin calculation is at **Confidential Appendix 12**.

PUBLIC RECORD

CONFIDENTIAL APPENDICES

Confidential Appendix 1	Prime Products – Export price
Confidential Appendix 2	Prime Products – Cost to make and sell
Confidential Appendix 3	Prime Products – Normal value
Confidential Appendix 4	Prime Products – Dumping margin
Confidential Appendix 5	Siam Food – Export price
Confidential Appendix 6	Siam Food – Cost to make and sell
Confidential Appendix 7	Siam Food – Normal value
Confidential Appendix 8	Siam Food – Dumping margin
Confidential Appendix 9	Kuiburi – Export price
Confidential Appendix 10	Kuiburi – Cost to make and sell
Confidential Appendix 11	Kuiburi – Normal value
Confidential Appendix 12	Kuiburi – Dumping margin