Australian Government
Anti-Dumping Commission

Application for the publication of

dumping and/or
countervailing duty notices

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DECLARATION

I request, in accordance with Section 269TB of the Customs Act 1901, that the Minister publish in respect of goods the subject of this application:

☑ a dumping duty notice, or

☐ a countervailing duty notice, or

☐ a dumping and a countervailing duty notice

This application is made on behalf of the Australian industry producing like goods to the imported goods the subject of this application. The application is supported by Australian producers whose collective output comprises:

- 25% or more of the total Australian production of the like goods; and
- more than 50% of the total production of like goods by those Australian producers that have expressed either support for, or opposition to, this application.

I believe that the information contained in this application:

- provides reasonable grounds for the publication of the notice(s) requested; and
- is complete and correct.

Signature:	
Name:	Robin Winckworth
Position:	**Finance Director**
Company:	Wilson Transformer Co Pty Ltd
ABN:	73 004 216 979
Date:	4 July 2013

Form B 108
PART A

INJURY
TO AN AUSTRALIAN INDUSTRY

Wilson Transformer Company Pty Ltd (WTC)
Dumping Complaint — July 2013

POWER TRANSFORMERS ≥10MVA, <500kV

A-1 Identity and communication

Contact Name:	Robin Winckworth
Position:	Finance Director
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Alternative contact

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Position:	Managing Director
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Representative

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Rep's business name:	Richard Farrell & Associates
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A-2 Company information

1. **Wilson Transformer Company Pty Ltd (WTC)** — private company
2. Organisation Chart — refer **Attachment A-2-2**
3. Wilson Transformer Holdings Pty Ltd — 100%
4. Shareholders of Wilson Transformer Holdings Pty Ltd:
   a) Jaberope Pty Ltd — 99.9%
   b) Rocavini Nominees Pty Ltd — 0.1%
5. No further Parent company.
6. Group Structure — refer **Attachment A-2-6**
7. No management fees are charged from the Parent company.
8. WTC has no relationship with any exporter of transformers to Australia in respect of the Goods Under Consideration (GUC). WTC has a relationship with a New Zealand manufacturer of small distribution transformers and imports these under specific contract arrangements.
9. Copies of the following are attached –
   a) Annual Reports for Years Ending 30 June 2009, 2010, 2011 and 2012 (Confidential) — **Appendix A-2-9-1-1 to Appendix A-2-9-1-4**
   b) Brochures attached — **Appendix A-2-9-2**
10. The Australian Electrical Equipment Manufacturers Association (AEEMA) used to represent the industry but ceased to collect statistics from 1999. AEEMA merged with the Australian Industry Group (AiG) around 2008. The AiG is a general industry association that is not specifically related to transformers or the electrical industry. WTC is also a member of CIGRE— International Council on Large Electrical Systems and Energy Networks Australia (ENA).

A-3 The imported and locally produced goods

Product Description and Application

1. The products that are the subject of this application are liquid dielectric **Power Transformers (PTs)** with power ratings of equal to or greater than 10MVA (Mega Volt Amperes) and a voltage rating of less than 500kV (kilo Volts) whether assembled or unassembled, complete or incomplete and classified under code 8405.23.00. The period of the complaint is for financial years 2010/11, 2011/12 and 2012/13. Incomplete PTs are subassemblies consisting of the active part and any other parts attached to, imported with or invoiced with the active parts of PTs. The “active part” of a PT consists of one or more of the following when attached to or otherwise assembled with one another: The steel core, the windings, electrical insulation between the windings and the mechanical frame. The product definition encompasses all such PTs regardless of name designation, including but not limited to step-up transformers, step-down transformers, autotransformers, interconnection transformers, voltage regulator transformers, rectifier transformers, traction transformers, trackside transformers and power rectifier transformers.

   The countries from which dumped product are alleged to be shipped are:
   A. Korea
   B. Thailand
   C. Vietnam
   D. Taiwan

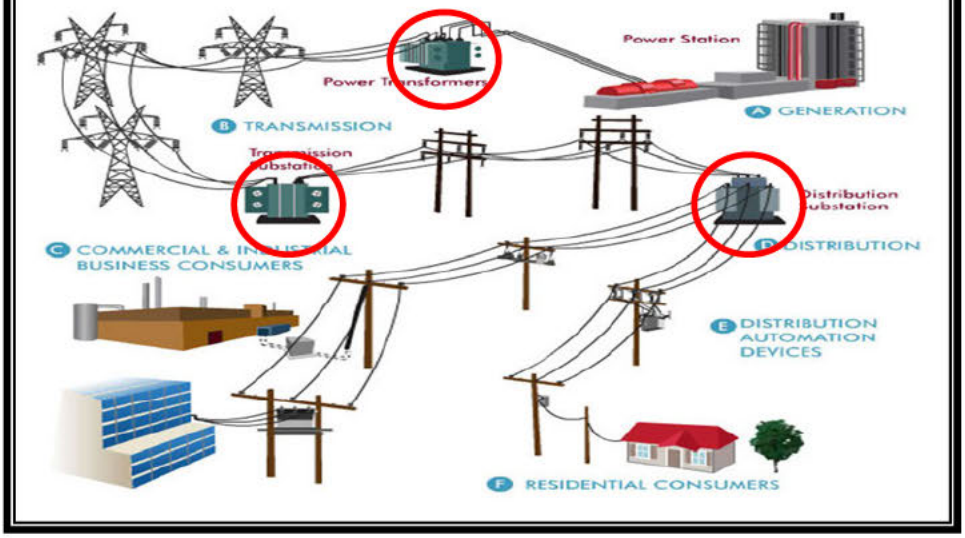
E. Indonesia
F. China

2. In addition to the PTs manufactured at the WTC plant in Glen Waverley, WTC manufactures "Distribution" transformers at its Wodonga plant. Distribution transformers are NOT the subject of this application. They are smaller transformers than the PTs that are the subject of this application. They are manufactured in greater quantities and have design and manufacturing technology which is different from PTs. Distribution transformers are generally used at the lower end voltages of the power distribution system.

Below is a description of PTs, their use and functionality:

a) Electricity is commonly transmitted over high voltage power transmission lines from the power generation source (power station, hydro-electric generator, wind farm, etc.) to the load (the use point, such as home or industry), with the goal being to minimize power loss during transmission and distribution of electricity.

b) Figure 1: Below is a schematic diagram of a typical power system:



c) Transmission lines transmit electricity at very high voltages but at reduced current (amps). For example, 100 volt-amperes can be transmitted at one volt and 100 amps or at 100 volts and one amp. The higher the amperage the greater the size of the conductor (cable) needed to carry the current resulting in increased cost and power losses. Thus, transformers are used to increase the voltage and proportionately reduce the amperage so that large quantities of electricity can be transported efficiently with minimal power losses.

d) At each point from generation to use where the voltage is being increased (for transmission), transferred between electrical systems, or reduced (for distribution and use), the electricity passes through a transformer.

e) Transformers work using the principle of electromagnetic induction. When electricity is flowing through a conductor, it creates an electromagnetic field around it. Similarly, when an electromagnetic field moves across an electrical conductor, it induces a voltage in the conductor.

f) Electromagnetic induction requires a fluctuating magnetic field to work; meaning the input current must be changing to create the induction effect in the output conductor. Thus, transformers need an alternating current (AC) input to generate the fluctuating magnetic field that induces current.

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g) Electricity flows into one conductor (input), creating a magnetic field which induces a voltage in a second conductor (output). Thus, transformers change electrical current to an electromagnetic force and back to electrical current again.

h) Power is typically generated at 5 to 30 kV, but transmission normally occurs at 66 to 500 kV. Transformers that increase the output voltage from the generator for long-distance transmission are known as step-up transformers and can have very large power ratings, often 100 to 600 MVA, although transformers associated with wind farms may have smaller ratings. Transformers that connect two high voltage transmission systems of between 66 and 500 kV will also have large power ratings of up to 600 MVA.

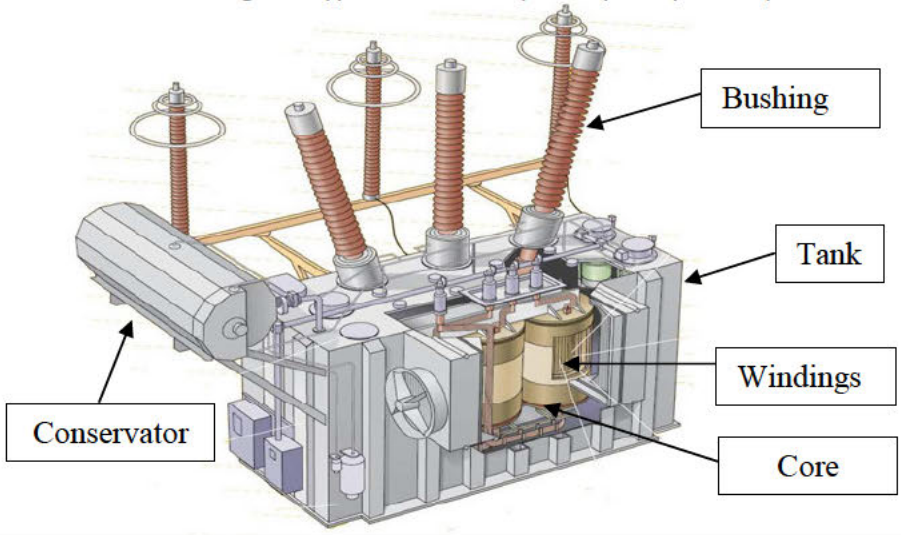
i) While transmission of electricity usually occurs at 66 to 500 kV, distribution is made at below 66 kV, normally at 11 to 22 kV.

j) Transformers that take the higher transmission voltages and convert them to lower voltages suitable for distribution systems are known as step-down transformers.

k) Electricity is normally used by the consumer at 0.24 to 22 kV.

l) Power transformers consist of a core of electrical steel, around which a primary input winding and a secondary output winding of a copper conductor are wound. The purpose of the core is to contain the magnetic flux created by the alternating current from the input. By varying the ratio of the primary input winding to the secondary output winding, the transformer can vary the output electrical voltage that is created. If the primary winding has more turns than the secondary winding, it will decrease the output voltage but increase the output current (amperage) proportionately. If the primary winding has fewer turns than the secondary winding, it will increase the output voltage but lower the current proportionately. Relatively speaking, if one cuts the amperage in half, one approximately doubles the voltage (not accounting for small voltage drops due to losses and core magnetisation).

m) Figure 2: Below is a drawing of a typical PT and its primary component parts:



n) PTs are engineered to order to suit the requirements of each application. PTs are manufactured to the specifications of the individual utilities, generating facilities, and industrial users that purchase the product. PTs are produced to order and are not held in inventory. While PTs can share common product characteristics, the wide array of potential product elements and performance attributes mean that each unit is unique.

o) Even power utilities, which purchase the largest number of transformers, purchase power transformers in small quantities, typically two or less of the same design, although sometimes a utility is able to establish a standard for a larger number.

n) **Attachment A-3-1-1** is a technical description of the components of a typical PT. Key features of a typical PT are:

i) **Core** — Constructed from high grade, cold rolled, Grain Orientated Electrical Steel (GOES) from leading world steel manufacturers.

ii) **Windings** — Wound from high conductivity copper in rectangular cross section either paper wrapped or enamel coated. Continuously Transposed Conductor (CTC) with multi-strand enamel wire all paper wrapped is also often used.

iii) **Tank** — Made from steel plate and some stainless steel components electrically welded by Submerged Arc, MIG, TIG or stick techniques.

iv) **Coolers** — Made from cold rolled steel sheets seam welded into panels and MIG welded into radiators which are then painted or hot dip galvanized.

v) **Oil Conservator** — Made from steel plate to accommodate the expansion and contraction of oil with varying temperatures.

vi) **On Load Tapchanger** — Purchased from specialist suppliers to change the turns ratio of the transformer under load to achieve the desired output voltage.

vii) **Controls** — A wide range of standard control and protection devices.

viii) **Bushings** — To connect the external power cables through the tank wall or lid to the internal windings of the transformer.

o) **Attachment A-3-1-2** is an example of a technical specification of transformers that are the subject of this application.

p) PT's can measure more than nine metres long, five metres high and four metres wide and weigh in excess of two hundred tons. They are generally transported by heavy haulage truck and trailer. PT's can last for 50 or more years. Expenditure on the Australian PT fleet over the past decade has improved its age profile.

q) Drawings of the products are included as **Attachment A-3-1-3**.

3. The Tariff classification is 8504.23.00 — Fluid filled Electrical Transformers having a power handling capacity exceeding 10,000 kVA (10MVA). In addition, transformers with a power handling capacity of 10,000 kVA have been added to the dumping complaint which are part of Tariff Reference Number 8504.22.00, statistical code 40.

a) During the analysis of import statistics, it was found that many apparent coding anomalies exist in the import data. The import information used in this report includes many assumptions on the correct tariff classification of imported goods.

4. The WTC products are typically as described in Attachments A-2-9-2-1 and A-3-1-1.

a) The WTC products are directly comparable to the products subject to the application. The WTC products are designed and manufactured to equal the performance and quality levels of the products subject to the application. The sales and manufacturing process for PTs reflect their nature as made-to-order products.

b) PTs are used to step up and step down voltages in high voltage electrical transmission, substation and network applications, as well as to connect high voltage transmission systems. Step-down applications take the voltage down from a high voltage transmission grid to a lower voltage transmission network. Step-up applications take voltage levels up from a source of electrical energy, such as a generator, a solar farm, or a wind farm, to the higher voltage transmission grid.

c) Purchasers of PTs include electrical utility companies (which can be investor-owned or public utilities), power generators, mining companies, LNG processors and

industrial users. Essentially all PTs are produced to order and are typically sold through a bid and contract award process.

d) When a customer plans a new or replacement transformer, it puts out a request for quotation, typically open to producers, foreign or domestic. Such a request will include the specifications of the unit. Manufacturers of PTs will then bid on the project and confirm their ability to meet the specifications and required time line.

e) Development of a bid typically takes three to six weeks and involves a significant degree of engineering input. In the case of most public utilities, producers are generally not allowed to change the terms of the bid once it is submitted (although there is an increasing trend to request "Best and Final Offers"), but private utilities and others may allow for revision to bids in response to competition. Generally speaking, the producer that offers the lowest price and can meet the specifications of the PT unit will receive the order although utilities may take account of a range of other considerations including the cost of losses, strategic risk, local support, technical conformance with the specification, quality, health, safety and environment (HSE) and other considerations.

f) From the date of release of the request for quotation and the award of the contract, three or more months typically elapse.

g) The products are highly engineered, customised products. The performance characteristics are well known and need to match and be compatible with the customer's electricity system and requirements.

h) PTs are complex pieces of equipment, and once the unit is ordered, the completion of the production and test process will typically take six to eight or more months. From the date of the release of the request for quotation to the delivery of the unit, it is not unusual for a year or more to elapse.

i) Contracts currently being won and lost will affect production and profitability for one or more years into the future. There is a significant lag from the time of the loss of a sale to unfair imports and the full impact on the domestic industry's financial and trade performance.

j) An example of a detailed customer technical requirement is set out in **Attachment A-3-1-2**. This relates to 75MVA and 150MVA transformers for XXXXX and is illustrative of the technical specifications for the Goods under Consideration. Some of the key performance characteristics of the products are:

   i) They are to be manufactured in accordance with a wide range of Australian Standards, including 2374, 2421, 2650 and 9001.

   ii) They are to operate in an environment ≤ 1,000 metres in altitude, between -10°C and 45°C and 95% relative humidity.

   iii) They should have an operating life of 40 years or more.

3. The imported goods will be fundamentally the same in their performance characteristics of power handling capability, voltage ratio, efficiency, durability, meeting the customer's specification and cycle time between the issue of the tender and delivery of the product.

4. The Australian and New Zealand Standard Industrial Classification (ANZIC) code applicable to the product is 24390.

5. The summary of the production process is included in **Attachment A-3-6**.

6. The product is manufactured from both imported and domestic inputs.

a) The imported inputs that are not available in Australia are:

i) **Core steel** — is the high quality Grain Orientated Electrical Steel (GOES) that is typically imported from Japan. This product is manufactured in a number of countries, including USA, Europe, Russia, China, Korea and Japan. No substitutable product is manufactured in Australia.

ii) **Conductor** — is the copper wire, manufactured to exacting specifications and covered by either paper or enamel. Some forms are multiple strands forming Continuously Transposed Conductor (CTC) where the conductor may be covered by enamel and paper. No substitutable product is manufactured in Australia.

iii) **Insulation** — is highly specialised paper based material specifically for the transformer industry and manufactured in a number of countries including China, Germany, India, Sweden, Switzerland, Turkey and the USA. No substitutable product is manufactured in Australia.

iv) **Bushings** — connect the external powerlines through the tank wall or lid to the transformer windings. They are typically imported from Sweden, Germany, Switzerland or Japan. No substitutable product is manufactured in Australia.

v) **On Load Tap Changers** — switch between the various taps of the windings of the transformer under load conditions. High quality tapchangers are typically made in Sweden and Germany. Lower cost Off Circuit Tap Selectors are sometimes used. No substitutable product is manufactured in Australia.

vi) **Transformer Oil** — used as an electrical insulating medium and heat transfer and cooling medium. No substitutable product is manufactured in Australia.

vii) Sundry other components that are not manufactured in Australia.

b) The Australian design and manufacturing processes include the following:

i) **Electrical design** — This is the key process for the performance of the product and has great influence on the cost of the product. The design of PTs is complex, with optimum transformer design balancing the costs of materials (e.g., steel, copper, oil and cooling), electrical losses, manufacturing labour hours, plant capability constraints, and shipping constraints, such as tunnel and bridge dimensions. Design capability may be enhanced by a large record of prior PT installations which allows for access to design data. Both electrical and mechanical engineering software is utilized in the design stage.

ii) **Mechanical design** — This process is critical to the manufacture of the product and generates the bills of materials necessary to procure materials for the production of the product. It also generates the drawings necessary for manufacture and ensures that the product conforms to the customer's requirements. Typically 3D CAE systems are used.

iii) **Winding** — Windings are manufactured in accordance with the electrical design and produce the coils through which the electricity flows. They are formed by winding conductors of insulated copper wire over a cylindrical framework, typically by hand. The conductor is typically purchased already wrapped. Various cylinders, sticks and spacers are inserted between turns of conductors. Depending on the type, voltage and winding current of a PT, different types of conductor and patterns of winding will be used.

iv) **Core cut and build** — The core is made of laminations of Grain Orientated Electrical Steel (GOES) shaped into the legs and yokes of the core. GOES parts are cut to shape by computerized shearing machines and these thin strips are called laminations. Laminations are carefully stacked either by hand or machine so as to not damage the electrical properties of the

laminations. Bundles of like shaped laminations are stacked together to form legs and yokes. In a typical three phase core form transformer there will be three main legs and bottom and top yokes.

v) **Assembly** — In the assembly process, the windings are pre-dried and adjusted to length and then placed over the legs of the core. The top yoke is then inserted, the core and windings secured together and further insulation, cleats, leads and tap-changer added (for in tank style) to form the active part of the transformer.

vi) **Drying** — The active part of the transformer then undergo drying process in a vapour phase drying chamber to remove the moisture in the insulation. In the chamber, solvent vapours condense on the windings, insulation and core, resulting in heating the article, and thus evaporating moisture out of the insulation in repeated vacuum cycles. Once the drying is complete, the assembly is removed from the chamber. This process reduces the moisture content of the transformer insulation from the approximately 8% to the less than 0.5% required for the final product.

vii) **Tank manufacture** — A transformer tank is fabricated from hot-rolled, low carbon steel plates that are welded together. A tank typically has wall stiffeners, jacking pads, lifting lugs or bollards, locations for the active part, and a variety of access openings for installation and maintenance. Often internal wall shunts, made of electrical steel, are incorporated to reduce stray flux wall heating and reduce losses. The interior and exterior of a tank are grit blasted to enable excellent paint adhesion. The interior is usually coated with epoxy and the exterior coated with a high performance paint system due to the long life expectancy of the product. Construction of the tank must be completed before drying of the active part is complete so that the windings and insulation parts do not start to reabsorb moisture.

viii) **Tanking** — After drying, the windings are compressed, all internals secured, the active part lowered into the tank and the tank top attached by bolting or welding. External style tap-changers are fitted during this process. All openings are closed off, a vacuum applied to the tank to remove surface moisture, and the tank is filled under vacuum with hot processed transformer oil for complete oil impregnation of the winding and insulation structure.

ix) **Final assembly** — To complete the PT in preparation for test, all components such as turrets, CTs, bushings, the cooling system (radiators, pumps and fans), controls, indicators and conservator are added.

x) **Test** — Testing is performed to ensure the accuracy of voltage ratios, verify power ratings, and determine electrical impedances. Testing is also performed to simulate certain events that may affect the PT, including lightning strikes, short circuits, overvoltages (voltages in the circuit that are above the design limits), and accessories such as the cooling systems, indicators, and tap changers. Testing is a key process that ensures that the transformer performs in accordance with the tender and customer requirements.

xi) **Despatch** — Following test, a PT must be prepared for despatch. For larger PTs this involved removing most components including oil and securing the active part under dry air or nitrogen in the tank. All parts must be protected from moisture of contamination during shipment.

xii) **Cleanliness** — All PT manufacturing processes, including steel fabrication, should be conducted in a clean environment. The core cutting and building,

insulation preparation, winding, assembly, tanking, test and despatch must be clean to produce a reliable PT.

7. The Goods under Reference are not agricultural goods.

8. The only other power transformer manufacturers in Australia are:
   a) Alstom Ltd — **8 November 2012 announced ceasing Australian manufacture**
      PO Box 319
      North Ryde, NSW 1670
      Chris Raine — Chief Executive Officer Ph: 02 8870 6038

   b) Ampcontrol Pty Ltd
      21 Old Punt Road
      Tomago, NSW 2322
      Geoff Lilliss — Chief Executive Officer & Managing Director Ph: 02 8870 6038

   c) Tyree Transformer Co Pty Ltd
      PO Box 191
      Tyree Place
      Mittagong, NSW 2575
      Sir William Tyree — Chief Executive Officer & Managing Director Ph: 02 9327 6017

A-4 The Australian Market

1. Both the WTC and imported products have the same end uses, which are described under heading A-3, section 1 above. A summary of the market and uses is as follows:
   a) Electricity is commonly transmitted over high voltage power transmission lines from the power generation source (power station, hydro-electric generator, wind farm, etc.) to the load (the use point, such as home or industry), with the goal being to minimize power loss during transmission.
   b) At each point from generation to use where the voltage is being increased (for transmission), transferred between electrical systems, or reduced (for distribution and use), the electricity passes through a transformer.
   c) Power is typically generated at 5 to 30 kV, but transmission normally occurs at 66 to 500 kV. Transformers that increase the output voltage from the generator for long-distance transmission are known as step-up transformers and can have very large power ratings, often 100 to 600 MVA.
   d) Transformers that take the higher transmission voltages and convert them to lower voltages suitable for distribution systems are known as step-down transformers.
   e) PTs are engineered to order to suit the requirements of each application. PTs are manufactured to the specifications of the individual utilities, generating facilities, and industrial users that purchase the product. PTs are produced to order and are not inventoried. While PTs can share common product characteristics, the wide array of potential product elements and performance attributes mean that each unit is unique

2. The Australian Market

a) The market has traditionally been supplied through customers drafting specifications, issuing Requests For Tender (RFT's) or Requests For Proposals (RFP's) for PTs and then evaluating the tenders received and placing orders. In recent times some longer term contracts have been placed with one supplier or a panel of suppliers.

b) Sales and Distribution:

i) As PTs are highly complex, technical, engineer-to-order products, sales are generally made directly by the domestic and foreign manufacturers to the end customers, particularly where the customers are utilities.

ii) Where large projects are engineered by organisations other than the end owner, the sales are frequently made to those engineering organisations.

iii) Where offshore manufacturers are involved, they may make the sales through their own employees employed in Australia or employees who travel to Australia to arrange the sale with the Australian customers. Sometimes local agents or trading houses are used.

iv) Where a multi-national organisation is involved, the Australian arm of the company is most likely to interface with the Australian customers.

c) Purchase Process

Figure 3. Large Power Transformer Procurement Process and Est Lead Time

Note: This figure illustrates an optimal flow of the manufacturing process and the estimated lead time, which can extend beyond the estimated time frame shown.
* Variable depending on distance and logistical issues.
Source: USITC and industry estimate

Although the above diagram is from a USA document, the process and cycle times are comparable in Australia for large PTs. Smaller PTs will have shorter cycle times.

d) During the past ten to fifteen years utility customers have reconsidered the slow and expensive process they have traditionally used and there has been a move towards tenders for a wider range of utility transformer requirements for longer periods of time. This has generated considerable cycle time and resource savings for utilities.

e) Traditionally, the level of imports in the market has been low (less than 20%) but has increased considerably over the past eight years. The below graph reflects the changes in market share of imported products and reflects that, although the volume of imports has increased, the value has not increased by proportionate amounts reflecting the low price of the imports:

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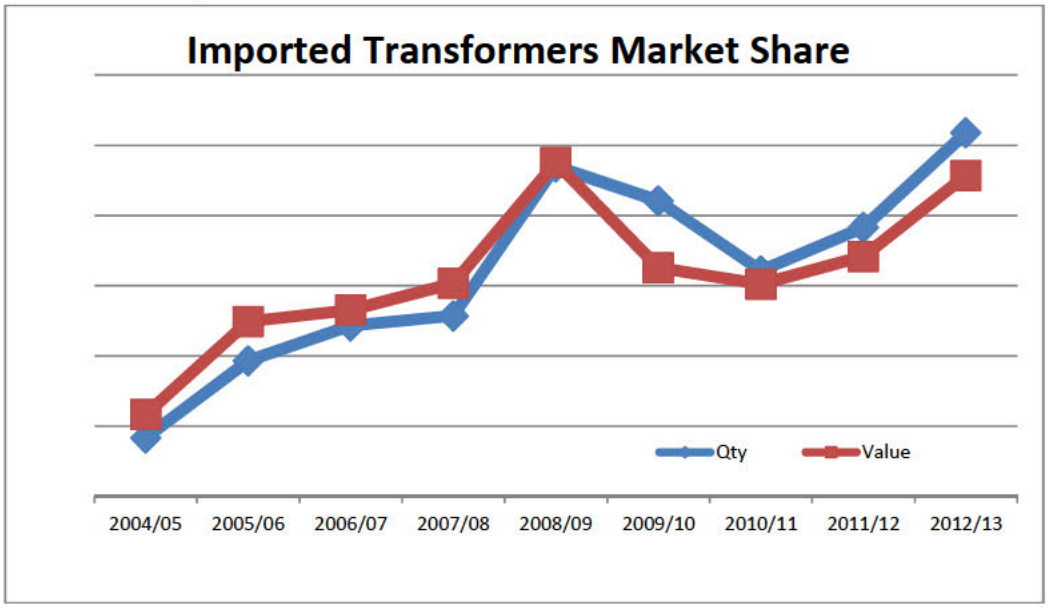
Table 1: Imported Transformers Market Share



f) Domestic manufacturers generally represent themselves directly to end customers.

g) Imported products are generally marketed in Australia through local agents and representatives.

h) ABB used to have its own production facilities in Moorebank in New South Wales making PTs to 600MVA and 500kV. ABB closed the facility in two stages in 2001 (large PTs) and 2004 (smaller PTs) whilst retaining local representation for foreign production facilities.

i) Alstom Grid Australia Ltd has manufactured PTs in Rocklea, Queensland for over 60 years. *On 8 November 2012 Alstom announced the decision to cease manufacture of PTs in Australia.* Alstom now plans to import PTs.

j) Typical customers are Electric Power Utilities, generators, large commercial, industrial and mining companies.

k) The market is generally a national market although in recent years the Australian market is being impacted by international occurrences.

l) Demand for PTs grew after the Second World War as the electricity grid in Australia was being developed. This occurred up to the mid 1980's.

m) Following that peak demand, there was a period of low total demand for PTs of approximately 4,000 MVA pa through the 1990s. Refer **Attachment A-4-2** for information on Australian production for the Australian market from 1970 to 1999 when statistics were available. The historical data presented by WTC does not include PTs above 150 MVA up to 1994/95.

n) Since the late 1990's, demand has increased due to the combined effects of the ageing of the transformers installed from the 1960's onward, economic growth and the availability of relatively inexpensive air-conditioning systems causing the rapid increase in Peak Load on the transmission and distribution systems. Penetration of air-conditioning has increased dramatically since 1999 when only 35% of households had an air conditioner. Today, according to a 2012 Productivity Commission report, approximately 73% of homes have at least one air conditioner. This has resulted in approximately 8.5 million air conditioners being installed in the past seven years creating a significant increase in peak demand.

o) The increase in large resource and mining projects has also had an impact on the market.

p) Recent public focus on increasing electricity prices and the cost drivers has resulted in a reduction in the level of purchases of PTs by Queensland and New South Wales power utilities. These recent pressures, when combined with the State Government expenditure constraints and utility rationalisation steps, have reduced the level of capital expenditure.

q) There is little, if any, seasonality in the demand for PTs. Demand is influenced more by the 5 yearly cycles related to regulatory reviews of the power utilities due to their status as natural monopolies.

r) Tariff protection has reduced as follows:

i) 1988 – 1992 from 25% to 15%

ii) 1992 – 1996 from 15% to 5%

iii) Since 1996, the General Tariff has been 5%

iv) For Developing Countries, or countries with which Australia has a Free Trade Agreement (FTA), the tariff is 0%.

s) There are Tariff Concession Orders (TCO's) relating to a small number of highly specialised products. Other TCO's are for products outside the range of the subject goods.

t) The technology of the product is evolutionary rather than revolutionary, with consistent, incremental improvements in materials, design and production technology. The fundamental physics of transformers has not changed since their introduction.

u) Competition between the Australian and imported product has been on an equal basis except for tariffs. The major import competitors are from Asian countries or countries for which Tariffs are either 5% or 0% (in the case of DC or FTA countries).

3. There are no commercially significant substitutes for PTs.

4. Industry data was collected by the ABS and then AEEMA up to 1999 when statistical collection was discontinued — refer **Attachment A-4-2** and **Appendix A1**

5. The capacity of the Australian industry is estimated to be comparable to the total market demand.

6. Power Transformers are not produced according to price lists. The products subject to this application are all engineered to order to match customer specifications. **Appendix A2**

7. Below is a table of the Australian market of the PTs subject to the dumping complaint over the past 7 years with 2006/07 as the index base of 100:

Table 2 showed Australian market share percentages by quantity and value with 2006/07 as the base.

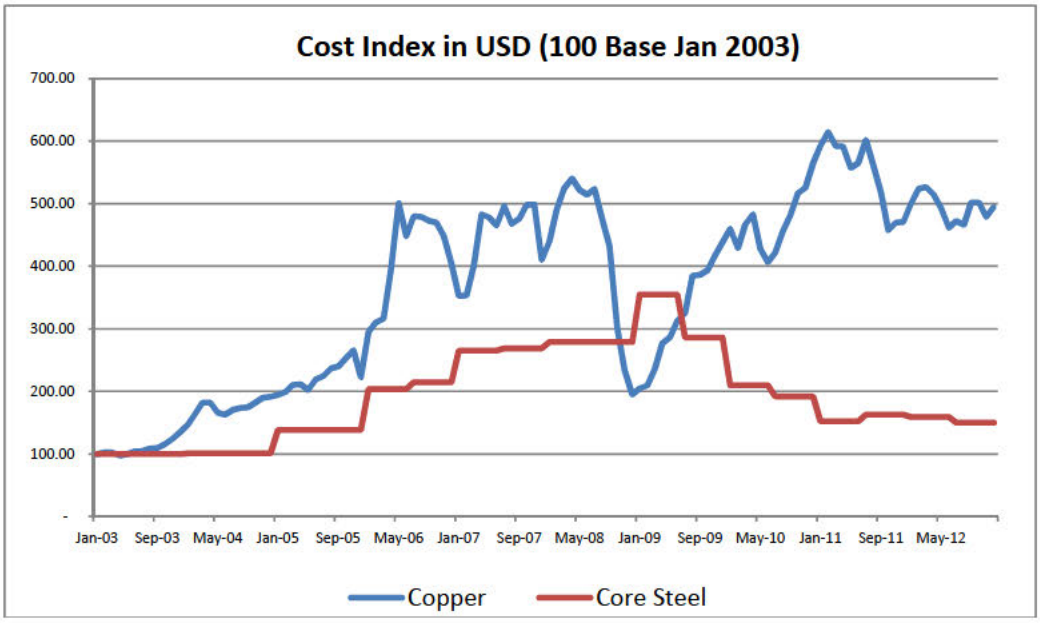
7. Sales values of transformers are not directly comparable from one period to another or between products. This is due to a number of issues:

a) Complexity —products with comparable ratings can be quite different prices due to the complexity of the design required to meet customer specifications.

b) Efficiency — In general, higher efficiency (lower losses) transformers have higher prices. Higher efficiency products use more materials operating at lower current and/or flux densities. This is influenced greatly by customer specifications.

c) Material costs — Copper and Grain Orientated Electrical Steel (GOES) are key components of PTs costs. The costs of these elements vary considerably from year to year. Below is a graph which shows the variation in the cost of these two key components. As these two cost elements comprise approximately 35% of the total PT material costs, their impact on the end product price can be substantial.

Table 3: Cost of key materials – Copper and Core Steel



d) Exchange Rates — A number of key components of the PTs, including Copper and Core Steel (GOES), are purchased in foreign currencies, primarily the US Dollar. Below is a graph of the value of the US Dollar relative to the Australian Dollar between January 2003 and December 2012. As approximately 55% of the total PT material costs are subject to exchange variation, the impact of currency on the product can be considerable.

Table 4: Exchange rate movements of the US Dollar

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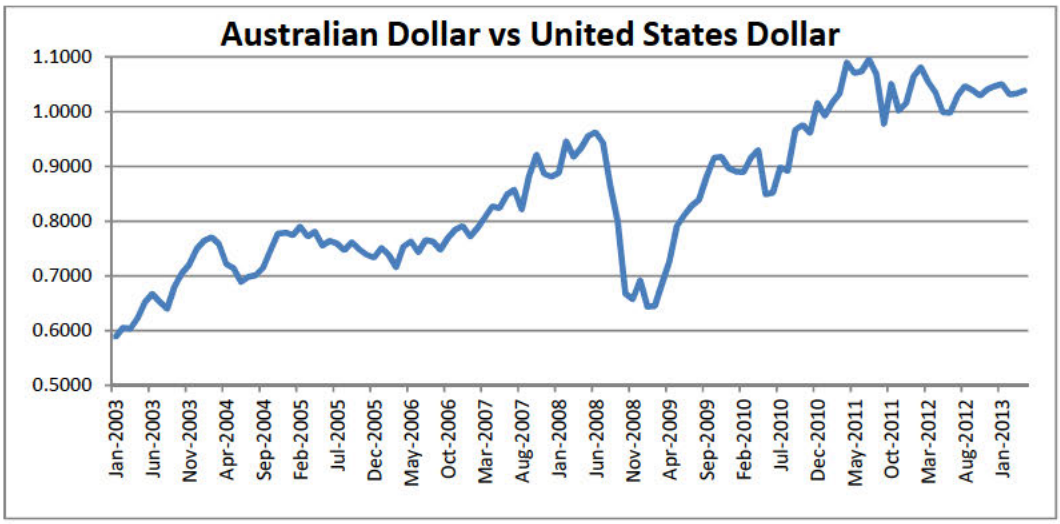

A-5 Applicant's Sales

1. Because PTs are produced to order and each unit is unique, sales per period information as a means of assessing underselling is not meaningful. PTs not only embody a wide variety of design features, they also are produced in a wide range of power levels, from 10 MVA to over 500 MVA. The power rating of a PT has a very significant impact on its price. Even more importantly, however, two PTs with exactly the same power ratings may have greatly varied features and widely differing prices.

Table 5 showed WTC total sales and sales of Power Transformers and Exports

2. **Appendix A5** - Sales Turnover – with internal transfers and sales of goods not produced. All products produced are sold. There are no internal transfers or purchases of products for sale.

3. **Appendix A4** – Domestic sales.

4. There are no customers associated with our business.

5. There are no distributor or agency agreements.

6. There are no price lists.

7. There are no discounts or rebates in respect of the products. Associated with two long term supply contracts, there are price reduction allowances as an incentive to the customers to continue with the contracts and to ensure that the customers perceive continuing value for money in the contracts.

8. Sample documentation for domestic sales provided — **Attachments A-5-9-1 to A-5-9-7**.

A-6 General accounting/administration information

1. Financial Year ends on 30 June.

2. Financial records are held at 310 Springvale Road, Glen Waverley, Victoria 3150.

3. Financial Statements:

a) Chart of Accounts attached — **Attachment A-6-3-1**

b) Audited Consolidated and Unconsolidated accounts as detailed below are attached

Financial Year Ended	Attachment
30 June 2009	**A-2-9-1-1**
30 June 2010	**A-2-9-1-2**
30 June 2011	**A-2-9-1-3**
30 June 2012	**A-2-9-1-4**

c) Power Business Unit (PBU) Income Statement for the year ended 30 June 2011 and 2012 attached — **Attachment A-6-3-2**.

4. Accounts are audited

5. Australian Accounting Standards applied to the audited Financial Statements

6. Accounting policies generally set out in the Financial Statements. Other items are:

a) Revenue is recognised on an "ex-works" basis.

b) Where any discount or rebate applies to the sale, the net sale value after deduction of the discount or rebate is reflected in revenue.

c) Power Business Unit (PBU) products are Costed on a "Job Costing" basis, with labour and materials related to the job being costed against it.

d) Overhead costs and expenses are treated on a fully absorbed basis. Separate overhead rates are used for Manufacturing, Engineering, and Administration.

e) If a job requires rework, that rework cost is costed to the job when recording the cost of sales.

f) Inventory is valued on either an actual or moving average basis.

g) Surplus material ordered or received in respect of a job is costed to that job.

h) As most contracts include the transport of the product (transformer) to the site that it is to be situated at and then installed by WTC employees, the revenue recorded on an "ex works" basis are calculated after providing for the costs of transport, installation and Commissioning of the transformer. Post delivery revenue is recognised as income when the transformer has been successfully installed and commissioned.

i) Scrap recovery income is recorded as miscellaneous income.

j) Land and Buildings are revalued every three years as stated in the audited financial statements.

k) Manufacturing plant and equipment generally lasts for reasonably long time periods ranging from approximately 10 to 20 years. Plant and equipment life cycles are tending to reduce as new, improved manufacturing techniques and technologies become available. Computerised equipment tends to have the shortest life.

l) Foreign exchange gains and losses are included in the Income Statement.

m) [redacted]

[redacted]. ***Deleted an explanation of a change in accounting policy and the impact on the 2006/07 WTC Financial Statements.***

n) There have been no plant closures or significant restructuring costs during the review period. It should be noted that an additional property at 19 Moloney Drive was purchased in Wodonga in December 2009 and a range of modifications were made to it following its acquisition. Additional expenditure has been incurred in the main production facility at 10 Moloney Drive in Wodonga over the period 2009 to 2011. These expenditures relate to the Distribution Business Unit (DBU) and do not impact the PTs (PT) which are the subject of this Application.

[redacted]

Deleted details of the costs of the WTC BIG project in 2009.

p) The effect of the project is to provide an increase in production capacity of the PBU facility by approximately 40%. The project included the construction of additional parts of the factory and rehabilitation of a number of other parts of the factory.

q) In addition, the considerable expenditure on a range of additional plant and equipment to bring the plant up to the latest World Best Practice as noted above.

r) The effect of the expenditure has been to enable the PBU to produce transformers in a World Class facility with World Class quality and productivity.

[redacted]

Deleted details site remediation costs.

7. There have been no changes in accounting methods. Please refer to item 6 m) above to changes in accounting policy and its impact.

A-7 Cost information

1. The Application Form B108 including Tabs A6.1 and A6.2 (Cost to Make and Sell) have been completed and are included in the submission.

2. Due to the Capital Goods Engineer to Order nature of the product, the Application Form B108 including Tabs A6.1 and A6.2 have been completed on the basis of the individual products in question rather than product lines. This is considered to be the most appropriate way to provide this information.

3. The items selected are all tenders that have been lost to, or in some cases shared with, imported product. The information provided is obtained from the detailed cost estimates prepared for submission of the tenders.

4. In addition a number of contracts which have been won at loss making prices in order to maintain a minimum factory loading.

[redacted]

[redacted]. ***Deleted a comment on tender estimates***

A-8 Injury

1. **Domestic Product like Imported Product** — From the product, customer, tender, design, manufacture, supply and application information provided in this section and elsewhere in this document, there can be no doubt that the imported product and that manufactured by WTC are "Like" products.

2. **Date of Commencement** —
   a) With the slow cycle time between the issue of requests for tender by customers and delivery of the associated Power Transformers (PTs), the injury is slow and progressive.
   b) The injury is also prospective due to tenders submitted in recent months resulting in the associated PTs being delivered progressively over the next year or more.
   c) The market price depression associated with the dumped tenders is reflected in the Tender Margin Analysis set out below.
   d) From the information provided on increased imports and declining WTC and Australian manufacturer's market share, it is evident that the impact from imports commenced from a low base in 2004/05. Please remember that the tender submissions and price suppression impacts would have been felt months and years before.
   e) [redacted]

      Deleted a comment on long term contracts
   f) Increasingly, imports are being successful in winning period contracts. Imported products have been successful in tenders to supply Queensland and New South Wales transmission transformers, and a range of South Australian and Victorian products. The impact is that WTC is precluded from the opportunity to supply these customers for an extended period of time.
   g) The loss of business by Alstom has lead to insufficient business to sustain their PT activity resulting in the closure announced on 8 November 2012.

3. **Purchase process** — refer Figure 3 in section A-4.2 c)
   a) Purchasers of PTs include electrical utility companies (which can be investor-owned or public utilities), power generators, industrial users and mining companies. Essentially all PTs are produced to order and are typically sold through a bid and contract award process. PTs are highly sophisticated pieces of capital equipment, and may cost as much as $5 million per unit. Despite their high unit prices, the use of the bid process means that the market for PTs is extremely competitive.
   b) Price is the most important single factor considered by purchasers when evaluating tenders.
   c) When evaluating tenders, purchasers invariably evaluate the electrical losses over the estimated life of the PT. This is another "cost" issue considered important by purchasers and is the second most important factor when evaluating tenders.
   d) In its Investigation No. 731-TA-1189 into Large PTs from Korea, the U.S. International Trade Commission reported the following results:

Criterion	No of occurrences	Percentage
Price/cost/low bid	97	28%
Evaluated cost/low total cost of ownership	78	23%
Sub-total	175	51%
Total survey population	345	100%

e) Clearly cost issues are considered to be the most important factors by purchasers when evaluating tenders. The next most important determinant was the ability of the supplier to meet the customer's required delivery at 46 occurrences or 13% of cases.

f) A qualified producer that can meet the specifications of the request for quotation, whether foreign or domestic, will typically be awarded the contract when offering the lowest cost/price.

4. **Data Measurement** — Sales of PTs can be aggregated in terms of dollars, units, and total MVA (megavolt amperes). Unfortunately, import statistics are only available to measure numbers of units and value. Therefore, quantity and value are the primary units of measure used in the document. **As values are more meaningful than quantities, greater weight should be placed on values**. PTs are manufactured to the specifications of the individual utilities, generating facilities, industrial users or mining companies that purchase the product. PTs are produced to order and are not retained in inventory. While PTs can share common product characteristics, the wide array of potential product elements and performance attributes mean that each unit is unique.

5. **Manufacturing Timing** — PTs are complex pieces of equipment with elaborate bidding, contract management, engineering, procurement, production, quality, test, delivery and site commissioning processes. From the date of the release of the request for quotation to the delivery of the unit, it is not unusual for a year or more to elapse. Contracts currently being won and lost will affect production and profitability roughly one year or more in advance, meaning that there is a significant time difference between the loss of a sale to unfair imports and the full impact on the domestic industry's financial and trade performance.

6. **Import and Domestic Quantities** —Volumes of imports have increased steadily since 2004/05. Overall import volumes in the last five years have been approximately double those of the previous four years. The increase in both quantity and value of imports in 2012/13 is considerable and reflects a major increase in market share.

Deleted — Table 6A: Comparison of WTC and Imported Quantities of Units — Number of Units

Deleted — Table 6B: Comparison of WTC and Imported Value of Units — A$000's

7. **Target Imports**

a) **ABB Product Sourcing** — ABB withdrew from Australian manufacture of PTs between 2001 and 2004. Sourcing of PTs was then transferred primarily to their plants in **Thailand and Vietnam**. The below graph illustrates the imports from those countries combined.

Table 7: Units shipped from Thailand and Vietnam

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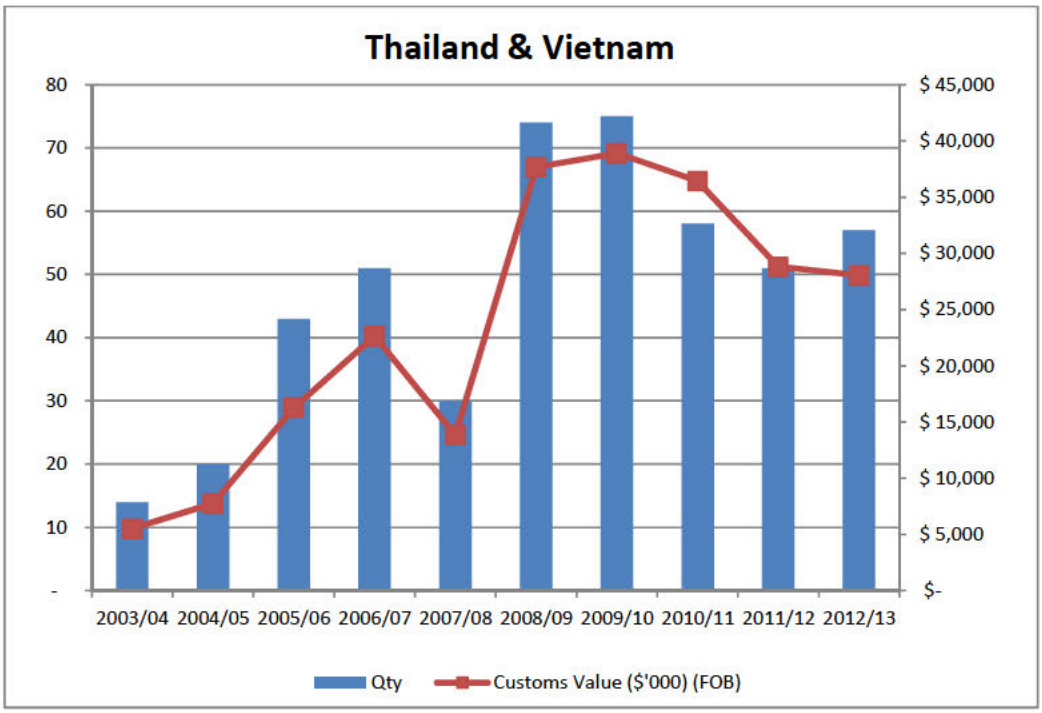
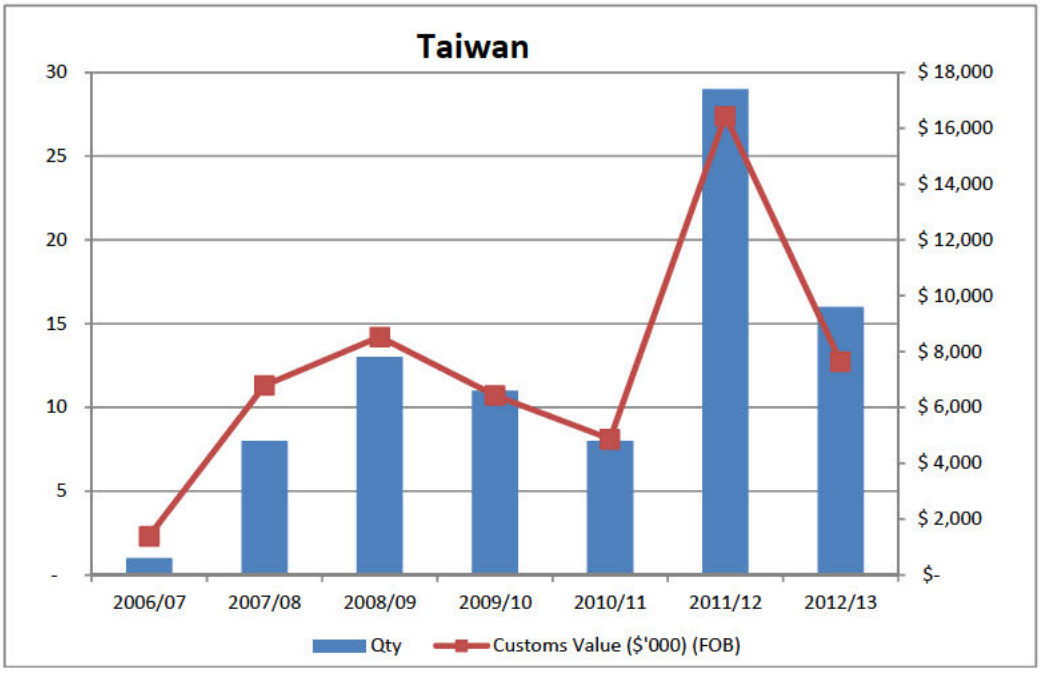


b) **Taiwan Imports** — Manufacturers in Taiwan have been developing their business opportunities in Australia for a number of years. The high level of recent imports represents a significant increase in the Taiwan market share in recent years. More than 50% of the Taiwanese imports in 2011/12 are to Victoria, WTC's home state. This increase represents a significant threat to WTC.

Table 8: Imports of transformers from Taiwan



c) **Korea Imports** —

i) Korean companies focussed on the USA as a significant potential market and, according to the U.S. International Trade Commission investigation report into Large PTs from Korea (Investigation No. 731-TA-1189 – Final) issued in

August 2012, the levels of transformers imported into the USA were as follows:

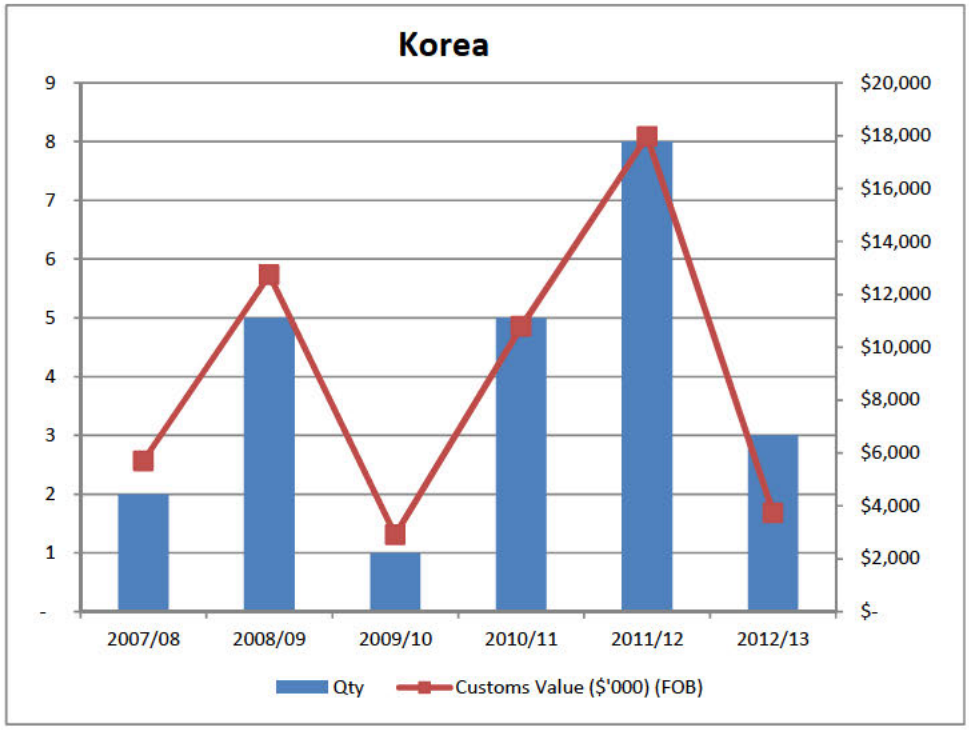
2009	US$287,930k
2010	US$372,556k
2011	US$436,725k

ii) Dumping complaints have been lodged against Korean companies by the USA and Canada with both complaints being upheld. Summaries of the complaints can be found in **Attachments A-8-1 and A-8-2.** If the USA and Canada are likely to be less attractive export destinations for Korean exporters, Australia is likely to become a greater focus.

iii) In addition to the results of the dumping complaints, Hyundai Heavy Industries (HHI) has developed a 41,000m^2 new transformer factory in Montgomery, Alabama, USA with the capacity to produce approximately 200 transformers p.a. up to 550MVA/500kV. This is per the U.S. Department of Energy report into "Large Power Transformers and the U.S. Electric Grid" dated June 2012.

iv) Below is a graph of the volume and value of subject transformers imported into Australia. In view of the above information, it is likely that the level of imports from Korea will increase in the future. The UK has also become a focus market for Korean manufacturers with the award of a contract by National Grid in 2010 for three to five years, starting in 2012, worth USD$270 million.

Table 9: Korean imports by quantity and value



d) **Indonesia** –

i) It is clear from the below graph that imports from Indonesia are increasing rapidly and constitute a considerable threat to the domestic market.

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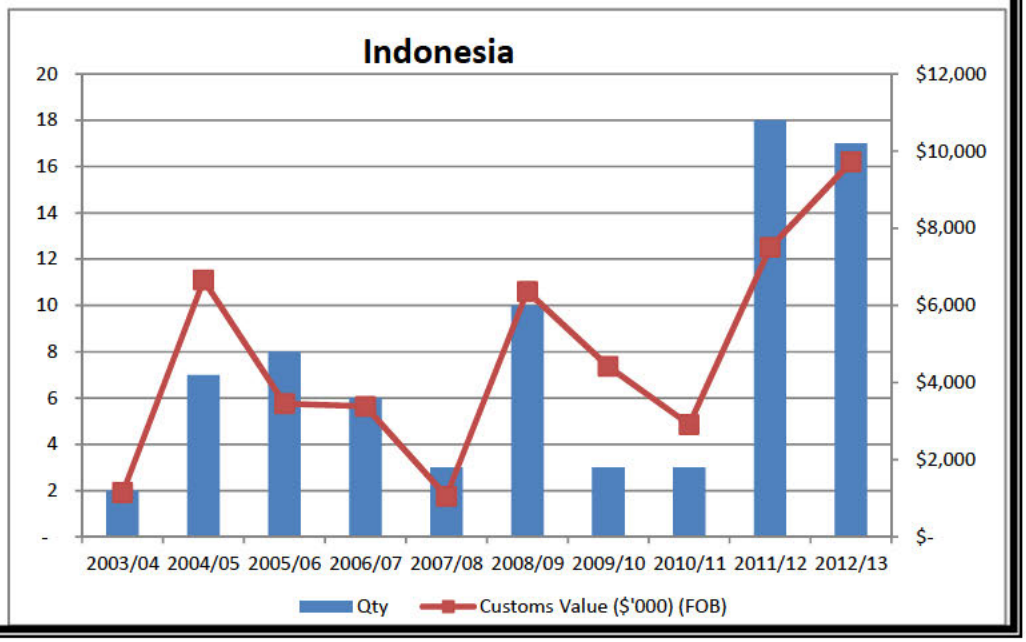
ii) The major market supplied by the Indonesian manufacturers is the West Australian market. The establishment of a sales representative office by an Indonesian manufacturer underlines the commitment to the Australian market.

Table 10: Indonesian imports by quantity and value



e) **Chinese Imports** —

i) In 2011, Siemens won a significant order for PTs for the APLNG project in Queensland to be supplied from one of their three Chinese plants. Subsequently additional business has been placed with Siemens without the business being tendered within Australia. These transformers are being supplied in the 2012 to 2014 period.

ii) In addition TBEA, a very large domestic Chinese manufacturer has been successful with Powerlink for large PTs 180MVA and above.

iii) Recently, Chinese manufacturers have been awarded the contract for the CH2MHill related to the INPEX LNG development in Darwin.

iv) In a recent tender for PTs 160MVA and below for Powerlink, WTC was advised that tenders from 20 suppliers were expected.

Table 11: Chinese imports by quantity and value

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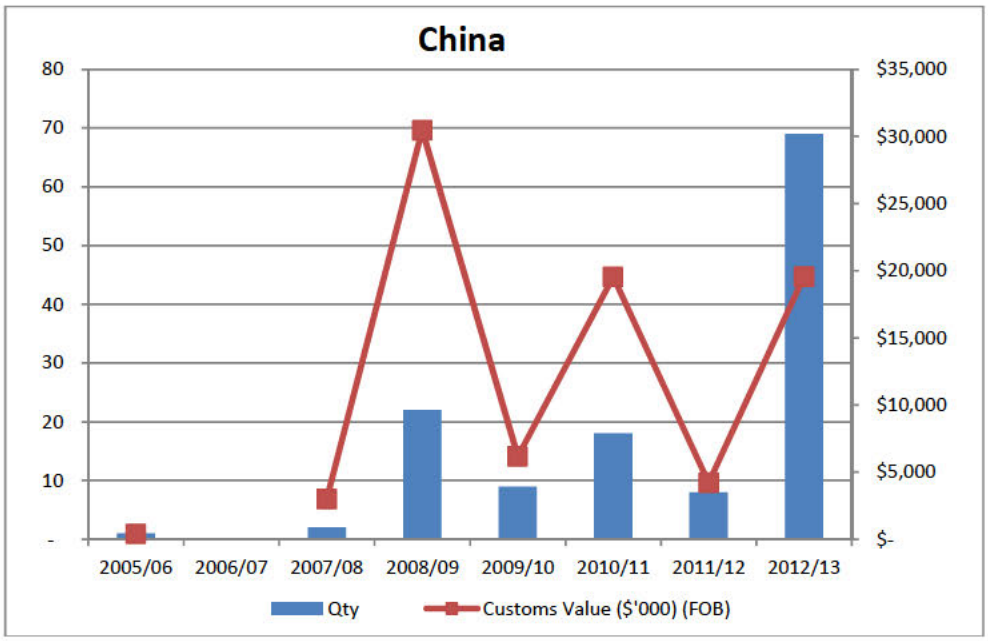


f) **Alstom Plant Closure** — Alstom, and prior organisations, have operated a PT manufacturing plant in Rocklea, Queensland for more than 60 years, supplying a wide range of PTs, but particularly the upper end of the market. On 8 November 2012, Alstom announced the closure of the Rocklea manufacturing plant. There were no doubt a range of contributing reasons for the closure, but the strong Australian exchange rate, severe dumped import competition, the resultant reduced order book and the lack of orders in their China plant would have been significant contributing reasons for the plant closure. WTC is now the only Australian manufacturer of the upper range of PTs.

8. **Tender Price Suppression** — The high level of import competition at dumped prices has reduced prices in the market and customer price expectations. Below is a graph of the average WTC tender margins over the past six years on a quarterly basis. The declining tender margins are clearly evident. It must be remembered that the product being tendered is a highly complex item of capital equipment with an extended period of between less than 1 year and up to 3 or more years between the date that the tender is submitted and the delivery of and payment for the product. The technical and financial risks are considerable and the current low level of margin is extremely injurious.

Deleted — Table 12A: Tender Margin analysis of WTC Tenders

9. **Injury Commencement** —

a) Injury commenced with the significant increase in imports commencing in 2007/08 as set out in Table 1. The increase in imports in 2008/09 to close to 50% market share by volume and over 40% by value.

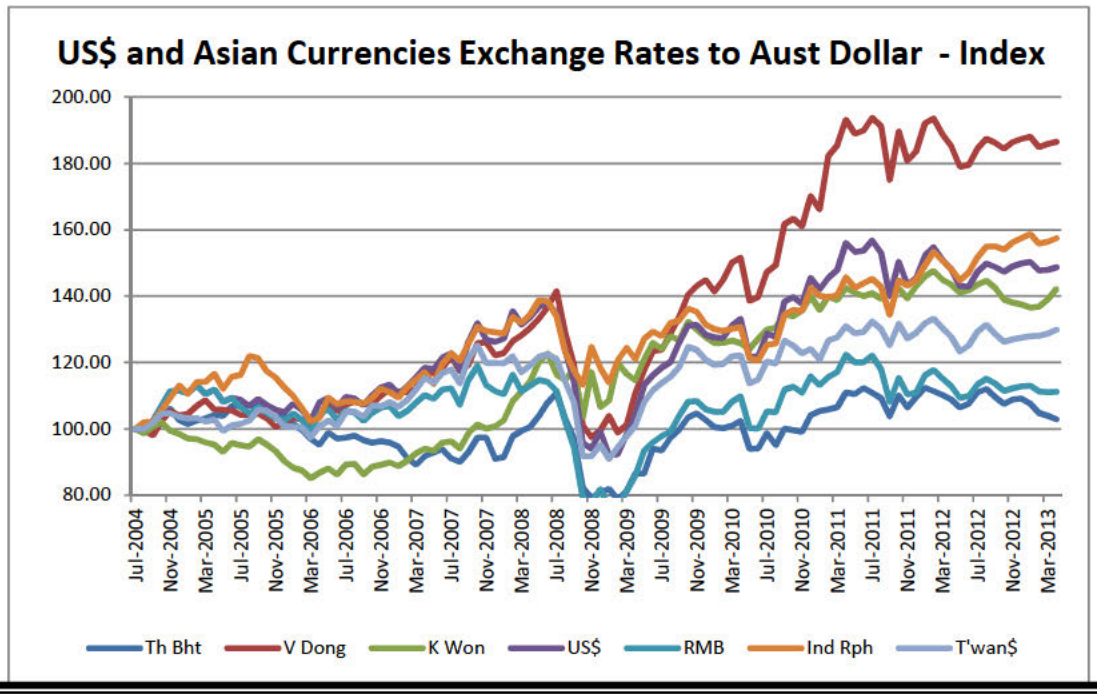
b) Below is an analysis of the actual sales dollars per MVA over the past 9 years. It clearly shows the price suppression in the last year. It is important to remember that the actual tender price suppression would have occurred approximately a year or more before the despatch of designed and manufactured transformers which are the basis of the graph.

Deleted — Table 12B: Average Sales Dollars per MVA

c) As can be seen from the below graph, the Australian Dollar has steadily increased in value against the US Dollar, Taiwanese Dollar, Korean Won and Thai Baht, major

currencies for trade of imported product. The increase in the strength of the Australian Dollar from 2003 generally coincides with the increases in imports of PTs.

Table 13: US$ and Asian Currencies Exchange movements to the Australian Dollar



10. **Lost Sales** —

a) The detailed analysis of lost tenders indicates that prices at which sales are being lost are considerably lower than the prices reflected in the above tender margin analysis. The effect is that, if WTC were to reduce their prices to beat the imported products, significant sales would be conducted at negative margins, a situation which is clearly neither acceptable nor sustainable.

[redacted]

Deleted paragraph on value of lost sales as a result of dumped imports

A-9 Link between injury and dumped imports

1. **Underselling Sales Analysis** —Because PTs are produced to order and each unit is unique, annual sales information as a means of assessing underselling is not meaningful. An alternative range of information is provided to demonstrate the link between the dumped imports and the injury to the domestic industry, including WTC. The data provided in Form B108, tab B2 "Constructed Normal Values" provides details of the estimated degrees of underselling experienced.

2. [redacted]

Deleted an explanation of volume of imports and market share

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3. **Imports underselling and depressing prices** — Section A-8-8 to A-8-9 demonstrate how the high level of dumped imports has caused significant market price suppression and is reflected in the reducing margins on tenders submitted and any subsequent orders received. With a reduced number of orders received, WTC will suffer both reduced volume and reduced prices thus severely negatively impacting profitability. The financial impact of dumped imports on WTC is not necessarily immediately evident due to the prospective nature of tenders and deliveries, and the range of long term supply contracts that WTC has won in the past.

4. **Reduced order cover** — Another impact of the dumped imports is the reduced order cover and product lead time. This results in increased uncertainty for the business and negatively impacts on confidence, future investment and business financing. Below is a graph which demonstrates the reduction in the order cover:

Deleted Table 14: WTC Total Orders on Hand at Year End as a Percentage of the Next Year's Sales.

5. **Capacity utilisation** — Whilst capacity utilisation has been reasonable in the past, the combination of increased production capacity arising from the Project BIG (refer A6.6.(o) above) and the risk of reduced number and value of orders received is likely to result in significant underutilised production capability in 2012/13 onwards. WTC has capacity to supply most of the dumped imports. Underutilisation of WTC production capability will result in:
   a) Reduced opportunities for Australian employees of WTC and supplier employees. According to the Industry Capability Network (ICN) statement on the impacts of manufacturing sector, "for every $1 million that is new or retained manufacturing business within Australia, the following effects flow through the economy:
      i) $713,400 worth of Gross Value Added (GVA)
      ii) 6 full-time equivalent jobs created
      iii) $64,900 worth of welfare jobs created
      iv) $225,300 worth of tax revenue generated."
   b) On the basis of the ICN findings, the WTC PT business is responsible for in excess of 800 jobs and all the associated GVA, tax revenue created, skills generation and maintenance and other community benefits.
   c) Reduced profitability of WTC and all associated benefits of future investment, employment, etc
   d) Reduced capability to fund the capital expenditure incurred or to be incurred in the future.

Deleted Table 15: WTC PBU Capacity, Production and Capacity Utilisation

6. Example of Price Suppression and Injury

a) [redacted].

Deleted —details of supply contracts evidencing price suppression

Deleted —table of contracts and values

[redacted]

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[redacted]

i) [redacted].

Deleted —commentary on the contracts and values

7. **Australian Market Changes** —

a) [redacted]

Deleted statement on use of WTC production capacity

b) WTC expanded its Glen Waverley plant as has been explained above.

c) With the high level of public awareness of the cost of transmission and distribution of electricity, and the introduction of the carbon tax and associated Government measures, utility demand has decreased significantly from approximately 2012.

d) The change of Government in New South Wales and Queensland, and associated changes in financial arrangements and planned rationalisation of utilities has resulted in additional reductions in electric utility procurement.

e) [redacted]

Deleted comment on WTC capacity utilisation

f) WTC has spent a number of years diversifying its customer base to include large resource companies and others. WTC was the first Australian the business to become a fully qualified global supplier to Chevron and was awarded the purchase order for the supply of transformers to the Wheatstone Liquefied Natural Gas plant by engineering, procurement and construction contractor Bechtel.

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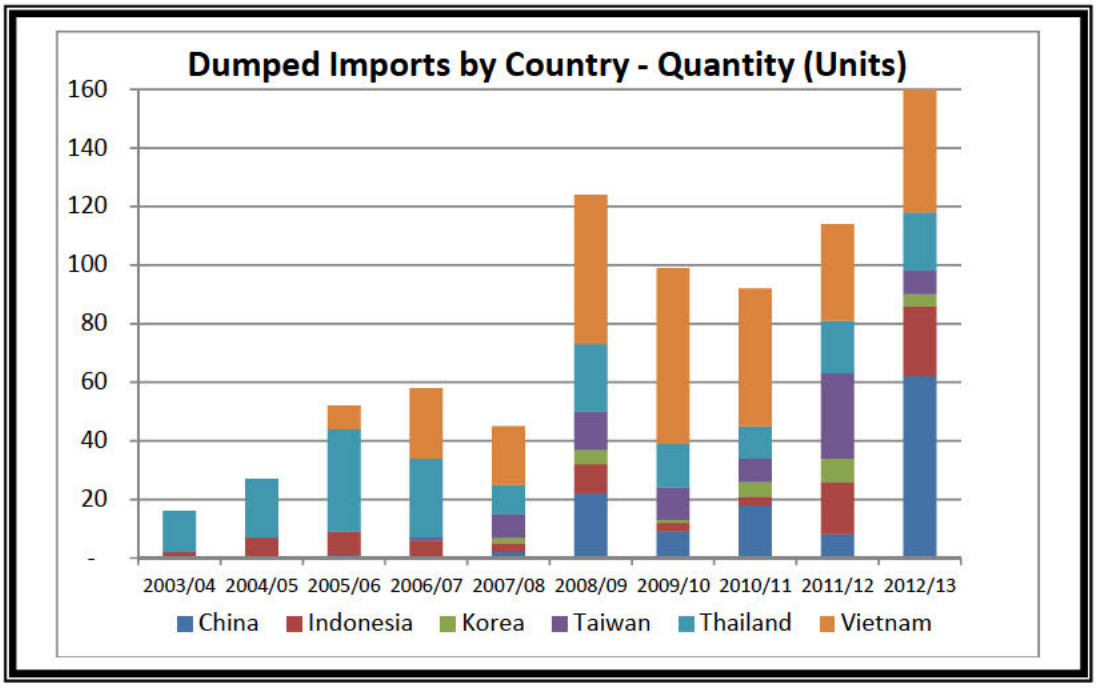
Form B 108
PART B
DUMPING
Wilson Transformer Co Pty Ltd
Dumping Complaint — February 2013
POWER TRANSFORMERS ≥10MVA, <500kV

B-1 Source of Exports

1. Refer **Attachment B-1-1** for details of sources of exports.
2. Power Transformers (PTs) are generally exported directly from the country of manufacture to the country of consumption. Below are tables of exports to Australia by volume and value from statistics provided by the Department of Customs.



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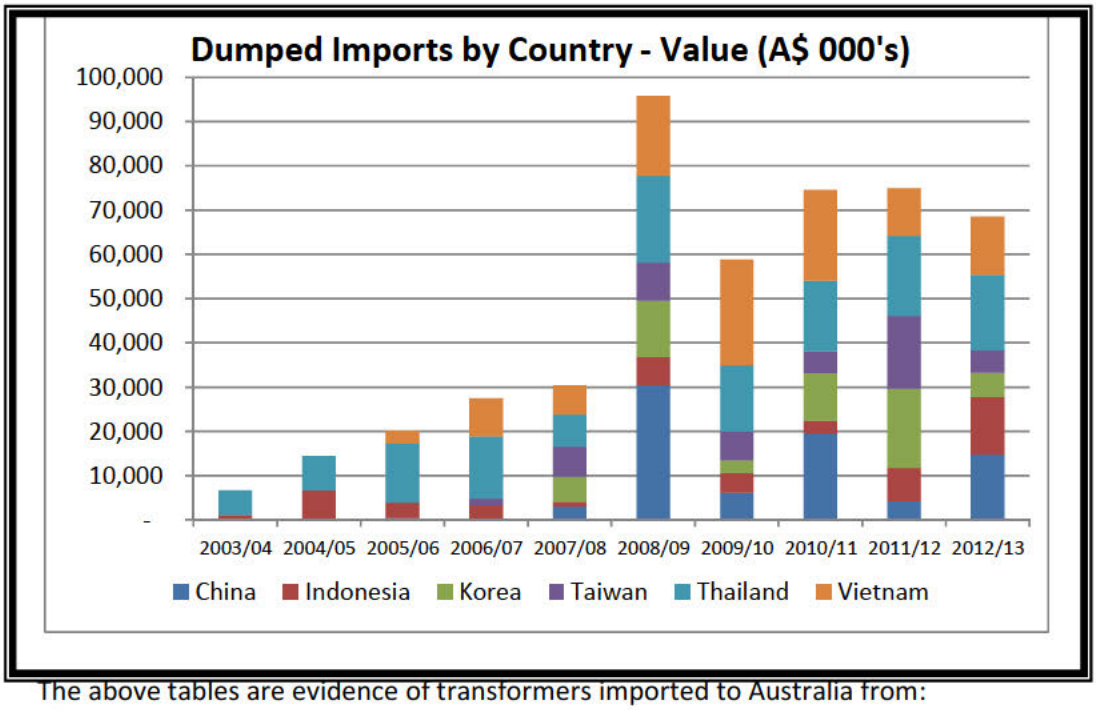
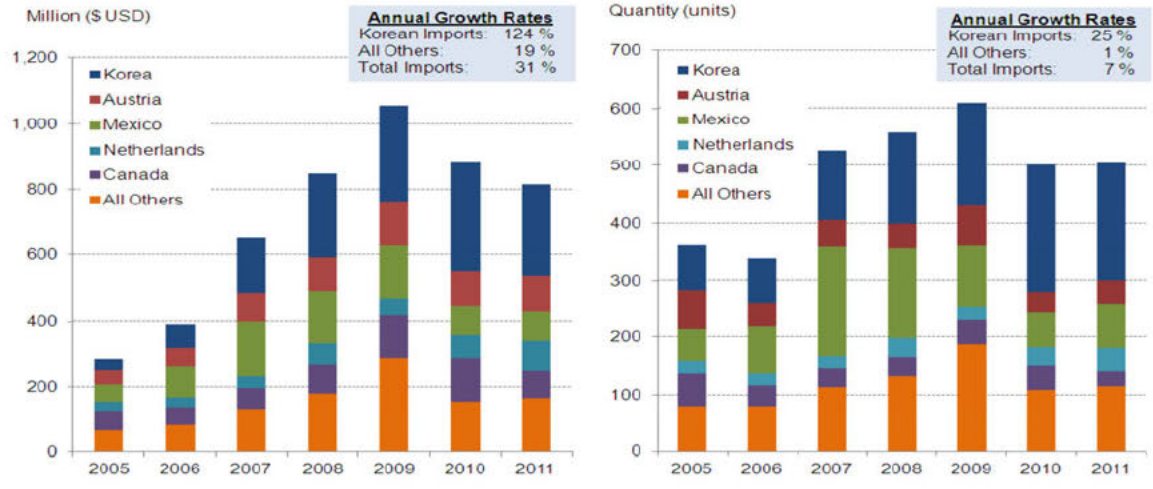


3. The above tables are evidence of transformers imported to Australia from:
   a) China
   b) Indonesia
   c) Korea
   d) Taiwan
   e) Thailand
   f) Vietnam

4. The below tables are from the U.S. Department of Energy report into "Large Power Transformers and the U.S. Electric Grid" dated June 2012. An extract from the report states "Nonetheless, LPT imports showed a strong growth both in terms of value and quantity. Between 2007 and 2011, the United States imported more than 500 LPT units each year. Figure 15 also shows a prominent, rapid market penetration by South Korean imports during this period. Between 2005 and 2011, the total value of LPT imports in the United States grew by 31 percent. During the same period, LPT imports from South Korea increased by 124 percent annually, from $33 million in 2005 to $279 million in 2011. In 2011, South Korea was the largest LPT supplier in the United States and obtained more than 34 percent of the total U.S. import market in terms of USD value and 40 percent in terms of number of units."

Figure 15. U.S. Imports of Large Power Transformers by Country From 2005 to 2011
(Power transformers with a capacity rating greater than or equal to 100 MVA)



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Source: USITC Interactive Tariff and Trade DataWeb, 2012.

5. The profile of the imports into the USA and Australia are reasonably similar, except that the Australian imports are rapidly increasing in quantity and value. As the USA has imposed dumping duties on the Korean manufacturers, it is probable that they will be seeking to expand their exports to other markets and Australia is likely to be a target.

6. As mentioned before, the Korean manufacturers have increased their manufacturing capacity in Korea and in the USA. This creates further pressure to export to countries other than the USA.

7. Please note that a number of anomalies were found in the import statistics. Corrections have been made to attempt to correct the anomalies.

8. All countries included in the complaint represented greater than 3% of all imports during most but not all years.

B-2 Export Price

1. Deductive Export Prices are calculated as follows:
   a) Establish the "Price at first point of resale to an unrelated buyer in Australia" on a per unit basis
   b) Deduct the estimated value of transformer oil if the oil is purchased in Australia. The oil quantity and cost have been estimated based on the size and nature of the imported transformer and the approximate cost of transformer oil at that time.
   c) Deduct the estimated cost of local delivery to the customer site in Australia (Australian inland freight), based on the size and nature of the imported transformer, the port of import and the site destination
   d) Deduct any estimated customs duty payable. No adjustment made for countries with Free Trade Agreements or subject to Developing Country preference
   e) Deduct the costs of Australian customs clearance and handling, including Customs agency fees and disbursements
   f) Deduct overseas freight and insurance calculated by deducting the CIF values per the Australian Bureau of Statistics International Trade Import statistics from the FOB values on a per country basis
   g) Deduct estimated Australian sales and representation costs
   h) Deduct an allowance for warranty costs

B-3 Selling Price

1. Selling prices are not relevant due to the engineer to order nature of Power Transformers.

B-4 Estimate of normal value using another method

1. Constructed Normal Values have been calculated as follows:
   a) Establish the WTC Sale Price offered in Australia
   b) Deduct the estimated cost premium for materials sourced in Australia. As many Power Transformer materials are sourced on the global market, no adjustments are made for those materials
   c) Deduct the cost of Australian freight from the WTC plant to the customer site as this is an Australian only cost
   d) Add the estimated cost of freight to the wharf in the country of export
   e) Deduct the cost of Australian direct manufacturing labour
   f) Add the cost of Foreign direct manufacturing labour estimated on the basis of World Bank 2011 labour costs by country

g) Adjust the manufacturing overheads by the difference between Australian and export country labour costs based on the World Bank 2011 labour costs
h) Adjust the engineering costs by the difference between Australian and export country labour costs based on the World Bank 2011 labour costs
i) Adjust the administration overheads by the difference between Australian and export country labour costs based on the World Bank 2011 labour costs
j) Deduct the WTC tender profit margin
k) Add the foreign tenderer profit margin based on Plimsoll publishing business intelligence information
l) Deduct the estimated value of transformer oil if the oil is purchased in Australia. The oil quantity and cost have been estimated based on the size and nature of the imported transformer and the approximate cost of transformer oil at that time

B-5 Adjustments

1. All necessary adjustments are included in B-2 and B-4 above.

B-6 Dumping Margin

1. The dumping margins by country resulting from the above calculations are:

a)	China	34.6%
b)	Indonesia	8.4%
c)	Korea	30.7%
d)	Thailand	31.9%
e)	Taiwan	48.8%
f)	Vietnam	32.3%
g)	Total Average	32.6%

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Form B 108
PART C-2
THREAT OF MATERIAL INJURY
Wilson Transformer Co Pty Ltd
Dumping Complaint — February 2013
POWER TRANSFORMERS ≥10MVA, <500kV

Threat of Material Injury

1. The earlier content of the submission clarifies the product, its manufacture, sale process, comparability with imports and the increase in imports and their market share.
2. The withdrawal from the Australian market by two multinationals (ABB and Alstom) indicates the severe level of import competition.
3. The continuing high level of the Australian Dollar has ensured that Australian customers find imported product appealing.
4. The financial performance of the WTC PBU is the key measure of the impact of dumped imports.

Deleted — Figure 16: Historical and Forecast Financial Performance of the WTC PBU

Figure 17: WTC PBU Employment (Including Services)

10. .

Deleted comments about WTC employment and profitability

Deleted — Figure 18: WTC PBU Orders received in the 12 months to April 2013

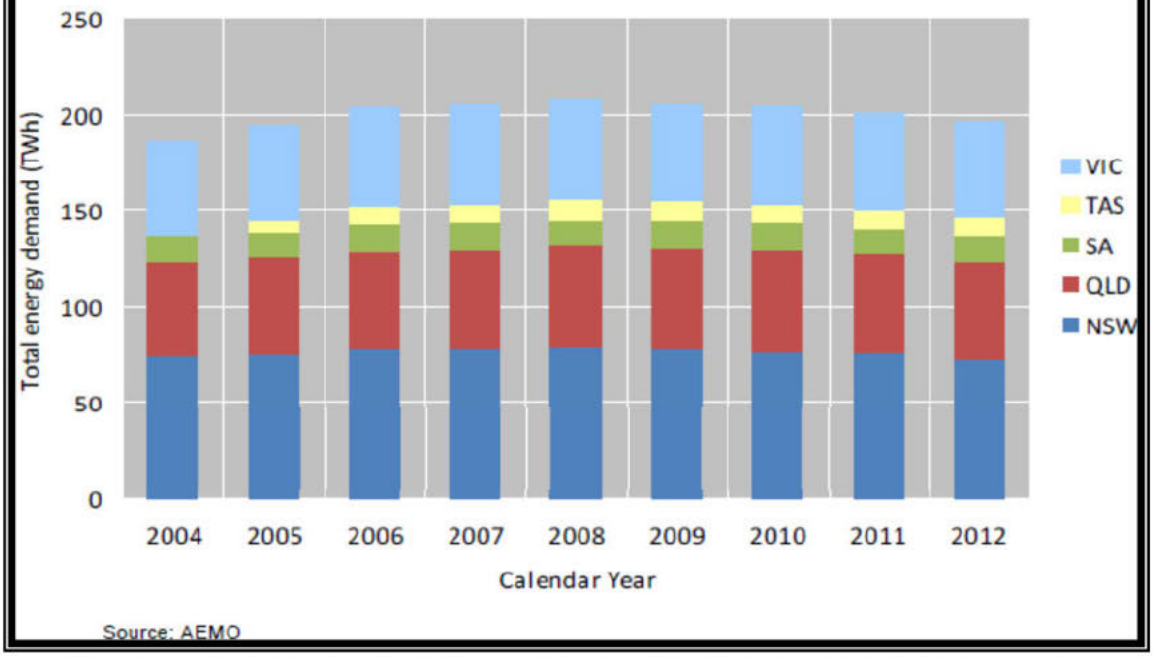
12. [redacted]

Deleted — Summary of impact of dumped imports

13. **Electricity demand in Australia**:

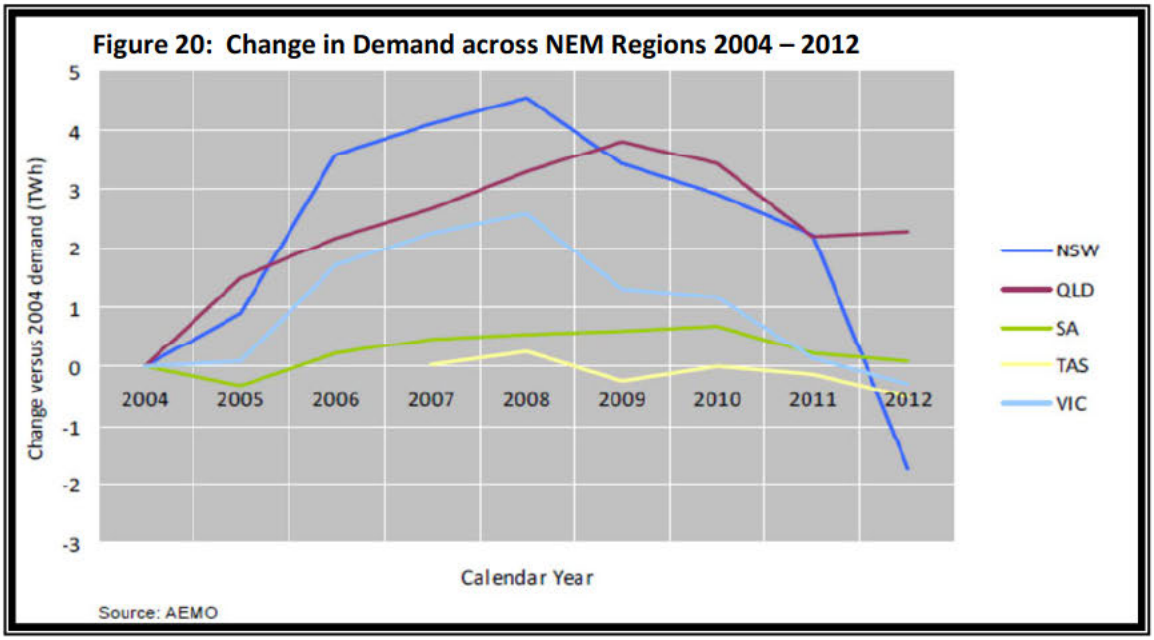
a) The level of demand for electricity in the country has been declining in the past few years as is clearly demonstrated in Figure 19 below.

Figure 19: Annual Demand across NEM Regions 2004 – 2012



b) The change in demand varies between states and has been particularly pronounced in NSW as is shown in chart 20 below.

Figure 20: Change in Demand across NEM Regions 2004 – 2012



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14. There are a range of reasons for this including:
    a) Changes in weather patterns
    b) Increased implementation of off-grid generation including photo voltaic and solar hot water
    c) Shutdowns of large industrial facilities like blast furnaces and refineries
    d) Shutdowns of smaller industrial facilities
    e) Reduced consumption due to price increases