PUBLIC FILE APRIL 17

Australian Government
Department of Industry, Innovation and Science

Anti-Dumping Commission

Application for the publication of dumping notices

WIND TOWERS

FROM

The

SOCIALIST REPUBLIC OF VIETNAM

ANTI-DUMPING COMMISSION
Form B108
November 2015

APPLICATION UNDER SECTION 269TB OF THE *CUSTOMS ACT 1901* FOR THE PUBLICATION OF DUMPING AND/OR COUNTERVAILING DUTY NOTICES

DECLARATION

I request, in accordance with Section 269TB of the *Customs Act 1901* (the Act), 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:	Signed applications included in Confidential version
Name:	
Position:	
Company:	
ABN:	
Date:	

PUBLIC FILE

IMPORTANT INFORMATION

About this form

Subsection 269TB(4)(b) of the Act requires that an application under subsections 269TB(1) or (2) of the Act for the publication of dumping and/or countervailing duty notices must be in a form approved by the Commissioner for those purposes. This is the approved form.

Signature requirements

Where the application is made:

By a company - the application must be signed by a director, servant or agent acting with the authority of the body corporate.

By a joint venture - a director, employee, agent of each joint venturer must sign the application. Where a joint venturer is not a company, the principal of that joint venturer must sign the application form.

On behalf of a trust - a trustee of the trust must sign the application.

By a sole trader - the sole trader must sign the application.

In any other case - contact the Commission's Client support section for advice.

Assistance with the application

The Anti-Dumping Commission has published guidelines to assist applicants with the completion of this application. Please refer to the following guidelines for additional information on completing this application:

- *Instructions and Guidelines for applicants: Application for the publication of dumping and or countervailing duty notices*
- *Instructions and Guidelines for applicants: Examination of a formally lodged application*

The Commission's client support section can provide information about dumping and countervailing procedures and the information required by the application form. Contact the team on:

Phone: 13 28 46

Fax: (03) 8539 2499

Email: clientsupport@adcommission.gov.au

Other information is available from the Commission's website at www.adcommission.gov.au.

Small and medium enterprises (i.e., those with up to 200 full-time staff, which are independently operated and which are not a related body corporate for the purposes of the *Corporations Act* 2001), may obtain assistance, at no charge, from the Department of Industry, Innovation and Science's International Trade Remedies Advisory (ITRA) Service. For more information on the ITRA Service, visit www.business.gov.auor telephone 13 28 46.

Important information

To initiate an investigation into dumping and/or subsidisation, the Commission must comply with Australia's international obligations and statutory standards. This form provides an applicant industry with a framework to present its case and

will be used by the Commission to establish whether there are reasonable grounds to initiate an investigation. To assist consideration of the application it is therefore important that:

- all relevant questions (particularly in Parts A and B) are answered; and
- information that is reasonably available be supplied.

The Commission does not require conclusive evidence to initiate an investigation, but any claims made should be reasonably based. An application will be improved by including supporting evidence and where the sources of evidence are identified. Simple assertion is inadequate to substantiate an application.

To facilitate compilation and analysis, the application form is structured in 3 parts:

1. **Part A** seeks information about the Australian industry. This data is used to assess claims of material injury due to dumping/subsidisation. Where an Australian industry comprises more than one company, each should separately prepare a response to Part A to protect commercial confidentiality.
2. **Part B** relates to evidence of dumping.
3. **Part C** is for supplementary information that may not be appropriate to all applications. However some questions in Part C may be essential for an application, for example, if action is sought against subsidisation.

All questions in Parts A and B must be answered, even if the answer is 'Not applicable' or 'None'. Where appropriate, applicants should provide a short explanation about why the requested data is not applicable. This will avoid the need for follow up questions by the Commission.

The application form requests data over several periods (P^1, P^2….P^n) to evaluate industry trends and to correlate injury with dumped imports. The labels P^1…P^n are used for convenience in this application form. Lodged applications should identify the period relevant to the data. This form does not specify a minimum period for data provision. However, sufficient data must be provided to substantiate the claims made. If yearly data is provided, this would typically comprise a period of at least four years (for example the current financial year in addition to three prior years). Where information is supplied for a shorter period, applicants may consider the use of quarterly data. Data must also be sufficiently recent to demonstrate that the claims made are current.

When an investigation is initiated, the Commisison will verify the claims made in the application. A verification visit to the Australian industry usually takes several days.

Applicant companies should be prepared to substantiate all Australian industry financial and commercial information submitted in the application. Any worksheets used in preparing the application should therefore be retained to facilitate verification.

During the verification visit, the Commisison will examine company records and obtain copies of documents relating to the manufacture and sale of the goods.

Appendices

Some questions require attachments to be provided. The attachment numbering sequence should refer to the question answered. For example, question A2.2

requests a copy of an organisation chart. To facilitate reference, the chart should be labelled Attachment A2.2. If a second organisation chart is provided in response to the same question, it should be labelled Attachment A2.2.2 (the first would be labelled Attachment A2.2.1).

Provision of data

Industry financial data must, wherever possible, be submitted in an electronic format.

- The data should be submitted on a media format compatible with Microsoft Windows.
- Microsoft Excel, or an Excel compatible format, is required.
- If the data cannot be presented electronically please contact the Commission's client support section for advice.

Lodgement of the application

This application, together with the supporting evidence, must be lodged in the manner approved by the Commissioner under subsection 269SMS(2) of the Act. The Commissioner has approved lodgement of this application by:

- preferably, email, using the email address clientsupport@adcommission.gov.au; or
- post to:

  The Commissioner of the Anti-Dumping Commission
  GPO Box 1632
  Melbourne VIC 3001; or
- facsimile, using the number (03) 8539 2499.

It may be possible to lodge an application in a manner not described above provided that the Commissioner's written approval is obtained.

Public Record

During an investigation all interested parties are given the opportunity to defend their interests, by making a submission. The Commission maintains a public record of these submissions. The public record is available on the Commission's website at www.adcommission.gov.au.

At the time of making the application both a confidential version (for official use only) and non-confidential version (public record) of the application must be submitted. Please ensure each page of the application is clearly marked "FOR OFFICIAL USE ONLY" or "PUBLIC RECORD". The non-confidential application should enable a reasonable understanding of the substance of the information submitted in confidence, clearly showing the reasons for seeking the conduct of a dumping and/or subsidy investigation, or, if those reasons cannot be summarised, a statement of reasons why summarisation is not possible. If you cannot provide a non-confidential version, contact the Commission's client support section for advice.

PART A

INJURY

TO AN AUSTRALIAN INDUSTRY

IMPORTANT

All questions in Part A should be answered even if the answer is 'Not applicable' or 'None'. If an Australian industry comprises more than one company/entity, each should separately complete Part A.

For advice about completing this part please contact the Commission's client support section on:

Phone: 13 28 46
Fax: (03) 8539 2499
Email: clientsupport@adcommission.gov.au

A-1 Identity and communication.

Please nominate a person in your company for contact about the application:

Keppel Prince Pty Ltd

Contact Name:	Stephen Garner
Company and position:	General Manager
Address:	184 Darts Road, Portland Victoria 3305
Telephone:	(03) 5523 8816
Facsimile:	(03) 5523 8890
E-mail address:	steve.garner@keppelprince.com.au
ABN:	62 004 727 619

Ottoway Fabrication Pty Ltd

Contact Name:	Michael Lewis
Company and position:	Group Business Devlopment Manager
Address:	61 - 67 Plymouth Road, Wingfield SA 5013
Telephone:	(08) 8341 0045
Facsimile:	(03) 8159 9599
E-mail address:	Mike.lewis@ottowayengineering.com.au
ABN:	46 126 470 942

If you have appointed a representative to assist with your application, provide the following details and complete Appendix A8 (Representation).

Name:	Rodney Jones
Business name:	N/A
Address:	PO Box 7172 GREENWAY ACT 2900
Telephone:	[redacted]
Facsimile:	N/A
E-mail address:	rodbjones@tpg.com.au
ABN:	65 453 117 616

Appendix A8 is included at Confidential Attachment 1.

A-2 Company information.

1. State the legal name of your business and its type (eg. company, partnership, sole trader, joint venture). Please provide details of any other business names you use to manufacture/produce/sell the goods that are the subject of your application.

Keppel Prince Engineering Pty Ltd (KPE) is a company.
Keppel Prince Engineering and Keppel Prince are other business names that KPE uses in relation to the goods.

Ottoway Fabrication Pty Ltd (OF); is a company, there are no other business names used that are the subject of this application

2. Provide your company's internal organisation chart. Describe the functions performed by each group within the organisation.

KPE's organisation chart is at **Confidential Attachments** to its application**.**

KPE comprises nine business divisions, eight business divisions are shown directly below Keppel Prince Engineering, the School Road division is a separate division listed under the Victoria Parade division.

The Operations Darts Road division is responsible for the production and sales of the goods the subject of the application. The division also undertakes other fabrication activities not related to Wind Towers.

When required, other divisions provide their services toward the manufacture of wind towers as noted below.

Corporate Services – estimating, finance, procurement and payroll;
Cranes – transportation and loading of the goods around the premises;
Quality & NDT – conducting quality control assessments on the goods.
School Road – sourcing and assembly of internals.
Maintenance and Machine Shop – support services.

The remaining divisions that have not been listed above are responsible for other projects undertaken by the company, general administration and other company-related activities.

OF has five main units.

Business Development	sales estimating marketing activities
Quality Assurance	management of the company's quality assurance system
HSE	management of the company's HSE, health safety and environment systems
Operations	management of the workforce
Finance	management of the finance & administration functions

3. List the major shareholders of your company. Provide the shareholding percentages for joint owners and/or major shareholders.

   KPE is the Australian subsidiary of Keppel Engineering (Singapore), which is part of Keppel Infrastructure (Singapore).

   E&A Limited (E&A) - Holds 100% of the shares of Ottoway Fabrication.

4. If your company is a subsidiary of another company list the major shareholders of that company.

   Keppel Infrastructure is a division of Keppel Corporation Ltd (Singapore). The Keppel Group of Companies includes Keppel Offshore & Marine, Keppel Infrastructure, Keppel Telecommunications & Transportation and Keppel Capital Holdings.

   E&A Limited is a Public Company listed on the Australian Stock Exchange.

5. If your parent company is a subsidiary of another company, list the major shareholders of that company.

   Keppel Corporation Ltd. is a publicly listed company on the Singapore stock exchange.

   E&A Limited is NOT a subsidiary of another company.

6. Provide an outline diagram showing major associated or affiliated companies and your company's place within that structure (include the ABNs of each company).

   KPE – Keppel Engineering – Keppel Infrastructure – Keppel Corporation
   Public File Attachment 1 lists companies in the Keppel Group. KPE is listed on page 16.

   E&A Limited has ten wholly owned subsidiaries that operate across the mining, resources, defence, water, energy and financial services industries.

   E&A Limited provides its services through four business segments.

   OF is part of the Heavy Mechanical and Electrical Engineering segment.

   Public File Attachment 1 lists the ten subsidiaries, the four business segments and companies in the Heavy Mechanical and Electrical Engineering segment.

7. Are any management fees/corporate allocations charged to your company by your parent or related company?

   Management fees charged to KPE are shown in its **Confidential Appendix A6.1**.

   Management fees/corporate allocations are not charged to OF by its parent company.

8. Identify and provide details of any relationship you have with an exporter to Australia or Australian importer of the goods.

KPE has no relationship with the manufacturers or exporters to Australia of the goods the subject of this application. KPE has previously supplied like goods produced in Australia to the Australian importers of the goods the subject of this application.

OF has no relationship with the manufacturers or exporters to Australia of the goods the subject of this application. OF has previously supplied like goods produced in Australia to the Australian importers of the goods the subject of this application

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9. Provide a copy of all annual reports applicable to the data supplied in appendix A3 (Sales Turnover). Any relevant brochures or pamphlets on your business activities should also be supplied.

Copies of KPE annual reports are at its **Confidential Attachments.**

KPE Group Capabilities and Resources report is at **Public File Attachment 2.**

OF brochure is at **Public File Attachment 2.**

10. Provide details of any relevant industry association.

KPE is a member of the following associations.
the Australian Industry Group;
the Australian Steel Institute; and
the Australian Wind Towers Manufacturing Alliance.

OF is a member of the Clean Energy Council.

A-3 The imported and locally produced goods.

1. Fully describe the imported product(s) the subject of your application:
   - Include physical, technical or other properties.
   - Where the application covers a range of products, list this information for each make and model in the range.
   - Supply technical documentation where appropriate.

The goods the subject of this application

The goods the subject of this application are:
certain utility scale wind towers, (Wind Towers) whether or not tapered, and sections thereof (whether exported assembled or unassembled), and whether or not including an embed being a tower foundation section.

Wind Towers are designed to support the nacelle (an enclosure for an engine) and rotor blades for use in wind turbines that have electrical power generation capacities equal to or in excess of 1.00 megawatt (MW) and with a minimum height of 50 metres

measured from the base of the tower to the bottom of the nacelle (i.e. whether the top of the tower and nacelle are joined) when fully assembled.

A wind tower section consists of, at a minimum, multiple steel plates rolled into cylindrical or conical shapes and welded together (or otherwise attached) to form a steel shell, regardless of coating, end-finish, painting, treatment or method of manufacture, and with or without flanges, doors, or internal or external components (e.g., flooring/decking, ladders, lifts, electrical junction boxes, electrical cabling, conduit, cable harness for nacelle generator, interior lighting, tool and storage lockers) attached to the wind tower section. Several wind tower sections are normally required to form a completed wind tower.

An “embed”, or TBR (tower base ring), is the term used to describe the foundation section of the wind tower. This section is manufactured the same as a tower section only it is a lot shorter in height, usually comprising one or two steel plates rolled into barrels and joined with flanges attached. This section is usually cast into the ground a part of the towers foundation structure.

Wind towers and sections thereof (whether exported assembled or unassembled) are included within the scope of the goods the subject of this application whether or not they are joined with non-subject merchandise, such as nacelles or rotor blades, and whether or not they have internal or external components attached to the subject goods, or include an embed, being a tower foundation section.

Specifically excluded from the scope are nacelles and rotor blades, regardless of whether they are attached to the wind tower. Also excluded are any internal or external components which are not attached to the wind towers or sections thereof.

Wind towers for different wind farm projects may or may not require a foundation section (embed) depending on the tower specifications.

Throughout this application references to Wind Towers are taken to be inclusive of embeds where applicable.

Physical properties of utility scale wind towers

Although wind towers are made to the purchasers’ specifications on a project-by-project basis, all wind towers are large tubular steel towers that support wind turbine nacelles.

Wind turbines convert the mechanical energy of wind to electrical energy and are comprised of three main components, the Wind Tower, nacelle and rotor.

Wind Tower (the goods)

The wind tower is the tall, steel tower that is 50 metres or more in height and is typically manufactured in large diameter cylindrical steel hollow sections which are fitted out with internal mechanical and electrical assemblies and components, with sections

commonly between 15 to 30 metres in length. Diameters of the sections can vary from approximately 4.5 metres at the bottom to 1.5 metres at the top of the tower. Depending on the tower height specification, the tower can consist of 3 to 5 completed sections.

Steel flanges are welded to the end of each tower section so that they can later be bolted together using specified flange bolts, nuts and washers during the tower erection stage.

Internals brackets and bosses are welded (or attached via magnetised devices) to the internal tower walls to be used as attachment points for internal mechanical and electrical components.

Each tower section is put through a surface treatment program which is dictated by the original equipment manufacturer (OEM) specifications in order to protect the tower from environmental elements.

Tower sections are fitted out with internal mechanical components and safety devices, typically this includes:

- aluminium or galvanised steel platforms and hatches;
- ladders or an internal electrical lift;
- cable trays;
- safety fall arrest devices;
- internal lighting system, all 240 volt power and lighting materials; and
- main electrical power cables and associated materials, junction boxes and earth cables.

Base tower sections are fitted with a tower access door and associated hardware.

Embeds, where specified, are a fabricated steel section which is categorically aligned with wind tower sections. Embeds provide a connection from the concrete foundation to the tower.

Nacelle (excluded from the scope of the goods)
The nacelle houses the wind turbines main power generation components:

a) gearbox;
b) generator; and
c) other components.

Rotor (excluded from the scope of the goods)
The rotor typically consists of three blades and the hub.

Technical properties of utility scale wind towers

Wind tower sections are manufactured from steel plate comprising a range of thicknesses as required by the OEM specification which is determined by site wind turbine nacelle and blade load characteristics. Typically, specified steel plate grades

are either sourced from Australian suppliers or overseas steel suppliers to the equivalent local and overseas standards as specified by the OEM manufacturer.

Embeds are produced in similar manner to towers sections using similar materials and procedures.

Flanges are generally imported and are typically forged steel to grades and standards specified by the OEM.

Door frames and internal steel bracket materials are determined by the OEM specification and may be supplied by Australian or overseas steel suppliers.

Shell plate and internal attachment weld procedures and welder qualification requirements are based on the specified standards of the OEM.

2. What is the tariff classification and statistical code of the imported goods.

The goods may be classified to sub heading 7308.20.00 (statistical code 03) in Schedule 3 to the Customs Tariff Act 1995. This applies to complete towers, unassembled or assembled and parts of towers (such as sections), and also applies to a basic tower that includes doors, ladders, landings and embed or tower foundation.

Steel tower sections, including sections with doors etc, may also be classified to 7308.90.00 - 63.

There are no tariff concession orders (TCOs) for towers under 7308.

An assembled complete wind powered generator is a composite machine consisting of two or more machines fitted together to form a whole; wind engine, generator, gearbox, yaw controls etc. fitted in a steel tower and nacelle. This would be classified to subheading 8502.31.10-31.

There are some TCOs under 8502 for wind turbine equipment, but none that specifically includes towers.

A customs duty rate of 4% applies to wind towers imported from the Socialist Republic of Vietnam (Vietnam).

3. Fully describe your product(s) that are 'like' to the imported product:
   - Include physical, technical or other properties.
   - Where the application covers a range of products, list this information for each make and model in the range.
   - Supply technical documentation where appropriate.
   - Indicate which of your product types or models are comparable to each of the imported product types or models. If appropriate, the comparison can be done in a table.

KPE and OF manufacture wind towers matching the OEM's specifications on a project-by-project basis.

The imported product is manufactured to the same specifications of the OEM for each particular project.

There were nine projects subject to tender from 2015 to 2016. Each project required differing specifications depending on the OEM manufacturer. For each project KPE and OF were quoting on Wind Towers that had similar or identical specifications to that the manufacturer of the imported goods was quoting on.

The detailed plans and specifications are the subject of confidentiality agreements and as such require the approval of the Turbine OEM before they can be provided. The description as set out above describes the products in reasonable detail.

4. Describe the ways in which the essential characteristics of the imported goods are alike to the goods produced by the Australian industry.

Physical

Wind Towers, whether imported or produced in Australia are made to purchasers' specifications on a project-by-project basis.

However, although wind towers are built to each OEM's particular specifications, both imported and those produced in Australia all share basic physical characteristics.

Imported and Australian manufactured Wind Towers are tubular steel towers with components such as doors, ladders, flooring, cables and wiring, and lights typically attached to the inner diameter of the welded steel plates.

The physical likeness of Australian and imported Wind Towers is shown in recent projects where the Australian industry has manufactured and supplied:

- Wind Towers with and without embeds for the whole project.
- Wind towers and embeds where imported towers and embeds were also used.
- Embeds to fit the imported Wind Towers.
- Wind Tower sections to be incorporated into imported Wind Tower sections to form a complete Wind Tower.

Commercial

The Australian Industry and the imported Wind Towers compete in the same market on each project. Typically, the OEM will call for tenders to supply Wind Towers for a project setting the same specifications for all suppliers.

Functional

Although every OEM has particular specifications it requires both overseas and domestic Australian manufacturers to meet for a particular wind project's wind towers, all wind towers are nevertheless used exclusively as part of wind turbines for supporting and elevating the nacelle and blades for the generation of electricity. There are no differences between one OEM's wind towers and another's in this regard. Wind Towers for recent projects have comprised three or four section towers with or without an embed.

Wind Towers manufactured and sold by the Australian industry perform the same function as the imported Wind Towers in supporting and elevating the nacelle and blades for the generation of electricity.

Production

All wind towers are made in similar manufacturing facilities using similar production processes.

Wind towers manufactured by the Australian industry and the imported Wind Towers are produced by similar production methods utilising carbon steel welded into sections, before transportation to the wind project site for final assembly into wind towers.

The production process of CS Wind, the manufacturer of Wind Towers in Vietnam is at **Public File Attachment 3.**

The production process is similar to that of KPE and OF as outlined in A3.6 following and uses similar equipment and materials. Packing and loading of the finished goods are also similar noting that CS Wind incurs additional costs for the extra packing materials in shipping the towers.

5. What is the Australian and New Zealand Standard Industrial Classification Code (ANZSIC) applicable to your product.

The ANZSIC code applicable to the construction (including on-site assembly) of complete steel towers are included in "Class 3109 Other Heavy and Civil Engineering Construction".

6. Provide a summary and a diagram of your production process.

KPE Production Process

Prior to production commencing, incoming steel plate is received and inspected for quality purposes, and all relevant steel plate heat and serial numbers logged into the materials identification system for traceability purposes.

The first production activity is the processing of steel plate to specific sizes which fit individual strake dimensions (although, some operations outsource this process to other service providers).

The plate weld surface preparation is carried out next through bevel cutting the edges to precise weld procedure needs.

The next production activity involves the rolling of the processed plate into individual cylindrical steel cans or strakes meeting the precise specification diameter and curvature needs.

Longitudinal welds are then applied meeting the weld specification in order to join the two edges of the rolled can.

Sequentially welded strakes are welded together at horizontal weld seams until the right numbers of steel cans are joined to form a Tower section.

This is followed by the precise fitting up of steel flanges which must meet the required specification flange tilt and flatness tolerances.

Prior to surface treatment, all internal wall brackets and bosses are fitted to the inside walls of the tower sections so that internal galvanised or aluminium components can be fitted after the fabricated black steel sections are welded out according to the manufacturing plan.

Non-Destructive Testing of all weld seams and welded components is undertaken with all results recorded on data collection sheets.

The first surface treatment activity is blasting in order to ensure all steel surfaces are clean and well prepared for the painting process.

If metallising to flanges or tower sections is required this process comes next and once dried to the required temperature the tower is ready for the painting application process.

The internal walls of the tower sections are painted first, commonly with a minimum two coat process. The exterior wall paint application comes next, with sequential coats applied as per the specification to meet the exact Dry Film Thickness (DFT). Commonly three exterior coats are applied in a humidified paint zone or booth which allows curing to occur at pre-set temperatures and humidity.

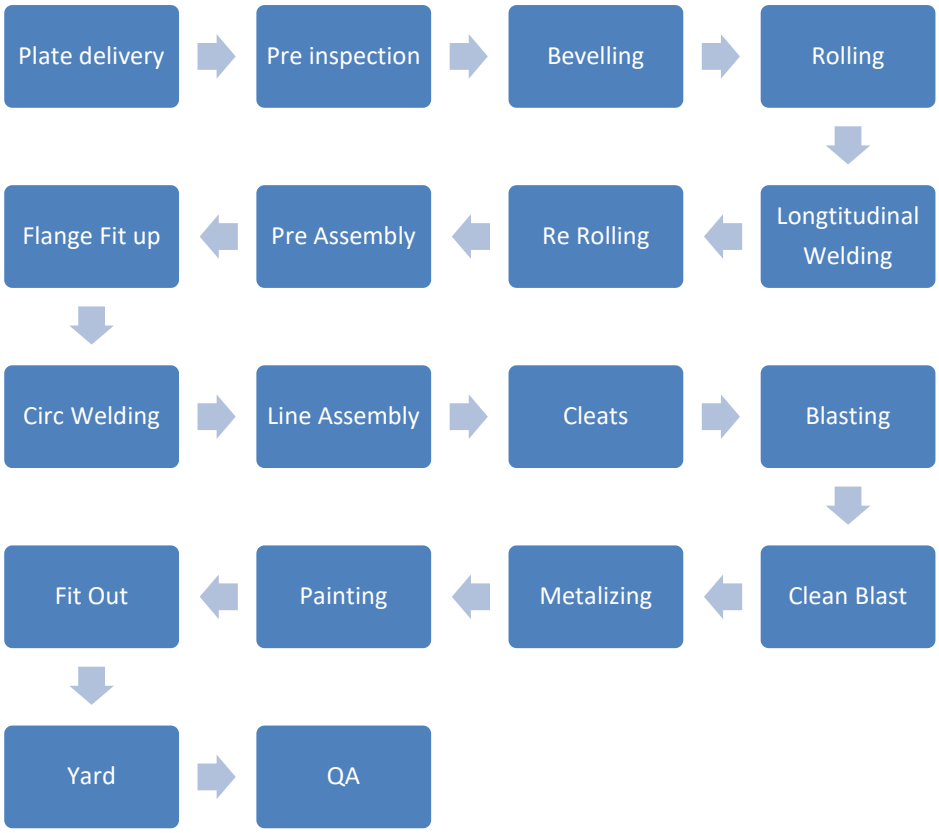
The internal fit out of mechanical parts is the next process, with galvanised or aluminium platforms either bolted or welded in, along with ladders and cable trays and safety fall arrest devices.

All electrical main power cables, junction boxes and electrical lighting are usually installed next prior to readiness for delivery from the factory to site.

In the final production phase the tower sections are washed and prepared for delivery with all internal cables and attachments tied down, transport saddles fitted at each end of the tower section to help protect the finished painted surface, along with brace bars to protect the towers during overland transport or shipping.

End cover tarpaulins are fitted to prevent dust encroaching inside the tower sections during delivery and storage at site.

Wind Tower Production Process



OF Production Process

The OF plant comprises two main buildings, the Manufacturing Building and the Surface Treatment Building.

In the Manufacturing Building the process is broken up into 4 areas, namely:

- Area one - steel plate storage
- Area two – the processing hall
- Area three – the first stage build hall
- Area four – the consolidation and completed black tower hall

In the Surface Treatment Building, the process is broken up into two areas, namely:

- Blasting, painting and dry zone – (the surface treatment processes)

- Fit out zone – where the white towers are outfitted before being placed into yard storage

Summary Production Process: Black tower manufacture

- Procured steel plates are delivered to the plant, these plates are stored under the gantry crane in the plate storage area – Area one
- Procured forged steel flanges are delivered to the plant and stored outside the plant, and then these are brought in as required via the transfer track - Outside
- The steel plates are taken by overhead cranes from the plate storage area into the processing hall (area two) where the plates are cut to shape and profiled on one of the two profile machines, to incorporate the required edge preparations suitable for the welding process.
- Once profiled the steel plates are placed into one of the two plate rolling machines where the flat steel plates are rolled into a barrel shape and the long seam is tack welded.
- After tack welding in the rolling machine the barrel is taken to a long weld seam work station whereby the long weld seam is applied, the barrel inspected and then made ready to move to the First Stage Build Hall – (area three)
- Barrels are assembled into blocks comprising two or three barrels and tacked welded together before being fully welded.
- Flanges are attached, laser alignment check carried and then the flanges fully welded further laser measurements are taken during the flange attachment process due to the important tolerances required.
- The required numbers of blocks are consolidated and welded together resulting in completed black tower sections. Area four.
- Internal mountings for ladders platforms and other equipment mounted inside the tower are positioned and welded inside the tower section. In the case of the bottom section, the access doorway is cut in the tower shell and a pre formed doorway frame is positioned and welded into the tower section.
- Non destruction testing of welds and dimensional checks are made along with other designated quality checks before the completed black tower section is released for surface treatment.

Summary Production Process: White tower manufacture

- The black tower section is washed with water to remove salts and then once dry, is placed in the blast cabinet, where all surfaces of the towers section are blasted with either metal shot or garnet to clean the steel
- Once cleaned the sectioned is blown down to remove all dust and residue, the flanges (if required by the project specification) are then metalized along with the internal mountings and doorway in the case of the bottom section.
- The tower section then has stand-off rings fitted to the flanges to allow the section to be rotated for painting, is moved into the first paint booth and has the first prime coat applied.

- Once completed the section is moved into the second paint booth for the application of the finish costs (one or two coats – dependent the upon the project specifications)
- Following completion of the surface treatment the section is then relocated to the fit out zone, where the internals are installed, these internals include ladders platforms lights, ventilation equipment, cabinets and personal lifts – all in accordance with the project specifications.
- Following completion of the fit out, the sections are taken into the storage yard where they are secured and made ready for transportation to the project site.

A diagram of the building layout is at OF's **Confidential Attachments**.

7. If your product is manufactured from both Australian and imported inputs:
   - describe the use of the imported inputs; and
   - identify that at least one substantial process of manufacture occurs in Australia (for example by reference to the value added, complexity of process, or investment in capital).

Flanges are the only input that is always imported (from either Korea or China) as there is no industry in Australia that manufactures flanges.

The mechanical internals, main power, auxiliary lighting electrical and lift components may comprise either Australian or imported inputs.

KPE purchases its steel plate requirements from the Australian supplier, BlueScope Steel Limited.

OF purchases its steel plate requirements from the Australian supplier, BlueScope Steel Limited or from overseas suppliers.

The processes of forming the raw steel plate into a Wind Tower section (as outline in the previous section) are substantial processes of manufacture undertaken by KPE and OF.

These processes include rolling, welding forming, assembly and finishing that transform raw materials into the finished goods.

8. If your product is a processed agricultural good, you may need to complete Part C-3 (close processed agricultural goods).

Not applicable

9. Supply a list of the names and contact details of all other Australian producers of the product.

A.C.N. 009 483 694 PTY. LTD. Trading as Haywards
Steve Edmunds
General Manager

1 Boral Road
Western Junction TAS 7212
Ph 03 6391 8508
Fax 03 6391 8612
sedmunds@haywards-steel.com

Note: Haywards has not provided information for the application but has expressed support for the application as per the letter at **Confidential Attachment 1**

A-4 The Australian market.

1. Describe the end uses of both your product and the imported goods.

The end uses of Australian manufactured Wind Towers are identical to imported wind towers. Both sources of supply produce wind towers to the identical manufacturing specification, and both manufactured versions are used for the identical purpose of structural support to the wind tower nacelle and blades in order for the turbine to reach suitable wind zone heights, whilst also transporting collected energy up and down the tower to the connected transmission grid and allowing personnel access to the turbine for maintenance purposes.

Imported wind towers have the same end-use applications for identical markets as domestically manufactured Wind Towers.

2. Generally describe the Australian market for the Australian and imported product and the conditions of competition within the overall market. Your description could include information about:
   - sources of product demand;
   - marketing and distribution arrangements;
   - typical customers/users/consumers of the product;
   - the presence of market segmentation, such as geographic or product segmentation;
   - causes of demand variability, such as seasonal fluctuations, factors contributing to overall market growth or decline, government regulation, and developments in technology affecting either demand or production;
   - the way in which the imported and Australian product compete; and
   - any other factors influencing the market.

The Australian market for Wind Towers

The applicants have defined the Australian market for Wind Towers based on the date that contracts were awarded to the successful suppliers of the Wind Towers.

This approach is consistent with the approach taken by the Anti-Dumping Commission (the Commission) in the previous investigation into Wind Towers which stated.

> *The Commission considers that the date that contracts were awarded should be regarded as the effective date of sale as it reflects the date that the buyer and seller agree to the terms of sale.*
>
> *The Commission notes that there will be a time lag between the awarding of the contract and the physical supply of towers, whether the towers are imported or supplied by the Australian industry.* (Final Report 221, p. 20)

The market size and changes in the market are based on contracts awarded for the calendar year.

The date of contract is based on the applicants being advised whether they were successful or unsuccessful for the contracts to provide Wind Towers.

The applicants estimated market for Wind Towers for the calendar years 2013 -2016 is at **Public File Attachment 4**.

Included in the market is contracts awarded in 2017, contracts that may be up for tender in 2017 and contracts that may be up for tender in 2018.

Contracts that may be up for tender in 2017 and 2018 are based on the applicants understanding of the progress of the relevant wind farms.

The market for wind towers collapsed in 2014, before recovering in 2015 and 2016 with strong demand expected for wind farms and thus Wind Towers in 2017 and 2018.

Sources of product demand and causes of demand variability

The primary driver of renewable energy demand and thus wind energy growth in Australia has been Commonwealth Government legislation found in the Renewable Energy (Electricity) Act 2000 (Cth), which requires electricity retailers to source an increasing proportion of their electricity from accredited renewable sources, via the Renewable Energy Target (RET).

The Clean Energy Council, https://www.cleanenergycouncil.org.au/cec.html, publishes reports that relate to the RET and wind farms on its website. The Clean Energy Council website states that:

> *The Clean Energy Council is the peak body for the clean energy industry in Australia.*
> *We represent and work with hundreds of leading businesses operating in solar, wind, energy efficiency, hydro, bioenergy, energy storage, geothermal and marine along with more than 4000 solar installers.*

Changes in the RET can directly affect the market for wind farms and thus Wind Towers as noted in the following extracts from the Clean Energy Council Reports.

Clean Energy Australia Report 2013.

> *Wind power is currently the lowest cost type of renewable energy that can be rolled out on a large scale. The national Renewable Energy Target provides an incentive to build the lowest cost renewable energy projects, meaning that wind power is likely to be the main technology supported by the target this decade.* (p. 59)

The effect of the RET on renewable energy and wind investment is noted further in the report.

> *The use of clean energy, particularly wind farms and solar power, continues to grow.*
> *As Bloomberg New Energy Finance explained in its 2014 market outlook: "Despite a promising 2013, wind investment is likely to stall as a result of the policy landscape while small-scale PV may begin to taper...The construction pipeline is now strong, but the spectre of the Federal Government's Renewable Energy Target review is likely to freeze new investment until the outcome is known."*(p. 5)

The 2014 report notes the following regarding uncertainty over the RET and the effect on investment.

> *Last year was a tough one for most forms of renewable energy, from large-scale technologies such as bioenergy, wind and solar to emerging technologies like geothermal.*
> *An expert panel for the Federal Government's review of the national Renewable Energy Target (RET) was announced early in the year. The review ultimately froze investment for more than 12 months and, at the time of writing, the future of the RET remained unresolved.* (p.3)

> *The review of the Renewable Energy Target (RET), which was announced in February 2014 and continued beyond the end of the year, essentially froze new investment in large-scale renewable energy in Australia last year. According to Bloomberg New Energy Finance, new investment in large-scale projects such as solar and wind farms was down by 88 per cent in 2014 compared to the year before.* (p.4)

The report also notes how state governments are having an effect on investment in wind farms through their policies.

> *State renewable energy policies are set to play an increasingly important role over the next five years.*

> *South Australia clearly understands the value of renewable energy to the state, setting an ambitious investment target of $10 billion in clean energy by 2025. It has already secured $5.5 billion of this.*

> *New South Wales's then-Environment Minister Rob Stokes pledged at the Clean Energy Council's Policy and Finance Conference in mid-2014 that his state would be 'Australia's answer to California' for renewable energy. (p.16)*
>
> *The Victorian Government moved in March 2015 to make its planning system more appealing for wind farm applicants, after new applications virtually stopped dead after the changes made under the former Baillieu Government.*
>
> *The Australian Capital Territory plans to substantially increase the amount of renewable energy in its power supply. Its first 'reverse auction' for wind power projects will produce enough renewable electricity for about a third of Canberra's homes, while also helping to circumvent the investment uncertainty created by the RET review.* (p.55)

The 2015 report notes how certainty returned to the market following the RET review.

> *The national Renewable Energy Target is now locked in until 2020 and confidence is gradually returning to the sector. But with only four years until most large-scale projects need to be delivered under the scheme, there is no time for navel-gazing.*
> *In mid-2015, the Large-scale Renewable Energy Target (LRET) was reduced from 41,000 gigawatt-hours (GWh) to 33,000 GWh by 2020.*
>
> *The positive for the industry was that the amended legislation ended almost two years of uncertainty and frozen investment.*
>
> *While investment confidence is gradually returning to the sector, state and territory governments have provided additional incentives to encourage renewable energy projects in the short term*. (p.3)

The 2016 report was not available at the time of this application; however the 2016 Progress and status of the Renewable Energy target report notes the following.

> *Investment confidence in Australia's renewable energy sector has significantly improved following the legislation of the revised Large-scale Renewable Energy Target (LRET) in mid-2015, .*
>
> *Most analysts predict that the current surplus of Large-scale Generation Certificates (LGCs) will meet liabilities under the RET scheme for approximately two years. Noting it takes approximately two years from commercial close to construct and commission a new wind project – less for large scale solar – clearly there needs to be substantial progress throughout 2016 and 2017 in order for these liable parties to deliver on their future legislated obligation.* (p.2)

Marketing and Distribution Arrangements

Marketing and distribution arrangements are the same as the Commission found in Rep 221.

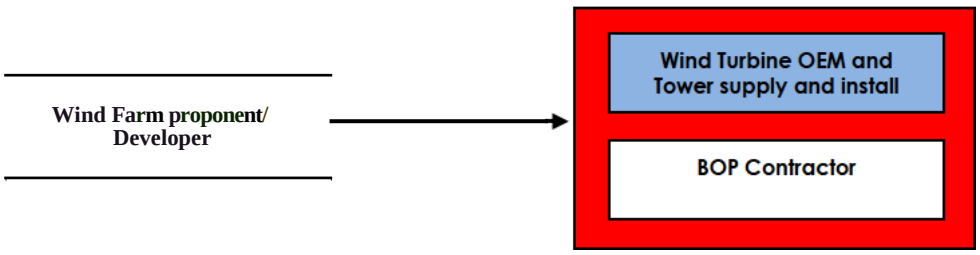
The supply chain for wind towers has traditionally been controlled by the wind turbine OEMs whose clients are the wind farm proponents/developer.

An alternate supply chain arrangement sometimes occurs whereby the wind tower supply component of the construction contract rests with the contracted Engineer Procurement and Construct firm (EPC).

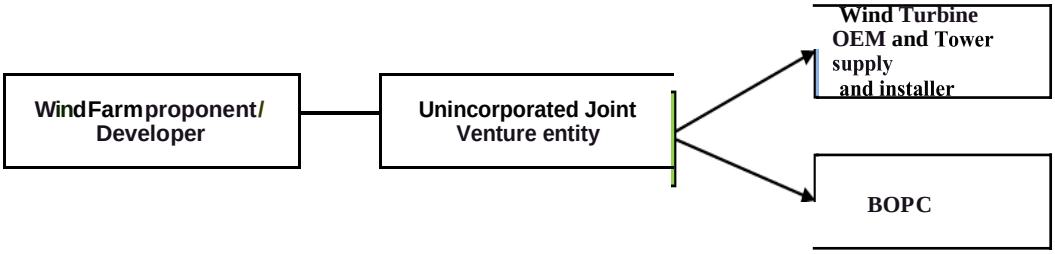
Three common contracting methods are:

1. Separate contracts for wind tower and turbine supply and installation, and Balance of Plant (BOP).

2. EPC single contracting structure with one entity.

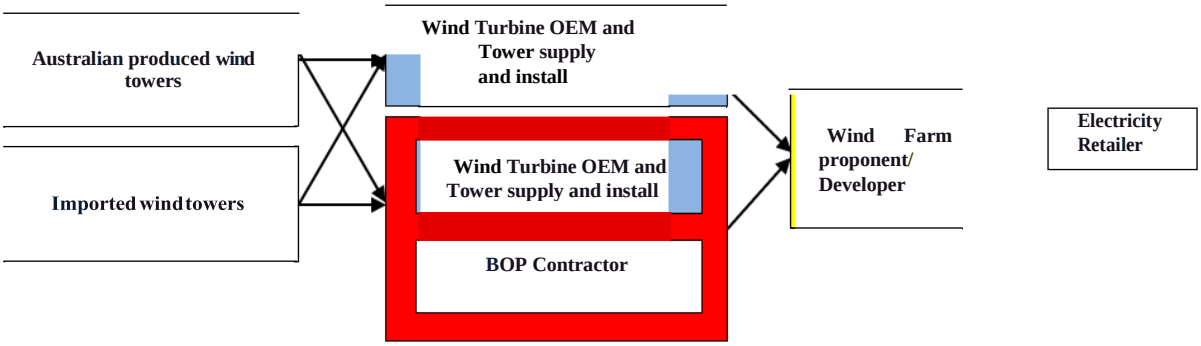


3. Unincorporated joint venture whereby a wind farm developer enters into a single contract with a consortium structure.



Wind tower channel to the market

Depending on the contract model used, both Australian and overseas wind tower manufacturers supply wind towers directly to either the OEM turbine producer or the EPC firm.



Typical customers/users/consumers of the product

The clients of wind towers can include the turbine OEMs, or the project EPCs, with Wind Farm proponents constituting the client's customer. Once the Wind Tower product has been assembled with all other Wind Energy Unit components and commissioned for use, the consumers of the resulting renewable energy product are all electricity grid network users, such as private residents, commercial and industrial power users.

The way in which the imported and Australian product compete

The Australian manufactured wind towers compete with the imported wind towers for the same projects with price being the determinative factor as to the successful tender.

Wind Towers produced in Australia and imported Wind Towers must meet the OEM purchaser's manufacturing and design specifications, and production and delivery schedule.

Wind towers are sold into the Australian market via a tender process for each project. Project managers are invited to tender for the wind farm project.

The project managers will call for requests for quotations from companies to supply materials including, wind towers, turbines and nacelles based on the wind units that the project managers propose for the wind farms.

The project managers issue wind tower supply tenders with pre-qualified tower manufacturers, both locally and overseas. Pricing on a wind tower depends on a number of factors in that the wind tower units may vary in specifications including height, the internals and embeds and the free issue materials.
As such wind tower suppliers, can be providing different prices to the project managers depending on the tower specifications from each project manager.

Local currency is mainly used for wind tower pricing. Free-issue material components may include any combination of the following inputs supplied by the OEM to be combined with the production components of the wind tower manufacturer:

- Steel plate;
- Flanges;
- Flange bolts;
- Paint;
- Mechanical internal components;
- Main electrical cables and allied components; and
- Lifts.

The successful project manager will contact the wind tower suppliers to provide a firm price for the project. Negotiations over price and clarification of specifications and terms take place over the next two to three months with a firm fixed price contract covering the supply of wind towers for the project. Changes can also occur during this process in areas such as steel, flanges, internals and tower design.

Wind Towers are generally delivered to the site four to six months after the signing of the contract at a rate of two to four towers per week depending on the construction schedule.

The time from the first quotation to the successful project manager to the supply of the first wind towers to the project site may take around nine months.

Manufacturing and delivery of the wind towers for large projects may occur over a period of two years.

Market segmentation

The wind tower market can be separated into two wind farm segments according to scale:

1. Large scale commercial wind farms generating over 30MW of renewable energy; and
2. Community wind farms which are largely owned by local community members and are predominantly under 30MW with the number of wind towers less than 10.

Australian manufactured Wind towers and imported Wind Towers compete in both market segments.

2. Identify if there are any commercially significant market substitutes for the Australian and imported product.

There are no commercially significant market substitutes for wind towers in the Australian market, possible substitutes for wind towers are cylindrical concrete wind towers and lattice steel towers.

However, given the Australian market's needs and preferences, neither of the two possible substitutes is considered an option and their use or consideration has not been identified in the Australian market.

3. Complete appendix A1 (Australian production). This data is used to support your declaration at the beginning of this application.

Appendix A1 for KPE and OF is at **Confidential Attachment 1.**

4. Complete appendix A2 (Australian market).

The applicants estimate of the Australian market is at **Public File Attachment 4**.

The market is based on the date of contract as noted at section A4.2

5. Use the data from appendix A2 (Australian market) to complete this table:

*Indexed table of sales quantities**

The indexed table is based on the date of contract as noted at section A4.2

Period	(a) Your Sales	(b) Other Aust^n Sales	(c) Total Aust^n Sales (a+b)	(d) Dumped Imports	(e) Other Imports	(f) Total Imports (d+e)	Total Market (c+f)
2013*	100	100	100	100	100	100	100
2014			3	0	0	0	1
2015			64	103	46	68	67
2016			9	96	2	39	28

Indexed table from the data at **Public File Attachment 4.**

*Data index for first period commences with 100. Provide sufficient periods to substantiate your application. P1 – P^n are used as labels for a generic application form. Please specify the period relevant to your application (such as 200X or Q1/0X).

A-5 Applicant's sales.

1. Complete appendix A3 (sales turnover).

Appendix A3 is included in the Appendices at **Confidential Attachments.**

2. Use the data from appendix A3 (sales turnover) to complete these tables.

The applicants have provided the requested data for appendix A3 and draw the Commission attention to the findings in Rep 221 in its "Approach to injury analysis" at section 7.3.

> *At the consideration stage, the Commission stated in CON 221 that it did not consider it appropriate to assess the injurious effects of the alleged dumping using trend analysis over a fixed injury assessment period. Instead, the injury and causal link assessment would be more meaningful if each tender was examined individually in the first instance, followed by an overall assessment as to whether injury caused by dumping is material.* (p.42)
>
> *Following verification of information with importers, exporters and industry the Commission remains of the view that the injury analysis, as detailed in this section, should be primarily based on information in respect of specific tenders.*
>
> *The period between awarding a contract and the first supply and thus recognition of supply may be up to nine months whilst the supply and revenue recognition of wind towers for a project can occur over a two-year period.*
>
> *The Commission has treated the date of awarding the contract for a tender as the effective date of sale in its analysis, as effectively from this date the sales in terms of future revenue and volumes has been awarded to the successful party.*
>
> *The Commission has examined the tenders that were contracted during the investigation period for causal link and material injury analysis. The tenders over the injury period have been examined for the analysis of the market and industry performance.* (p.43)

Conditions in the Australian market in regards to injury analysis are largely unchanged from the previous investigation.

The period between awarding a contract and the first supply can be up to nine months whilst supply and revenue recognition can occur over a two-year period. Trend analysis of cost and revenue data can be meaningless as costs may be incurred in one period with revenue recognition following in a subsequent period.

Trend analysis of sales quantities is likewise meaningless given the volatile nature of the Australian market over the past four years due mainly to the uncertainty over the RET.

The applicants have provided the requested sales and cost data but for the reasons noted above have not provided indexed tables.

3. Complete appendix A5 (sales of other production) if you have made any:

   - internal transfers; or
   - domestic sales of like goods that you have not produced, for example if you have

imported the product or on-sold purchases from another Australian manufacturer.

The applicants have not made any sales of other production as noted in appendix 5.

4. Complete appendix A4 (domestic sales).

Appendix A4 is included in the Appendices at **Confidential Attachments.**

5. If any of the customers listed at appendix A4 (domestic sales) are associated with your business, provide details of the association. Describe the price effect of the association.

None of the customers listed are associated with the applicants' businesses.

6. Attach a copy of distributor or agency agreements/contracts.

N/A. Distributors or agents play no role in the market.

7. Provide copies of any price lists.

N/A. Each wind tower project is priced differently according to the specifications.

8. If any price reductions (for example commissions, discounts, rebates, allowances and credit notes) have been made on your Australian sales of like goods provide a description and explain the terms and conditions that must be met by the customer to qualify.

   - Where the reduction is not identified on the sales invoice, explain how you calculated the amounts shown in appendix A4 (domestic sales).
   - If you have issued credit notes (directly or indirectly) provide details if the credited amount has **not** been reported appendix A4 (domestic sales) as a discount or rebate.

There are no discounts or commissions payable. At times, there may be variances to the contract and/or credit notes for certain supply items. These are shown in the A4.

9. Select two domestic sales in each quarter of the data supplied in appendix A4 (domestic sales). Provide a complete set of commercial documentation for these sales. Include, for example, purchase order, order acceptance, commercial invoice, discounts or rebates applicable, credit/debit notes, long or short term contract of sale, inland freight contract, and bank documentation showing proof of payment.

Domestic sales documents are at **Confidential Attachments**.

A-6 General accounting/administration information.

1. Specify your accounting period.

KPEs accounting period is January to December.

OF's accounting period is July to June.

2. Provide details of the address(es) where your financial records are held.

Financial records are held at the company addresses notified at section A.1

3. To the extent relevant to the application, please provide the following financial documents for the two most recently completed financial years plus any subsequent statements:

- chart of accounts;

At **Confidential Attachments.**

- audited consolidated and unconsolidated financial statements (including all footnotes and the auditor's opinion);

OFs financial statements are not audited. OF financial results are reported as part of the Heavy Mechanical and Electrical Engineering segment results in E&A Limited annual reports.

Copies of E&A Limited audited annual reports for 2013-2016 are at **Public File Attachment 5**.

KPE's audited accounts are at **Confidential Attachments.**

- internal financial statements, income statements (profit and loss reports), or management accounts, that are prepared and maintained in the normal course of business for the goods.

KPE's 2015 and 2016 divisional Profit/Loss reports are at **Confidential Attachments.**

OF prepares unaudited Management accounts for each financial year. These accounts are at **Confidential Attachments.**

Wind Tower revenue and costs is project based and reported as part of OFs overall results. Project Reports for each Wind Tower project from 2013 to 2016 are at **Confidential Attachments.**

These documents should relate to:

1. the division or section/s of your business responsible for the production and sale of the goods covered by the application, and
2. the company overall.

4. If your accounts are **not** audited, provide the unaudited financial statements for the two most recently completed financial years, together with your taxation returns. Any subsequent monthly, quarterly or half yearly statements should also be provided.

KPE's audited accounts are provided at **Confidential Attachments.**

OF management accounts are not audited. OFs results are reported as part of the Heavy Mechanical and Electrical Engineering segment results in E&A Limited annual reports.

5. If your accounting practices, or aspects of your practices, differ from Australian

generally accepted accounting principles, provide details.

KPE and OF's accounting practises are in accordance with Australian principles.

6. Describe your accounting methodology, where applicable, for:

- The recognition/timing of income, and the impact of discounts, rebates, sales returns warranty claims and intercompany transfers;

Income is generally recognised where the buyer takes possession of the goods. Prepayments in relation to the goods are recognised at the time of payment.

Warranty claims are recognised at the time of making or acceptance of the claim. Warranty claims for 2016 were in relation to clams made by KPE on suppliers of raw materials for the goods.

- provisions for bad or doubtful debts;

There were no bad or doubtful debts for Wind Towers. Trade debtors are reviewed on an ongoing basis and a provision for doubtful debts is raised when some doubt as to collection exists.

- the accounting treatment of general expenses and/or interest and the extent to which these are allocated to the cost of goods;

KPE uses xx, a project accounting (or job cost accounting) system, for the Wind Tower projects. Expenses (both direct and overhead) are allocated to projects.

Material and direct labour expenses are allocated to projects as they are incurred. Variable and fixed overheads are allocated on an absorption cost basis.

Percentage-of-completion is frequently assessed by the applicants. Funding advances and actual-to-budget cost variances are calculated using the project budget adjusted to percent-of-completion.

OF allocates general expenses to the cost of the goods on a dollar per hour rate of direct labour for each project. General expenses include insurances, depreciation, utilities occupancy, market and administration expenses.

- costing methods (eg by tonnes, units, revenue, activity, direct costs etc) and allocation of costs shared with other goods or processes;

KPE

Direct costs, including labour, steel, paint and internals are charged to each project as incurred.

Divisional costs including consumables, depreciation and other overheads are allocated to the project based on direct labour hours worked. Actual divisional costs are then charged based on under/over recoveries.

Sales, general and administration costs are charged based on the direct hours.

OF

Direct costs, including labour, steel, paint and internals are charged to each project as incurred. Direct costs are shown in the cost of sales in OF's management accounts.

Costs shared with other processes are included in general expenses.

- the method of valuation for inventories of raw material, work-in-process, and finished goods (eg FIFO, weighted average cost);

Raw materials, stores, work in progress and manufactured stocks are valued at the lower of cost and net realisable value. The cost of work in progress includes the value-added costs from the project accounting system.

- valuation methods for scrap, by-products, or joint products;

KPE scrap volumes are negligible and not valued, there are no by-products

OF values scrap at the realisable value as paid at the time by scrap merchants.

- valuation methods for damaged or sub-standard goods generated at the various stages of production;

Lower of cost and net realisable value

- valuation and revaluation of fixed assets;

Subsequent to initial recognition, assets are valued at fair value. Revaluations are made with sufficient regularity to ensure carrying amounts do not differ dramatically from fair value.

- average useful life for each class of production equipment, the depreciation method and depreciation rate used for each;

KPE - Buildings 10-40 years. Plant and equipment 3-20 years. Equipment under finance lease 3-5 years.

OF - Buildings (leased). Plant and equipment 3-20 years. Equipment under finance lease 3-5 years.

- treatment of foreign exchange gains and losses arising from transactions and from the translation of balance sheet items; and

Foreign exchange gains and losses are charged to the individual project using the rate of exchange applicable at the date of the transaction.

- restructuring costs, costs of plant closure, expenses for idle equipment and/or plant shut-downs.

Charged directly to the division.

7. If the accounting methods used by your company have changed over the period covered by your application please provide an explanation of the changes, the date of change, and the reasons.

Accounting methods have not altered over the periods for which financial data has been

prepared for this application, unless required to by the relevant accounting standard.

A-7 Cost information

1. Complete appendices A6.1 and A6.2 (cost to make and sell) for domestic and export sales.

Appendix A6.1 is included in the appendices at **Confidential Attachments**. KPE and OF had no export sales of Wind Towers.

A-8 Injury

The principal indicators of injury are prices, volumes and profit effects – although not all of these must be evident. For this application, profit refers to amounts earned. Profitability is the ratio of profit to sales revenue. Where injury is threatened, but has not yet occurred, refer to question C.2.

1. Estimate the date when the material injury from dumped imports commenced.

Injury from the dumped imports from Vietnam commenced in 2013, the date when the Snowtown 2 project was awarded to the successful suppliers for Wind Towers.

The applicants note that the previous investigation noted that Snowtown 2 was awarded in 2012, however the applicants believe that the actual date was in 2013.

Snowtown 2 saw 70 Wind Towers awarded to CS Wind of Vietnam at prices the applicants consider were dumped. The loss of these 70 towers caused injury through loss of volume and revenue to the Australian industry.

20 Wind Towers from the Snowtown 2 project were awarded to the Australian Industry (OF). The prices for the 20 Wind Towers were depressed by the prices for the 70 Wind Towers awarded to CS Wind. This price depression caused injury through loss of revenue and loss of profitability and profits to the Australian industry.

The applicants consider material injury from Wind Towers from the dumped imports commenced in 2015 when prices from CS Wind of Vietnam actively undercut the Australian industry prices on available tenders including the Hornsdale and Ararat Wind Farm projects.

The prices of the dumped imports caused material injury to the Australian industry through price, volume and profit effects.

Investigation period

The Australian industry is asking for a two-year investigation period of 2015 and 2016.

This two-year period is longer than the usual period of one year but is required due to the long lead period between contracts being awarded and the exportation of the dumped Wind Towers.

The applicants have provided evidence in this application of contracts being awarded in 2015 with the wind towers being exported in 2016. Evidence has also been provided of contracts being awarded in 2016 with the initial first batches of Wind Towers being

exported in 2016.

The Ararat Wind Farm tender for the supply of 75 Wind Towers was awarded in 2015. KPE secured 35 Wind Towers with CS Wind of Vietnam securing the remaining 40 Wind Towers. Reports on the Ararat Wind farm note that:

- it was the first major contract signed following the restored RET in June 2015;
- Ground was broken on the project in November 2015;
- Foundation concrete pours for the embeds commenced in April 2016;
- Wind Towers were manufactured in Vietnam and by KPE; and
- By November 2016 49 Turbines had been erected with all components expected on site by the end of the year.

Information on the Ararat Wind Farm is at **Public File Attachment 6**.

Whilst the Ararat site does note that it was the first major contract signed following the restored RET in June 2015 a major driver of the project was the ACT government committing to the purchase of power as noted at the above attachment.

> *The project also benefits from a power purchase agreement with the Australian Capital Territory Government (ACT), guaranteeing the purchase of approximately 40 per cent of the energy produced at the site, which was awarded under the ACT's Wind Auction announcement in February 2015.*

[redacted] *(Confidential tender details)*

The Hornsdale Wind Farm comprises three stages with a total of 99 Wind Towers available for tender.

Stage 1 comprised 32 Wind Towers with all 32 being awarded to CS Wind of Vietnam in August/ September 2015.

Stage 2 comprised 32 Wind Towers with all 32 being awarded to CS Wind of Vietnam in June/ July 2016.

Stage 3 comprised 35 Wind Towers with all 35 being awarded to CS Wind of Vietnam in November/ December 2016.

Reports on the Hornsdale Wind Farm note:

- Awarding of the contract and constructing commencing of Stage 1 in August 2015, the pouring of footings for towers for Stage 2 in October 2016, the awarding of the contract and constructing commencing in 2017 for Stage 3 in October 2016;
- Arrival of towers in April 2016 for Stage 1;
- Shipment of towers at Phu My Port in Vietnam waiting loading to Australia; and
- Towers placed in storage at Port Adelaide for Stage 2 in November 2016.

- Information on the Hornsdale Wind Farm is at **Public File Attachment 6**.

[redacted] *(Confidential tender details)*

2. Using the data from appendix A6 (cost to make and sell), complete the following tables for each model and grade of your production. P^n is the most recent period.

As noted previously the applicants do not consider that trend analysis of cost and sales data will provide any meaningful analysis.

The applicants consider that the approach taken by the Commission in the previous investigation and as found in the conclusions in REP 221 should be applied in this investigation. That is, that the injury analysis should be primarily based on information in respect of specific tenders.

KPE has provided information on each project that it successfully bid for the period 2013 to 2016. This information is at **Confidential Attachments,** (KPE Source data).

The KPE Source data attachment is a workbook that provides cost and sales for each Wind Tower project and is the source for the CTMS data in the appendices. The KPE Source data reconciles to the P&L Division statements which reconcile to the audited accounts.

The KPE Source data shows margins achieved on completed Wind Tower projects for the period 2013-2016.

OF has provided information on each project that it successfully bid for the period 2013 to 2016. This information is at **Confidential Attachments,** Project Reports.

The OF Project Reports provides cost and sales for each Wind Tower project and is the source for the CTMS data in the appendices.

3. Complete appendix A7 (other injury factors).

Appendix A7 is included in the appendices at **Confidential Attachments**.

Where applicable to injury claims, prepare an indexed table for other injury factor(s) in the format above.

The applicants do not consider that trend analysis of A7 data will provide any meaningful analysis.

A-9 Link between injury and dumped imports.

To establish grounds to initiate an investigation there must be evidence of a relationship between the injury and the alleged dumping. This section provides for an applicant to analyse the data provided in the application to establish this link. It is not necessary that injury be shown for each economic indicator.

1. Identify from the data at appendix A2 (Australian market) the influence of the volume of dumped imports on your quarterly sales volume and market share.

Quarterly data is not relevant for Wind tower projects as they can take up to two years for completion.

The Australian market has been volatile for the period 2013-2016 due to uncertainty over

the RET.

The market moved from 283 Towers (five projects) in 2013 to three Towers (one project) in 2014 to 189 Towers (five projects) in 2015 to 78 Towers (four projects) in 2016.

Wind Towers required for each project can vary from two to 90. Analysis of projects by number and or size for trends in market shares and sales volumes may not give any meaningful results.

As noted previously the applicants consider each project/ tender should be examined individually in the first instance, followed by an overall assessment as to whether injury caused by dumping is material.

Use the data at appendix A2 (Australian market) to show the influence of the price of dumped imports on your quarterly prices, profits and profitability provided at appendix A6.1 (costs to make and sell). If appropriate, refer to any price undercutting and price depression evident in the market.

2. Compare the data at appendix A2 (Australian market) to identify the influence of dumped imports on your quarterly costs to make and sell at appendix A6.1 (for example refer to changes in unit fixed costs or the ability to raise prices in response to material cost increases).

The influence of dumped imports on KPE and OF is best identified by the effects on margins and individual projects.

The dumped imports from China and Korea affected the margins on KPE projects in 2013, CS Wind Vietnam was also present in the market in 2013 securing the Snowtown project at what KPE considers were dumped prices.

However, the ongoing investigation into China and Korea and the preliminary affirmative determination (PAD) in late 2013 saw an improvement in margins for KPE.

The 2013 KPE Financial report notes this effect where the directors advised that the [redacted]. (p.3) *(Confidential financial information)*

The report also notes an expected increase in revenue, return to profitability and increased demand for Australian Wind Towers. (p.5)

The change in margins for the projects are shown in **Confidential Attachments** (KPE Source data)**.**

2014 saw the market collapse due to uncertainty over the RET as noted previously.

2015 saw the resolution of the RET and the confidence in the market in reflected in the director's notes in the 2015 Report which saw an anticipated demand of around 400 Wind Towers per year and the opportunity to increase the capacity of the Darts Road workshop. (p.4)

The 2016 KPE Report notes a strong clear market with an improved outlook due to the RET legislation, anti-dumping measures on China and Korea and a demand for local content for Wind Towers. The report further notes the anticipated increase in Wind Towers provides strong support for an increase in capacity.

The imposition of anti-dumping measures from China and Korea provided relief from the dumped prices that KPE was competing against. Likewise, KPE saw that the changes in the Australian dollar where it was at parity to the US dollar in the previous investigation to an average rate of 0.75 should have meant a substantial increase in the price of imported Wind Towers.

However, the recovery of the market in 2015 and 2016 saw the return of low prices from CS Wind Vietnam at prices that KPE considers were dumped.

The dumped exports by CS Wind have had an effect on KPE margins as it has had to reduce its prices to secure contracts.

The loss of tenders has also affected KPE margins through reduced production rates and underutilisation of assets and capabilities (as noted in the Report for the Darts Road workshop) that affects overheads and profitability for all projects.

OF is the newest industry member manufacturing Wind Towers in Australia.

OF commenced manufacturing Wind Towers in 2013, securing 20 Wind Towers for the Snowtown 2 project and 10 embeds for the Bald Hills project.

OF's promising entry to the Wind Tower market was affected by the uncertainty over the RET. OF secured the only available project in 2014, three Wind Towers at Chepstowe. Despite improved market conditions OF only secured one contract, for two embeds on the Cooper Pedy project, for 2015 - 2016.

OF's history and expectations in the Wind Tower industry are noted in E&A reports for 2013-2016 as below.

> In 2013 $8 million was invested in upgrading OF's Whyalla facility for Wind Tower fabrication (E&A Report 2013 p. ii, iii).
>
> The outlook for the sector in FY 2014 was positive with OF securing contracts in 2013 and anticipated work in 2014. (E&A Report 2013, p. iv).
>
> The 2014 E&A Report notes the disruption caused to the Wind Tower business caused by the review of the RET (p.4). The Report noted in its outlook for FY 2015 that OF had been awarded a contract for three Wind Towers and expected further orders would be received subject to a decision on the RET (p.7).
>
> The 2015 E&A Report notes lower utilisation of OF's facilities caused by uncertainty over the RET impacting on performance. However, the Report anticipates a strong period of growth ahead with the resolution of the RET, an expected requirement for 1,500 to 2,000 Wind Towers to 2020 and, with OF being one of only two mainland Wind Tower facilities, full utilisation of its Wind Tower fabrication facilities (p. ii).
>
> The Report further notes that OF was set to capitalise on its major investment in Wind Tower facilities over the past three years with more than $300 million of tenders and major wind farms in close proximity to its workshop (p. vii, viii).
>
> The 2016 E&A Report notes confidence that more than 1,600 Wind Towers will be required to 2020, whilst noting a delay in approval for new wind farms. The Report also notes significant competition from overseas Wind Tower suppliers.

The approach to injury for OF is one which addresses injury caused by lost volumes, revenues and other injury indicators due to the dumped prices of wind towers from

Vietnam.

OF first experienced injury in relation to the Wind Towers from Vietnam when it was pricing for the Snowtown project. [redacted] *(Confidential pricing information)*. Documents relating to Snowtown are at **Confidential Attachments**.

Siemens awarded 20 Wind Towers to OF whilst the other 70 Wind Towers were awarded to CS Wind Vietnam. OF believe that Siemens achieved a lower price on its Wind Towers from Vietnam [redacted] *(Confidential pricing information)* and that this lower price was the reason for the agreed contract price being further negotiated down.

The imposition of anti-dumping measures from China and Korea provided relief from the dumped prices that OF was competing against. Likewise, OF saw that the changes in the Australian dollar where it was at parity to the US dollar in the previous investigation to an average rate of 0.75 should have meant a substantial increase in the price of imported Wind Towers.

However, the recovery of the market in 2015 and 2016 saw the return of low prices from CS Wind Vietnam at prices that OF considers were dumped.

The dumped exports by CS Wind have had an effect on OF as it has lost tenders to those dumped exports.

The loss of tenders has also affected OF though reduced production rates and underutilisation of assets and capabilities (as noted in the E&A Reports) that affects overheads and profitability for all projects.

3. The quantity and prices of dumped imported goods may affect various economic factors relevant to an Australian industry. These include, amongst other things, the return on investment in an industry, cash flow, the number of persons employed and their wages, the ability to raise capital, and the level of investment in the industry. Describe, as appropriate, the effect of dumped imports on these factors and where applicable use references to the data you have provided at appendix A7 (other economic factors). If factors other than those listed at appendix A7 (other economic factors) are relevant, include discussion of those in response to this question.

The quantity and prices of the dumped imported goods from Vietnam have caused injury to the applicants over the proposed investigation period in the form of:

loss of sales volume;
loss of market share;
lost revenues;
price depression and price suppression;
reduced profits and reduced profitability;
reduced capacity utilisation;
constraint on capital investment; and
reduced return on investment.

Supporting documents and quantification of injury caused to KPE and OF by the dumped imports from Vietnam are at **Confidential Attachment 2.**

Loss of sales volume

KPE was successful in securing 35 of the available 75 Wind Towers for the Ararat Wind Farm at reduced prices due to the dumped imports from Vietnam. 40 Towers were awarded to CS Wind of Vietnam.

An un-dumped price for the Wind Towers supplied by CS Wind has been calculated that is XX% *(Confidential pricing)* above the price first offered by KPE for the project. KPE considers that this price difference demonstrates that it would have been the lower priced tenderer and likely awarded all 75 Wind Towers for the Ararat project.

An un-dumped price for the embeds supplied by CS Wind has also been calculated for the embeds that is XX% *(Confidential pricing)* above the price first offered by KPE for the project. KPE considers it would have been awarded the tender for XX *(Confidential tender information)* the embeds for the Ararat project.

OF submitted six quotations to Siemens, the project manager, for Stage 1 of the Hornsdale Wind Farm. The first three quotes were preliminary quotes in 2013 and 2014. Following confirmation that the Hornsdale Wind Farm would proceed OF submitted two further quotes in February 2015 for the 32 Wind Towers required for Stage 1. OF submitted a further quote XXXXXXXXXXX *(Confidential tender information)*.

OF submitted a further quote to Siemens in August 2015 for XXXXXXXXXXXXXXXXXX *(Confidential tender information)*. OF was subsequently advised by Siemens that it had been unsuccessful and the 32 Wind towers were awarded to CS Wind Vietnam. The Hornsdale Wind Farm website notes that in May 2016 all 32 Wind towers had arrived with one in place.

An un-dumped price for the Wind Towers supplied by CS Wind has been calculated that is XX *(Confidential pricing information)* the price offered by OF in February for the 32 Wind Towers for the project. OF considers that this demonstrates that it would likely been awarded all 32 Wind Towers for the Hornsdale Stage 1 project.

The loss of sales volume to OF caused by the dumped exports from Vietnam was 32 Wind Towers.

OF submitted one quotation in March 2016 to Siemens, the project manager, for Stage 2 of the Hornsdale Wind Farm. XXXXXXXXXX *(Confidential tender information)*.

OF was subsequently advised by Siemens that it had been unsuccessful and the 32 Wind towers were awarded to CS Wind Vietnam. The Hornsdale Wind Farm website notes that in October 2016 Wind towers were at Phu My port, Vietnam awaiting loading and that in November 2016 Wind Towers had arrived in Australia and were placed in storage.

An un-dumped price for the Wind Towers supplied by CS Wind has been calculated that is XX *(Confidential pricing information)* offered by OF in March 2016 for the Wind Towers for the project. OF considers that this demonstrates that it would likely been awarded all 32 Wind Towers for the Hornsdale Stage 2 project.

The loss of sales volume to OF caused by the dumped exports from Vietnam was 32 Wind

Towers. XX *(Confidential pricing information)* it considers it would have been awarded all 32 Wind Towers for the project given that it would have been XX *(Confidential pricing information)* both Stage 1 and Stage 2 of the Hornsdale Wind Farm.

OF submitted two quotations in August and October 2016 to Siemens, the project manager, for Stage 3 of the Hornsdale Wind Farm. XXX *(Confidential tender information)*.

OF was subsequently advised by Siemens that it had been unsuccessful and believes that the 35 Wind towers were awarded to CS Wind Vietnam. The Hornsdale website notes that in October 2016 construction was to start on Stage 3 in 2017.

OF has not included Hornsdale Stage 3 in its injury assessment as it is not clear if the Wind Towers were exported during the investigation period.

However, an un-dumped price for the Wind Towers likely awarded to CS Wind has been calculated that is XX *(Confidential pricing information)* offered by OF in October 2016 for the Wind Towers for the project. OF considers that this demonstrates that it would likely been awarded all 35 Wind Towers for the Hornsdale Stage 3 project.

OF has calculated lost sales volumes of 64 Wind Towers over the proposed investigation period (Hornsdale Stage 1 and Stage 2) that are attributable to the dumped exports from Vietnam.

Loss of market share

The loss of the 40 Wind Towers from the Ararat project and 64 Wind Towers from the Hornsdale project reduced the applicants market share of the towers available for tender over the investigation period.

Lost revenues

KPE has lost revenues through reduced revenue on the Wind Towers it supplied to the Ararat and Kiata projects.

KPE supplied 35 Wind Towers to the Ararat project that saw lost revenue from lowered prices due to the prices of dumped imports from Vietnam.

KPE supplied nine Wind Towers to the Kiata project that saw lost revenue from lowered prices due to the pricing offered for dumped imports from Vietnam.

KPE has lost additional revenue through the loss of sales volumes of 40 Towers and XX *(Confidential tender information)* embeds from the Ararat project due to the dumped imports from Vietnam.

OF has lost sales revenue through the loss of sales volumes of 64 Towers from the Hornsdale project due to the dumped imports from Vietnam.

Price depression

KPE reduced its prices on the Ararat project in response to the dumped prices from

Vietnam.

KPE effectively reduced its prices on the Kiata project in response to the dumped prices from Vietnam.

Price suppression

The decline in margins on projects affected by the dumped imports from Vietnam demonstrate that KPE has suffered price suppression, as shown for the Ararat project.

Reduced profits and reduced profitability

The lost revenues on the Ararat and Kiata projects that KPE supplied Towers for resulted in reduced profits and profitability from a lower price caused by the dumped imports from Vietnam.

The lost revenues from the Ararat project on the Towers and embeds that KPE would have supplied but for the dumped imports from Vietnam have affected the overall profits and profitability of the Wind Tower division.

The lost revenues from the Hornsdale Stages that OF would have supplied but for the dumped imports from Vietnam have affected the overall profits and profitability of the Wind Tower division.

Reduced capacity utilisation;

The loss of 40 Towers and [redacted] *(Confidential tender information)* embeds from the Ararat project has resulted in underutilisation of capacity for KPE.

The loss of 64 Towers from the Hornsdale project has resulted in underutilisation of capacity for OF.

Constraint on capital investment

The resolution of the RET in 2015 saw the directors of KPE express confidence in the market for Wind Towers and the opportunity to increase the capacity of the Darts Road workshop.

[redacted]
(Confidential strategic planning information)

Given that the market has not delivered the opportunities as anticipated, OF capital has been constrained.

OF has made significant initial investments and are unable to invest further to improve its competitive position due to the now uncertain market.

Reduced return on investment

The lower prices, loss of sales volumes and reduced margins and profitability caused by the dumped imports from Vietnam have resulted in reduced returns on investment for KPE and OF.

4. Describe how the injury factors caused by dumping and suffered by the Australian industry are considered to be 'material'.

The applicants have quantified the injury caused by the dumped imports from Vietnam over the proposed investigation period at Confidential Attachment 2.

The applicants consider that the quantification of the injury demonstrates that such injury is material injury caused by the dumped imports from Vietnam.

Loss of sales volumes

KPE lost sales volumes amounting to 40 Wind Towers from the Ararat project. OF lost sales volumes amounting to 64 Wind Towers from the Hornsdale project.

There was a total of 267 Towers available for tender over the investigation period. The loss of 104 Wind Towers to dumped imports is material.

KPE lost sales volumes amounting to XX *(Confidential tender information)* embeds from the Ararat project.

There was a total of 77 embeds available for tender over the investigation period. The loss of XX *(Confidential tender information)* embeds to dumped imports is material.

Loss of market share

The loss of the 104 Towers amounted to a loss of market share of 39%. This lost market share to dumped imports is material.

Lost Revenues

KPE has calculated that the revenues lost from reduced prices and lost sales volumes amount to approximately $X million. KPEs revenue from projects that it successfully tendered for was approximately $X million. The lost revenue of $X million approximates to X% of the revenue for the Wind Tower division. *(Confidential financial information)*

OF has calculated that the revenues lost from lost sales volumes amount to approximately $X million. OF's revenue from projects that it successfully tendered for was approximately $X million. *(Confidential financial information)*

The revenue lost to the applicants from the dumped imports amounts to $X million and X% of revenue for projects successfully tendered for during the period. XX *(Confidential financial information)*

The lost revenue is material in both dollars and share of revenue lost.

Price depression

KPE reduced its prices for Ararat and Kiata by X%. KPE prices competitively in the market and this price depression had a flow on effect to profits and profitability. The amount of price depression is material. *(Confidential financial information)*

Price suppression

An effective measure of price suppression is KPEs margins. KPEs gross margin for the Ararat project is X%, compared to margins of XXXXXXXXXX. The difference in margins is material. *(Confidential financial information)*

Reduced profits and profitability

KPE has calculated the reduced profitability for Ararat as the difference between the actual gross margin and what the margin would have been at KPEs price without the depression from the dumped imports. The difference is X%.

The reduced profitability for the Wind Division has been calculated at X%.

KPE also contends that if the lost sales volumes from Ararat were taken into account this would have seen greater improvements in profitability and total profits due to the increased utilisation of assets and capabilities that would have resulted in lower overheads and other costs.

KPE consider it would have achieved gross margins overall of X% (XXXX) for the Wind Division but for the effect of the dumped imports from Vietnam. The actual achieved gross margin was X%, a difference of X%.

OF budgeted for profitability of X% on its tenders for Hornsdale. The lost profits amount to approximately $X million, this amount is material given that the Wind Tower division had only one sale over the period for XXXXXXXXXX.

OF further submits that the loss of sales volumes affected profitability. The Wind Tower division profitability over the period was approximately X%, whereas the profitability would have been around X% where the lost profitability from the Hornsdale project is taken into account.

The reduced profits for the applicants has been calculated at $X million. Actual profits for the applicants was $X million, the reduction in profit is material.

The reduced profitability for the applicants has been calculated at X%. Actual profitability for the applicants was X%, the reduction in profitability is material.
(Confidential financial information)

The applicants note that in REP 221:

> *The Commission calculated the effect of reduced production and sales volumes from the lost sales and estimates that the difference to be around 33% in sales costs and a significant increase in divisional costs. These costs are affected by the amount of wind*

towers produced and sold and lower volumes will lead to increased costs that affect profits and profitability. The Commission considers the effect of reduced production and sales volumes on costs, and ultimately profits, and profitability, contributes to the materiality of the injury. (pp 54-55)

Reduced capacity utilisation

The loss of 104 Towers and XX embeds is material where KPE's capacity is X Towers per year and OF's capacity is X per year.

Actual capacity utilisation was X% when it would have been X%. The reduced capacity of X% is material. *(Confidential financial information)*

The underutilisation of capacity is tied into the effects on costs and profits and profitability noted above.

Constraint on capital investment

The effect of the dumped imports on the market and the related decision to XXXXXXXX. *(Confidential financial information)*

An expansion of capacity would enable KPE to bid for more projects, in an expanding market, resulting in increased revenues, profits and profitability.

OF has made significant initial investments and are unable to invest further to improve its competitive position due to the now uncertain market.

Reduced return on investment

KPE has calculated a return on investment (ROI) based on gross profits over assets for the Wind Division. The ROI based on gross profit achieved was X% whilst a ROI based on gross profit achievable but for the dumped imports was X%. The difference is X%.

OF spent $8 million in upgrading its facilities to be able to manufacture Wind Towers as noted above in the E&A Reports.

The loss of $X million dollars in revenue and $X million in profits has resulted in reduced returns on investment at a time when the market for Wind Towers was recovering.

A ROI for the applicants has been calculated based on achieved results and results that would have been achieved but for the dumped imports from Vietnam. The difference is X% and is material. *(Confidential financial information)*

5. Discuss factors other than dumped imports that may have caused injury to the industry. This may be relevant to the application in that an industry weakened by other events may be more susceptible to injury from dumping.

The effect of the uncertainty of the RET on the Australian market has been previously

noted.

This saw the market collapse in 2013 from 283 Towers (five projects) tendered to three Towers (one project) tendered in 2014.

Section A4.2 of this application notes reports from the CEC on an investment freeze for wind farms and projects being delayed due to the uncertainty over the RET. This uncertainty saw KPE suspend its Wind Tower fabrication workshop with 85 employees terminated in late 2014.

Investment and commitments from state governments to renewable energy and the resolution of the RET in July 2015 saw confidence and investment return to the market with increased projects and Wind Towers available for tender in 2016 and 2017.

This increased confidence and optimism is noted in the E&A Reports as is the strong competition from overseas suppliers

This resulted in KPE re-opening its Wind Tower fabrication workshop and securing tenders in 2015 and 2016.

However, KPE noted strong competition from dumped Wind Towers from Vietnam in the market which resulted in lower than expected prices and loss of sales on tenders it competed on.

The applicants are an industry that has been injured by factors other than dumping with the uncertainty over the RET.

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXX *(sensitive strategic planning information)*

6. This question is not mandatory, but may support your application. Where trends are evident in your estimate of the volume and prices of dumped imports, forecast their impact on your industry's economic condition. Use the data at appendix A2 (Australian market), appendix A6 (cost to make and sell), and appendix A7 (other economic factors) to support your analysis.

The market in 2017 is expected to be a strong market with up to 15 projects comprising 722 Towers being available for tender.

Five tenders have already been finalised in 2017 with KPE securing one (Mt Gellibrand), OF securing one (South Yaloak) and CS Wind securing three (Silverton, Mt Emerald and Sapphire) with dumped Towers from Vietnam.

The market is also forecast to be strong through to 2020 with an expected 400 Wind Towers required per year over the next four years.

The growth and strength in the market make Australia a prime destination for the dumped Wind Towers from Vietnam. The stated capacity of CS Wind is 900 Towers per year, which is more than adequate to supply the Australian market.

PART B

DUMPING

IMPORTANT

All questions in Part B should be answered even if the answer is 'Not applicable' or 'None' (unless the application is for countervailing duty only: refer Part C). If an Australian industry comprises more than one company/entity, Part B need only be completed once.

For advice about completing this part please contact the Commission's client support section on:

Phone: 13 28 46
Fax: (03) 8539 2499
Email: clientsupport@adcommission.gov.au

B-1 Source of exports.

1. Identify the country(ies) of export of the dumped goods.

Vietnam is the country of export of the dumped goods.

2. Identify whether each country is also the country of origin of the imported goods. If not, provide details.

Vietnam is also the country of origin of the dumped goods.

3. If the source of the exports is a non-market economy, or an 'economy in transition' refer to Part C.4 and Part C.5 of the application.

4. Where possible, provide the names, addresses and contact details of:
   - producers of the goods exported to Australia;

CS WIND Vietnam Co., Ltd.
Phu My Industrial Zone No.1 Tan Thanh District,
Baria-Vungtau Province
VIETNAM
Tel: 84-64-392-1612

   - exporters to Australia; and

The applicants believe that CS wind Vietnam is the exporter of the goods.

   - importers in Australia.

There are two importers to date of the dumped goods.

Siemens Ltd.
85 Mountain Highway
Bayswater VIC 3153

XXXXXXXXXXXXXX

GE Renewables Asia Pacific
572 Swan Street
Richmond, VIC, 3121, Australia

XXXXXXXXXXX

Personnel contact details confidential as relevant people may not want such details on the Public Record.

5. If the import volume from **each** nominated country at Appendix A.2 (Australian Market) does not exceed 3% of all imports of the product into Australia refer to Part C.6 of the application.

The import volume from Vietnam is estimated at 100% of all imports in 2015 and 94% in 2016, refer to Public File Attachment 4, Australian Market.

6. In the case of an application for countervailing measures against exports from a developing country, if the import volume from **each** nominated country at Appendix A.2 (Australian Market) does not exceed 4% of all imports of the product into Australia refer to Part C.6 of the application

B-2 Export price

Possible sources of information on export price include export price lists; estimates from the Australian Bureau of Statistics; a deductive export price calculation from the Australian selling price of the imported goods; export sales quotations or invoices; foreign government export trade clearances.

1. Indicate the FOB export price(s) of the imported goods. Where there are different grades, levels of trade, models or types involved, an export price should be supplied for each.

   The FOB export prices are deductive export prices shown in Appendix B1 which is included in the **Confidential Attachment 3**.

2. Specify the terms and conditions of the sale, where known.

   Terms and conditions of sale are XXXXXXXXX *(Confidential tender information)*

3. If you consider published export prices are inadequate, or do not appropriately reflect actual prices, please calculate a deductive export price for the goods. Appendix B1 (Deductive Export Price) can be used to assist your estimation.

   There are no published prices for Wind Towers, a deductive export price has been calculated.

4. It is important that the application be supported by evidence to show how export price(s) have been calculated or estimated. The evidence should identify the source(s) of data.

   A deductive export price has been calculated based on the applicants' price(s) submitted for the tenders less deductions to an FOB price.

   Calculations for the deductive export price are at **Confidential Attachment 3.**

   Deductions have been made for:
   Storage; and
   Port and clearance charges; and
   Ocean freight.

   Supporting documents are at **Confidential Attachments.**

B-3 Selling price (normal value) in the exporter's domestic market.

Possible sources of information about domestic selling prices in the country of export include: price lists for domestic sales (with information on discounts); actual quotations or invoices relating to domestic sales; published material providing information on the domestic selling prices; or market research undertaken on behalf of the applicant.

1. State the selling price for each grade, model or type of like goods sold by the exporter, or other sellers, on the domestic market of the country of export.

   There is a domestic market for Wind Towers in Vietnam.

   According to the Windpower website there are currently 16 wind farms in Vietnam, http://www.thewindpower.net/country_windfarms_en_74_vietnam.php. The first wind farm was commissioned in 2011, http://www.sunwindenergy.com/news/first-wind-farm-vietnam .

   There is no available published data on Wind Tower prices in Vietnam. Further, the applicants consider that domestic prices for Wind Towers, even if available, would not be suitable as Wind Towers are made to purchasers' specifications on a project-by-project basis.

   The applicants note the findings of the Commission in REP 221 in regards to domestic prices and normal values for China and Korea.

   Verification of TSP's information submitted in its questionnaire response showed that domestic sales and domestic CTMS calculations were reasonably complete, relevant and accurate. However the Commission considered that each wind tower is a unique product and that, because of the many variables and differences in technical specifications which would affect proper comparison, it is not meaningful to adjust domestic prices to make them comparable with export prices. (p.33 re China)

   Given the unique nature of wind towers in terms of their technical specifications, exports to third countries are not considered appropriate for establishing normal values under s.269TAD(2)(d). (p.40 re Korea)

   The applicants have estimated a normal value as detailed in section B.4.

2. Specify the terms and conditions of the sale, where known.

   Not known.

3. Provide supporting documentary evidence.

   N/A, refer to section B.4

4. List the names and contact details of other known sellers of like goods in the domestic market of the exporting country.

   The applicants believe that CS Wind Vietnam is the only manufacturer of Wind Towers

in Vietnam.

B-4 Estimate of normal value using another method.

This section is not mandatory. It need only be completed where there is no reliable information available about selling prices in the exporter's domestic market. Other methods of calculating a normal value include:

- the cost to make the exported goods plus the selling and adminstration costs (as if they were sold in the exporter's domestic market) plus an amount for profit (if applicable);
  OR
- the selling price of like goods from the country of export to a third country.

1. Indicate the normal value of the like goods in the country of export using another method (if applicable, use appendix B2 Constructed Normal Value).

   The applicants have constructed normal values using the estimated cost to make and sell the exported goods in Vietnam plus an amount for profit.

   This method is in line with the Commission recommendations in REP 221,

   the Commission recommends that normal values for TSP's exports be determined pursuant to s.269TAC(2)(c) using the cost of production of the exported goods, plus reasonable amounts for selling, general and administration costs and profit. (p.33)

   The constructed normal value is shown in **Confidential Attachment 3**.

2. Provide supporting documentary evidence.

   A constructed normal value has been calculated based on the specifications for the Wind Towers exported from Vietnam to Australia for the same projects that the Australian industry tendered on.

   Supporting documents and calculations for the constructed normal value are at **Confidential Attachments.** The constructed normal value comprises:

   Steel plate – Cost of the steel plate.

   Steel plate is the major raw material used in the construction of Wind Towers accounting for around X% of the cost of manufacturing. *(Confidential cost information)*

   The 2013 report on the steel industry in Vietnam shows that it is not a producer of steel plate and all of its steel plate is imported, **Public File Attachment 8** (p.3-6). The applicants are not aware of any information that shows that this has changed since 2013 and believe that all of the steel plate used in Vietnam for the production of Wind Towers is imported.

   The USA investigation into Wind Towers exported from Vietnam notes that CS Wind imported its steel plate from China.

> *The record evidence shows that the actual Customs' declarations and HTS heading used by CSWG for its exports of S355 steel plate from China to Vietnam are non-alloy steel plates.* (**Public File Attachment 9**, USA Investigation, p.5)

The applicants believe that CS Wind continues to import steel plate from China to use in its manufacture of Wind Towers.

The applicants have not been able to find information on the price of steel plate in Vietnam or on the price of the imported steel plate.

The Tariff classification for Steel plate used in the manufacturing of Wind Towers is 7208 51, “FLAT-ROLLED PRODUCTS OF IRON OR NON- ALLOY STEEL, OF A WIDTH OF 600 mm OR MORE, HOT-ROLLED, NOT CLAD, PLATED OR COATED, of a thickness exceeding 10 mm”

However, steel plate in this tariff can vary in price as the plate used for Wind Towers may be cut to size, bevelled and/or shot blasted, in addition the steel plate used for Wind Towers is a structural steel grade. All of these factors can distort the average price of steel plate under the tariff unless specific data is available that describes the plate, its specifications and any additional value added features.

The applicants have sourced pricing from X steel plate of the exact type used in the construction of the Wind Towers for a project in Australia. The price of the steel plate has been adjusted down for differences in finish and costs to import. *(Confidential cost information)*

The applicants consider that the price of the steel plate is reasonable as the price of the steel plate is from [redacted]. *(Confidential cost information)*

Further information on steel plate prices and quotations and differences in pricing and grades is at **Confidential Attachment 4**.

Flanges and internals

Flanges and internals are purchased from approved suppliers specified by the OEM procurers for the Wind Farms, generally these are at a set price for all Wind Tower manufacturers.

The applicants have used their purchase price or quoted price adjusted for import costs.

Paint and consumables

The applicants have used their costs discounted for a lower cost in Vietnam.

Gas and Electricity

The applicants have used their costs uplifted to account for the higher cost of gas in

Vietnam.

Market Situation Electricity Vietnam

Vietnam Electricity (EVN), the country's power utility, is a state-run firm that determines electricity prices in Vietnam.

The influence of government control over electricity pricing in a manner that does not reflect cost realities of a normal competitive market company is illustrated in a recent article where the deputy general director made statements including:

> *Even though power generation this year is expected to meet with difficulty due to water shortage in reservoirs caused by long-lasting severe drought, Tri said EVN will enact measures to solve the problem.*
>
> *Other businesses are also struggling with economic difficulties. If we charged higher prices, the situation would be severely worse," the deputy general director explained.*
>
> *As a state-run company, we are due to be responsible for balancing the national economy and keeping it stable, especially at this time when the development of the country should be sustained at a steady pace and the citizens' life needs easing," he added*.

The above statements imply that price increases are required (to offset cost increases) that would normally be imposed but that these increases have been rejected due to its obligations as a state-run company.

The applicants have used their electricity costs uplifted, for a similar amount as for gas, to account for the market situation in Vietnam.

Labour costs

The applicants have used their labour costs discounted to account for the lower cost of labour in Vietnam.

Other manufacturing costs

The applicants have used their own costs for the estimated costs of loading and packing of the Wind Towers plus set up costs.

Sales, General and Administration costs.

The applicants have not been able to source the financial statements for CS Wind Vietnam. However, the applicants have used the available consolidated accounts of CS Wind Corporation to calculated SG&A costs.

The applicants consider it is appropriate to use the consolidated accounts of CS Wind Corporation as the majority of its business is the manufacture and sales of Wind Towers. An overview of companies in the CS Wind group is at **Public File Attachment 10.**

In addition, the USA treated CS Wind Corporation and CS Wind Vietnam as a single entity noting.

> *In response to the Department's questionnaire responses, CS Wind Group reported that CS Wind Corporation is the Korean parent company of CS Wind Vietnam. According to CS Wind Group, CS Wind Corporation controls and owns the majority of shares of CS Wind Vietnam. Additionally, CS Wind Corporation plays an integral role in the sale and production of wind towers during the POR. For example, CS Wind Corporation negotiates the prices of wind towers directly with its U.S. customers, invoices the U.S. customer, and determines and retains profits. Moreover, CS Wind acts as a toller for its parent company, CS Wind Corporation, which, in turn, also purchased raw materials used by CS Wind Vietnam to produce the wind towers sold to the United States during the POR. Accordingly, the Department preliminarily determines that significant potential for manipulation of production and sales decisions exists between CS Wind Corporation and CS Wind Vietnam because CS Wind Corporation effectively controls and indirectly manages CS Wind's operations with respect to subject merchandise. Consistent with the investigation, we preliminary determine that CS Wind Vietnam and CS Wind Corporation are affiliated pursuant to sections 771(33) of the Act and that these companies should be treated as a single entity in this proceeding.*

The findings from the USA investigation demonstrate that CS Wind Corporation effectively control and indirectly manages CS Wind of Vietnam operations in regard to Wind Towers.

This control effectively means that CS Wind Corporation is likely incurring costs relating to sales and production of Wind Towers that may not be reflected in CS Wind of Vietnams accounts.

The applicants have calculated SG&A costs of X% from CS Wind accounts.

Finance costs

The applicants have calculated finance costs of X% from CS Wind accounts.

Profit

The applicants have calculated a rate of profit of X% from CS Wind accounts.

B-5 Adjustments.

A fair comparison must be made between the export price and the normal value. Adjustments should be made for differences in the terms and circumstances of the sales such as the level of trade, physical characteristics, taxes or other factors that affect price comparability.

1. Provide details of any known differences between the export price and the normal

value. Include supporting information, including the basis of estimates.

The applicants claim that there are two adjustments required.

The normal value has been calculated at an ex-factory price, whilst the export price is at an FOB price. To bring the normal value to a comparable FOB price the cost of transport to the port of loading and associated port charges has been added.

Wind Towers exported overseas require bracing for ocean freight, this bracing is separate and additional to the bracing and packing required for domestic sales.

2. State the amount of adjustment required for each and apply the adjustments to the domestic prices to calculate normal values. Include supporting information, including the basis of estimates.

Estimates of the transport and port costs with supporting information are included at Confidential Attachment 9.

Estimates and supporting documents for the cost of bracing for ocean freight are included at Confidential Attachment 9.

B-6 Dumping margin.

1. Subtract the export price from the normal value for each grade, model or type of the goods (after adjusting for any differences affecting price comparability).

The deductive export prices and calculated normal value contain confidential information on the applicants' costs and prices, export prices and normal vales with adjustments are included at **Confidential Attachment 3**.

2. Show dumping margins as a percentage of the export price.

The applicants have calculated dumping margins for the projects ranging from 29% to 45%. The applicants consider that dumping should be calculated on a transaction to transaction basis for each individual project.

The dumping margins calculated are all greater than 2%.

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PART C

SUPPLEMENTARY SECTION

IMPORTANT

Replies to questions in Part C are not mandatory in all instances, but may be essential for certain applications.

For advice about completing this part please contact the Commission's client support section on:

Phone: 13 28 46
Fax: (03) 8539 2499
Email: clientsupport@adcommission.gov.au

C-1 Subsidy

This section must be completed where countervailing duties are sought to offset foreign government assistance through subsidies to exporters or producers.

If the application is for countervailing duty alone, the domestic price information required by Part B of the application need not be supplied.

Responses to questions A-9 will need to identify the link between subsidisation and injury.

1. Identify the subsidy paid in the country of export or origin. Provide supporting evidence including details of:
   (i) the nature and title of the subsidy;
   (ii) the government agency responsible for administering the subsidy;
   (iii) the recipients of the subsidy; and
   (iv) the amount of the subsidy.

C-2. Threat of material injury

Address this section if the application relies solely on threat of material injury (ie where material injury to an Australian industry is not yet evident).

1. Identify the change in circumstances that has created a situation where threat of material injury to an Australian industry from dumping/subsidisation is foreseeable and imminent, for example by having regard to:
   1. the rate of increase of dumped/subsidised imports;
   2. changes to the available capacity of the exporter(s);
   3. the prices of imports that will have a significant depressing or suppressing effect on domestic prices and lead to further imports;
   4. inventories of the product to be investigated; or
   5. any other relevant factor(s).

2. If appropriate, include an analysis of trends (or a projection of trends) and market conditions illustrating that the threat is both foreseeable and imminent.

C-3. Close processed agricultural goods

Where it is established that the like (processed) goods are closely related to the locally produced (unprocessed) raw agricultural goods, then – for the purposes of injury assessment – the producers of the raw agricultural goods form part of the Australian industry. This section is to be completed only where processed agricultural goods are the subject of the application**. Applicants are advised to contact the Commission's client support section before completing this section**.

1. Fully describe the locally produced raw agricultural goods.

2. Provide details showing that the raw agricultural goods are devoted substantially or completely to the processed agricultural goods.

3. Provide details showing that the processed agricultural goods are derived substantially or completely from the raw agricultural goods.

4. Provide information to establish **either**:

   - a close relationship between the price of the raw agricultural goods and the processed agricultural goods; **or**

   - that the cost of the raw agricultural goods is a significant part of the production cost of the processed agricultural goods.

C-4. Exports from a non-market economy

Complete this section only if exports from a non-market economy are covered by the application. The domestic price information required by Part B of the application need not be supplied if this question is answered.

Normal values for non-market economies may be established by reference to selling prices or to costs to make and sell the goods in a comparable market economy country.

1. Provide evidence the country of export is a non-market economy. A non-market economy exists where the government has a monopoly, or a substantial monopoly, of trade in the country of export and determines (or substantially influences) the domestic price of like goods in that country.

2. Nominate a comparable market economy to establish selling prices.

3. Explain the basis for selection of the comparable market economy country.

4. Indicate the selling price (or the cost to make and sell) for each grade, model or type of the goods sold in the comparable market economy country. Provide supporting evidence.

C-5 Exports from an 'economy in transition'

An 'economy in transition' exists where the government of the country of export had a monopoly, or substantial monopoly, on the trade of that country (such as per question C-4) and that situation no longer applies.

Complete this section only if exports from an 'economy in transition' are covered by the application. **Applicants are advised to contact the Commission's client support section before completing this section**

1. Provide information establishing that the country of export is an 'economy in transition'.

2. A price control situation exists where the price of the goods is controlled or substantially controlled by a government in the country of export. Provide evidence that a price control situation exists in the country of export in respect of like goods.

3. Provide information (reasonably available to you) that raw material inputs used in manufacturing/producing the exported goods are supplied by an enterprise wholly owned by a government, at any level, of the country of export.

4. Estimate a 'normal value' for the goods in the country of export for comparison with export price. Provide evidence to support your estimate.

C-6 Aggregation of Volumes of dumped goods

Only answer this question if required by question B-1.5 of the application and action is sought against countries that individually account for less than 3% of total imports from all countries (or 4% in the case of subsidised goods from developing countries). To be included in an investigation, they must collectively account for more than 7% of the total (or 9% in the case of subsidised goods from developing countries).

	Quantity	%	Value	%
All imports into Australia		100%		100%
Country A*				
Country B*				
etc*				
Total				

* Only include countries that account for less than 3% of all imports (or 4% in the case of subsidised goods from developing countries). Use the data at Appendix A.2 (Australian Market) to complete the table.

APPENDICES

Appendix A1	Australian Production
Appendix A2	Australian Market
Appendix A3	Sales Turnover
Appendix A4	Domestic Sales
Appendix A5	Sales of Other Production
Appendix A6.1	Cost to Make and Sell (& profit) Domestic Sales
Appendix A6.2	Cost to Make and Sell (& profit) Export Sales
Appendix A7	Other Injury Factors
Appendix A8	Authority to Deal With Representative
Appendix B1	Deductive Export Price
Appendix B2	Constructed Normal Value

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Attachments to the Application

Confidential

1 Appendix A1. Australian production KPE, OF.
2 Injury analysis – KPE OF, and combined.
3 Export prices, normal values and dumping margins.
4 Steel plate pricing

Public File

1 KPE and OF companies
2 KPE and OF Brochures
3 CS Wind process
4 Wind Tower market Australia
5 EA Reports 2013 – 2016.
6 Ararat Wind Farm
7 Hornsdale Wind Farm
8 Steel Industry Vietnam
9 USA Final Determination Wind Towers
10 CS Wind Companies

KPE Attachments to the Application

Confidential

1 KPE Group Structure
2 a – d, KPE Annual Reports, 2013 – 2016.
3 KPE Appendices to application
4 a – c, KPE Domestic sales documents
5 KPE Chart of accounts
6 KPE Divisional P&L, 2015 and 2016
7 KPE Source data
8 KPE Injury analysis

8a
8b
8c
8d
8e
8f  *(Confidential financial and tender information)*

9 Dumping calculations

9a Transport costs
9b Ocean freight port costs
9i China Australia freight costs
9ii China Vietnam freight costs
9iii Import costs Vietnam
9iv Flange cost
9v Internals cost
9vi Gas pricing Vietnam
9vii Electricity Vietnam
9viii Wages Australia Vietnam
9ix CS Wind Financials

Public File

1 KPE companies
2 KPE Group Capabilities Resources Report
3 CS Wind process
4 Wind Tower market Australia
5 Ararat Wind Farm
6 Hornsdale Wind Farm
7 Steel Industry Vietnam
8 USA Final Determination Wind Towers
9 CS Wind Companies

Ottoway Fabrication attachments to the application

Confidential

1. OF Building Layout
2. OF Appendices to the application
3. 2016 Sales Docs
4. Chart of accounts
5. OF Management accounts
6. OF Project Reports Wind Towers, 2013-2016
7. Snowtown
8. OF injury analysis
9. Dumping calculations
   a. [redacted]
   b. [redacted] transport quote
   c. Storage costs
   [redacted]
   i. XX costings
   ii. China Australia freight
   iii. China Vietnam freight
   iv. Import costs Vietnam Australia
   v. Gas Electricity Costs Vietnam Australia
   vi. Wage costs Vietnam Australia
   vii. CS Wind Financials
   viii. [redacted] costings
   ix. Plate quote
   x. [redacted] price
   xi. Flange price
   xii. Internals price
   xiii. Door frame price
   xiv. [redacted] quotes *(Confidential financial and tender information)*

Public File

1 E&A Limited companies and structure
2 OF Brochure
3 CS Wind production process.
4 Aust market
5 E&A Reports
6 Hornsdale Windfarm
7 Vietnam Steel industry

8 USA Investigation
9 CS Wind companies