



## Importer Verification Report

### Verification & Case Details

<b>Initiation Date</b>	25 January 2021	<b>ADN:</b>	2021/005
<b>Case Number</b>	572		
<b>The goods under consideration</b>	Consumer pineapple		
<b>Case type</b>	Continuation		
<b>Importer</b>	Scalzo Food Industries		
<b>Verification from</b>	22 March 2021	<b>to</b>	22 March 2021
<b>Inquiry Period</b>	1 January 2020	<b>to</b>	31 December 2020

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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## **PREFACE**

This report details the findings, analysis, evidence relied upon and reasoning on key verification outcomes of data submitted to the Anti-Dumping Commission (Commission) by the verification team for publication on the public record in relation to Continuation Inquiries No. 572.

As outlined in Anti-Dumping Notice (ADN) No. 2021/004, Continuation Inquires Nos 571 and 572 are in relation to certain exporters of consumer pineapple fruit (the goods) from Thailand and the Philippines. Scalzo Trading Co Pty Ltd was identified as an importer of the goods from Thailand during the inquiry period.

This verification report 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* (the Act).<sup>1</sup>

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<sup>1</sup> References to any section in this report relate to provisions of the Act, unless specifically stated otherwise.

## **1 COMPANY BACKGROUND**

### **1.1 Corporate structure and ownership**

Scalzo Trading Co. Pty Ltd, trading as Scalzo Food Industries (Scalzo or the importer) is an Australian incorporated 100% family owned food trading company which operates as an importer and distributor of food ingredients. Scalzo was incorporated in 1977, currently operates from its head office based in Victoria and has operations across Australia and New Zealand.

### **1.2 Related parties**

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

The verification team found that Scalzo did not have any related party customers or suppliers of the goods during the inquiry period.

## **2 THE GOODS**

### **2.1 The goods**

Scalzo confirmed that it imported consumer pineapple from Thailand during the investigation period matching the description of the goods that are the subject of this inquiry.

### **2.2 Model control codes (MCCs)**

Scalzo provided sales and cost data in accordance with the MCC structure detailed in Anti-Dumping Notice (ADN) No. 2021/004.

The verification team’s evaluation of the MCC imported by Scalzo is shown in Table 1.

Category	Sub-category	
Pineapple cut	Chunks	<b>CH</b>
	Crushed	<b>CR</b>
	Pieces	<b>PC</b>
	Pizza cut	<b>PZ</b>
	Sliced	<b>SL</b>
	Tidbits	<b>TD</b>
	Thin sliced	<b>TH</b>
Container type	Tin can	<b>TC</b>
	Plastic cup	<b>PC</b>
Container size	Container size in net weight (e.g., ‘850 g’).	
Packing medium	Light syrup	<b>L</b>
	Heavy syrup	<b>H</b>
	Natural juice (sweetened)	<b>S</b>
	Natural juice (unsweetened)	<b>U</b>

**Table 1 MCC categorisation**

### **2.3 The goods imported and sold in Australia**

Scalzo sold goods with the following MCC during the inquiry period:

SL-TC-227G-U

### **2.4 Like goods**

Scalzo stated that its imports of the goods were customer driven, they do not have much knowledge on locally produced products and could not comment if the Australian Industry produced like goods to the goods that they imported during the inquiry period. However, the Commission has conducted a number of investigations,

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inquiries and reviews relating to consumer pineapple and it has been established that Australian industry manufactures like goods to the goods imported by Scalzo and other importers.

### 3 VERIFICATION OF SALES COMPLETENESS AND RELEVANCE

Verification of relevance and completeness is conducted by reconciling selected data submitted "upwards" to management accounts. The sales value and quantity is reconciled to management reports with particular attention given to ensuring that all relevant transactions are included and irrelevant transactions are excluded.

The verification team verified the completeness and relevance of the sales listing provided in Part C of the questionnaire response by reconciling this to management accounts in accordance with ADN No. 2016/30.

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

Scalzo demonstrated samples of selected sales reconciliation and explained how the sales listing volumes and values were extracted from their systems and recorded to the monthly revenue management account.

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**.

#### 3.1 Sales completeness and relevance finding

The verification team is satisfied that the sales data provided by Scalzo is complete and relevant.

## 4 DOWNWARDS VERIFICATION OF SALES

### 4.1 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 down to source documents. This verifies the accuracy of the data.

The verification team verified accuracy of the sales listing submitted in Part C of the questionnaire response by reconciling these to source documents in accordance with ADN No. 2016/30.

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**.

### 4.2 Sales accuracy finding

The verification team is satisfied that the sales data provided by Scalzo is accurate. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.



## 5 VERIFICATION OF IMPORTS

### 5.1 Import listing

Scalzo 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.

The verification team calculated the weighted average free-on-board (FOB) export price by supplier at **Confidential Appendix 1**.

### 5.2 Verification of cost to import and sell (CTIS)

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

The verification team verified the accuracy of the importation and selling costs by reconciling selected imports to source documents in accordance with ADN 2016/030.

For each of the selected shipments, Scalzo provided the following source documents, on which it is named as the purchasing party:

- ABF import declaration;
- commercial invoice from its supplier;
- packing list;
- manufacturing declaration;
- phytosanitary certificate;
- full laboratory analysis certificate;
- bill of lading; and
- logistics company commercial invoice.

### 5.3 CTIS allocation method

The verification team verified the reasonableness of the method used to allocate the CTIS provided in the questionnaire response.

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**.

### 5.4 Verification of CTIS 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 key information fields within the CTIS data down to source documents. This verifies the accuracy of the data.

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The verification team verified the accuracy of the CTIS provided in the questionnaire response by reconciling it to source documents in accordance with ADN No. 2016/30.

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**.

### **5.5 Forward orders**

Scalzo provide a listing of its forward orders as part of the contract to be fulfilled. Forward orders are at **Confidential Appendix 2**.

### **5.6 CTIS verification finding**

The verification team is satisfied that the CTIS provided by Scalzo, is accurate.

A table detailing the weighted average unit CTIS is at **Confidential Appendix 3**.

## 6 EXPORT PRICE

### 6.1 The importer

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

- named on the commercial invoice from its supplier;
- named as the consignee on the bill of lading;
- declared as the importer on the importation declaration to ABF;
- pays for all the importation charges; and
- arranges delivery from the port.

### 6.2 The exporter

The goods were imported to Australia by Scalzo. The verification team considers Kuiburi Fruit Canning Co., Ltd (Kuiburi Fruit) to be the exporter of the goods<sup>2</sup>, as Kuiburi Fruit is:

- manufactured the goods;
- is named on the commercial invoice as the supplier;
- is named as consignor on the bill of lading; and
- arranged and conducted laboratory analysis for the export.

The verification team was satisfied that for all Australian export sales during the inquiry period Kuiburi Fruit was the principal located in the country of export who knowingly placed the goods in the hands of a carrier for delivery to of the good to Australia. The verification team considers Kuiburi Fruit to be the exporter of the goods in the inquiry period.

### 6.3 Profitability of imports

The verification team assessed the profitability for the selected shipments by comparing the revenue to the CTIS for the shipment. The verification team used the actual revenue for the shipment to assess its profitability.

The verification team examined the shipment Scalzo imported during the inquiry period and noted that the goods were sold profitably. A detailed assessment is at **Confidential Appendix 3**.

### 6.4 Related party suppliers

An examination of Scalzo's imports and the ABF import database confirmed that Scalzo imported the goods from an unrelated supplier, Kuiburi Fruit, during the

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<sup>2</sup> 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.

inquiry period. The verification team did not find evidence that Scalzo is related to its supplier of consumer pineapple exported from Thailand during the inquiry period.

## **6.5 Arms length**

In respect of imports of consumer pineapple to Australia by Scalzo during the investigation 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.

Therefore, subject to further inquiries, the verification team is satisfied that the imports between Scalzo and its suppliers are arms length transactions.

## **6.6 Export price assessment**

The verification team is of the opinion that for the goods imported by Scalzo from the supplier:

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

Subject to further inquiries with this supplier, the verification team recommends that the export price for consumer pineapple imported by Scalzo from Kuiburi Fruit 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**

<b>Confidential Appendix 1</b>	Export price
<b>Confidential Appendix 2</b>	Forward orders
<b>Confidential Appendix 3</b>	Profitability of imports
<b>Confidential Attachment 1</b>	Verification Work Program