

10 June 2014

Director Operations 1
Anti-Dumping Commission
Customs House
5 Constitution Avenue
CANBERRA CITY ACT 2601

By email: operations1@adcommission.gov.au

Dear Director

Dumping investigation ADC 219 - Power transformers exported from China, Indonesia, Korea, Taiwan, Thailand and Vietnam

Issues Paper 2014/01

We refer to above issues paper and provide the following submission on behalf of Fortune Electric Co., Ltd (Fortune):-

1. The goods and like goods

- a. Fortune understands and appreciates the complexity for Anti-Dumping Commission (ADC) to separate "distribution transformers" from "power transformers" for dumping investigation purposes.
- b. Fortune have completed all data in Response to Questionnaire (REQ) based on assessment from ADC i.e. "distribution transformers" are deemed to be of capacity of 10MVA or less.
- c. Should another definition "distribution transformers" be established Fortune are willing to consider.

2. Identification of which export shipments are used for dumping margin calculations

- a. Fortune submit that sales be considered to be during the POI, based on terms of sale, i.e. DDP = Date of Delivery, FAS = date of arrival at dispatch port, EXW = Date of dispatch from factory etc.
- b. Fortune refer ADC to both GAAP and IAS accounting standards applied by Fortune during the investigation period, regarding revenue recognition.



- c. Should ADC resolve that the contract date be used as date of sale, Fortune submit that in many cases, material terms of trade are only established when the Australian customer submits a purchase order as confirmation. This was verified by the ADC investigation team. In these circumstances Fortune submits that the purchase order date is the date of contract.

3. Determination of profit for constructed normal values

- a. Fortune agrees with ADC position in determining profit in accordance with Regulation 181A(3) and further submits that the amount of domestic profit to be included in Constructed Normal Value should be based on the same general category of domestic sales, being power transformers of 100 MVA or less, due to the following factors:-
 - i. Power Transformers are allocated into two categories, as per international standards such as IEC:2005 - 60076:-
 - 1. Medium Power Transformers of equal to or less than 100 MVA; and
 - 2. Large Power Transformers of greater than 100 MVA.
 - ii. Fortune only exported medium power transformers up to 100 MVA to Australia.
 - iii. Domestic competition in medium power transformers is far greater due to number of domestic producers capable of producing medium power transformers compared to large power transformers.
 - iv. Logistic barriers to imported medium power transformers to Taiwan are not comparable with large power transformers, providing additional domestic competition through imported medium power transformers.

4. Calculation of a credit adjustment

- a. Fortune accepts ADC's proposed position.

5. Exchange Rates

- a. Fortune refers ADC to both GAAP and IAS accounting standards applied by Fortune during the investigation period, regarding The Effects of Changes in Foreign Exchange Rates.
- b. Fortune submit the rate of exchange for conversion of export sales from AUD to NT\$ should be the spot rate at date of revenue recognition as per accounting standards, being date based on terms of sale.



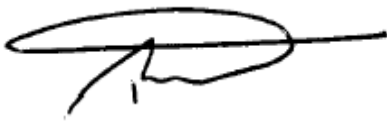
- c. Fortune further submits that the spot rate be the daily rate published by the Central Bank of Taiwan.

Fortune also brings to the attention of the ADC the attached submission to the ADC investigation team on 26 May 2014.

Should you require any additional information, please contact the writer.

This letter is non-confidential and can placed on the public record for this investigation.

Yours faithfully



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