



華城電機股份有限公司

FORTUNE ELECTRIC CO., LTD.

Public Record

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The Director - Investigations 3
Anti-Dumping Commission
GPO Box 2013
Canberra ACT 2601

Review of power transformers exported from Taiwan

Dear Director,

Fortune Electric Co., Ltd. [Fortune] requests the Anti-Dumping Commission [ADC] to consider this submission in determining the non-injurious price and applying the lesser duty rule to Fortune's exports of power transformers.

In the original investigation, the ADC concluded that as it was likely that no two power transformers were identical, '*neither sales nor constructed USPs are considered an appropriate method for calculating NIPs for power transformers*'. This view was understandable due the various types of tenders and end-use customers (eg, utility companies, power generators, mining companies, LNG processors and industrial users), and the different specifications of transformers sold and/or tendered.

However, during the review period for this continuation inquiry, the circumstances outlined below are such that Fortune's exported power transformers are directly comparable with power transformers sold and/or tendered by the Australian industry.

1. Fortune understands that it was the only exporter of power transformers from Taiwan during the current review period. Therefore, in establishing a non-injurious price for exports from Taiwan, the ADC need only focus on verified exports by Fortune.
2. The power transformers exported by Fortune during the review period were all sold to a single Australian customer, ~~xxxxxxxxxxxxxxxx~~.
3. Fortune's power transformer exports were subject to a master supply agreement following a request by ~~xxxxxxxxxxxxxxxx~~ for Fortune to formally bid as a secondary (backup) supplier. As a secondary supplier, ~~xxxxxxxxxxxxxxxx~~ orders power transformers from Fortune only if:
 - the successful primary suppliers are unable or unwilling to supply the agreed transformers;
 - the successful primary suppliers face extended delays in providing the agreed transformers; or
 - the transformers provided by the primary suppliers suffer from performance, quality or operational issues.

4. In circumstances where ~~xxxxxxxxxxxx~~ was required to place an order with Fortune due to the unwillingness or inability of the local Australian producers to meet their obligations as primary suppliers, Fortune's subsequent exports must be considered non-injurious as they only occurred due to decisions made by the local producers to not supply the power transformers required by ~~xxxxxxxxxxxx~~.
5. Regardless of whether suppliers were confirmed by ~~xxxxxxxxxxxx~~ as primary or secondary suppliers, the transformers to be provided were required to meet and comply with the technical specifications outlined in the master supply agreements. As such, orders placed with Fortune and subsequently sold to ~~xxxxxxxxxxxx~~, were for power transformers that were identical to the power transformers that were to be supplied and sold by the local Australian producers. Therefore, the circumstances are such during this review period that power transformers and their corresponding prices can be properly compared between Fortune and the various local Australian producers.
6. Fortune understands that the successful primary suppliers to the ~~xxxxxxxxxxxx~~ tender include the local Australian producers (~~xxxxxxxxxxxxxxxx~~ and ~~xxxxxxxx~~), along with ~~xxxxxxx~~ from Indonesia. Fortune understands that the Australian producer, ~~xxxxxxxxxxxx~~, was an approved secondary supplier to ~~xxxxxxxxxxxx~~. Fortune did not tender as a primary supplier, and each of the Australian producers were successful in tendering as primary or secondary suppliers, it must be accepted that the successful tender prices offered by the Australian producers were unaffected by Fortune's tender offer as a secondary supplier of transformers.
7. The ADC has confirmed through its verification of Fortune's submitted information, that its tender offer as secondary supplier included all expenses incurred through to delivery and installation of the transformers. In particular, this included the expenses associated with the interim dumping duties. This further confirms that Fortune's delivered tender prices as secondary supplier were non-injurious as they reflected a dumping duty-inclusive value.
8. Whilst Fortune is not aware of the successful tender prices by the Australian local producers for primary supply of power transformers to ~~xxxxxxxxxxxx~~, it is expect that their tender prices were significantly lower than Fortune's own tender prices as secondary supplier given their awareness that Fortune's exports were subject to 15.2% in additional dumping duties. If confirmed, this would further demonstrate that Fortune's exports did not cause injury to the Australian industry.

Fortune understands from the ADC that a visit to ~~xxxxxxxxxxxx~~ may have occurred as part of this continuation inquiry, and expects that in doing so, the ADC has gathered all of the necessary information to properly confirm the details outlined above, and undertake a proper comparison of tender prices by Fortune and the Australian local producers.

Upon confirmation of the above, Fortune contends that the non-injurious price must be calculated using an unsuppressed selling price, less prescribed deductions. Given the likeness of the transformers tendered by Fortune and the Australian local producers, and the evidence that Fortune was only a backup supplier to the Australian industry, the unsuppressed selling price ought to be based on the Australian industry's tender prices for equivalent transformers supplied by Fortune.