



Mr Daniel Moulis
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By email: daniel.moulis@moulislegal.com

Dear Mr Moulis

ABB Group – Related party transactions

I refer to the verification visits to ABB Limited Thailand (ABB Thailand) and ABB Limited Vietnam (ABB Vietnam) and transactions with other members of the ABB Group. I have reviewed the verification team's visit reports for those companies and have identified an issue that I consider warrants further examination.

The case management team considers the assessment of related party transactions to be issues in the investigation and one that should be further addressed before recommendations are made to the Commissioner.

The information presented by your clients was found by the verification team to be accurate, nonetheless the Commission wishes to conduct another check of pricing and/or costing of some of the inputs purchased by the ABB companies concerned from related entities in the ABB Group.

As noted at page 44 of the Commission's Dumping and Subsidy manual, where a major input is produced by an associate of the exporter, the Commission will seek to establish whether the purchase cost of the input from the associated party is reasonable, taking into account the normal market cost for such inputs.

During the verification of specific cost elements at ABB Thailand, the following related party transactions were noted:

- tap changers purchased from **[CONFIDENTIAL TEXT DELETED – identification of supplier]**; and
- bushings purchased from **[CONFIDENTIAL TEXT DELETED – identification of supplier]**.

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Similarly, during the verification at ABB Vietnam the following related party transactions were noted:

- tap changers purchased from **[CONFIDENTIAL TEXT DELETED – identification of supplier]**; and
- bushings purchased from **[CONFIDENTIAL TEXT DELETED – identification of supplier]**.

In order to undertake the inquiries indicated by the manual, the Anti-Dumping Commission is requesting further information. For sales of tap changers and HV bushings by **[CONFIDENTIAL TEXT DELETED – identification of supplier]** supplied in 2012, we are seeking the following information:

- sales data that would show and allow a direct comparison of prices between related and unrelated customers of tap changers and HV bushings, and
- on the possibility that a direct comparison is not possible for specific product types, we are seeking information that would allow an assessment and comparison of gross margins achieved on sales to both related and unrelated customers of tap changers and bushings by **[CONFIDENTIAL TEXT DELETED – identification of supplier]**.

The Commission understands that tap changes and bushings can be supplied in a wide range of configurations and requests that this sales information be presented in a format that would allow direct comparison of prices for different models to related and unrelated customers.

The Commission requests that this information be provided by 16 May 2014. If you have any queries regarding this request please don't hesitate to contact the case manager on 6275 6729.

Kind regards

John Bracic
Director, Operations 1
Anti-Dumping Commission

14 April 2014