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

Review of wind towers exported from the Peoples Republic of China

Dear Director

This submission is made on behalf of Penglai Dajin Offshore Heavy Industry Co., Ltd. ("Dajin") in response to the claims by Keppel Prince Engineering Pty Limited ("KPE") in its application for the measures to be continued.

A. Lack of relevant financial information

At the outset, Dajin notes that KPE's application for continuation of the measures contains no evidence or analysis addressing the future economic performance of the Australian industry in the absence of measures. Instead, it focuses almost entirely on '*... assessing the likelihood of dumping continuing or recurring...*', without addressing the critical matter of whether the expiration of the measures might lead, or might be likely to lead, to a continuation of, or a recurrence of, the **material injury** that the measures are intended to prevent.

In response to the question of will material injury recur, and the performance of the local industry, KPE simply states that it will provide relevant information '*...at a later stage*'. It is noted that over four months have passed since KPE lodged its application and no such information appears to have been provided. It is also noted that in other current continuation inquiries, the Commission requested relevant information of the industry by way of a full industry questionnaire, which necessarily sought detailed sales and costing information.

By focusing exclusively on the likelihood of dumping recurring, KPE's application falls well short of the standard expected from an applicant seeking to have measures continued. Despite the obvious deficiencies in KPE's application, Dajin makes the following comments on the whether material injury is likely to recur in the absence of measures.

B. Market characteristics questionnaire

Dajin notes that the Commission has issued exporters with a questionnaire seeking information that may be relevant to assessing whether material injury will continue or recur if the anti-dumping measures expire. However, in Dajin's case, it has limited knowledge and understanding of the integral market dynamics for wind towers in Australia, as wind towers are just one component of a complete wind farm, and the supply/demand characteristics for wind farms are impacted by a combination of economic, environmental, regulatory, and technological factors.

Dajin would instead urge the Commission to issue a market characteristics questionnaire requesting information directly from interested parties that are relevant to the supply and demand of wind farms, including the wind farm owners and the wind turbine suppliers. The wind turbine suppliers are particularly relevant given that they are also the customers that make the ultimate decision on procuring wind towers.

The market characteristics questionnaire would be useful in establishing:

- whether KPE was invited to tender for the supply for wind towers, and if not, why;
- whether KPE offered a tender for supply for wind towers, and if not, why;
- whether KPE's location and the associated difficulties relating to logistics for delivery of the wind towers is a key consideration of whether KPE is a viable supplier;
- other relevant aspects of the supply of wind towers.

By gathering information from key parties involved in the supply of wind turbines and construction of the wind farms, the Commission would be well placed to ensure that its findings are based on positive evidence.

C. Other factors

KPE application makes no mention of the obvious other factors that are causing, and likely to continue to cause, injury to the Australian industry in the foreseeable future. Each of these are outlined below.

i) Proximity of KPE's manufacturing facility to wind farms

A key consideration in the purchasing and supply of wind towers is the logistical challenges associated with delivery to site, including port clearance, management of roads, disruption to community services, safety and environmental factors. Delivery to site for the wind towers and the associated components requires careful route selection and journey management, and will operate under strict conditions.

Given the logistical challenges facing delivery to site, it is preferred to limit the transportation of over-size over-mass wind tower components by road. For this reason, Dajin understands that KPE would not be a practical or economically feasible option for wind farms located outside of Victoria.

To that end, it is noted that none of the wind farms that are currently operating and which commenced construction since 2019, are located within Victoria. It is reasonable to conclude that KPE’s manufacturing location prevented it from offering to supply wind towers to these projects.

Operating wind farms - Construction commenced since 2019					
Wind Farm	Capacity	Developer	Turbine maker	State	Construction
Collector Wind Farm	227	RATCH-Australia	RATCH-Australia	New South Wales	2019
Cattle Hill Wind Farm	144	Goldwind Australia	Goldwind	Tasmania	2020
Dulacca Wind Farm	180	RES	Vestas	Queensland	2021

Therefore, KPE’s inability to successfully tender for these projects cannot be attributed to Chinese exports.

ii) Transition to offshore wind farms

Australia’s national regulatory framework for offshore energy came into effect in June 2022, and the Australian Government’s ‘Rewiring the Nation’ plan is seeking to fast-track the development of offshore wind farms and renewable energy zones in Victoria. This has led to a sharp increase in activity in the offshore wind sector, as evidenced by the 56 offshore wind farm projects, none of which are currently operating or under construction. However, this reflects the enhanced regulatory frameworks implemented by the Commonwealth and State governments, to establish a leading offshore wind industry.

This encouraged push for investment and development of an offshore wind industry will negatively impact KPE, given that its manufacturing capabilities are limited to onshore towers only. This is supported by KPE’s own request to seek an exemption¹ of general Customs duty and interim dumping duty, on imported goods which generally covers sections relevant to offshore wind towers.

In these circumstances, the dumping duties are not intended to provide relief to an industry facing major structural market changes. Particularly in the case of KPE which does not appear willing to undertake the necessary investments and upgrades to its manufacturing capabilities.

iii) Exports from China and Vietnam not subject to measures

Dajin understands that the vast majority of wind towers exported to Australia since 2020 are not subject to measures, so the Australian industry has been operating into a market unaffected by injurious dumping. This is supported by the following information:

- the Commission’s final report 487 showed that the Australian market was dominated by exports from China and other countries (see figure 6 below);

¹ Tariff Concession Order - TC 1761480

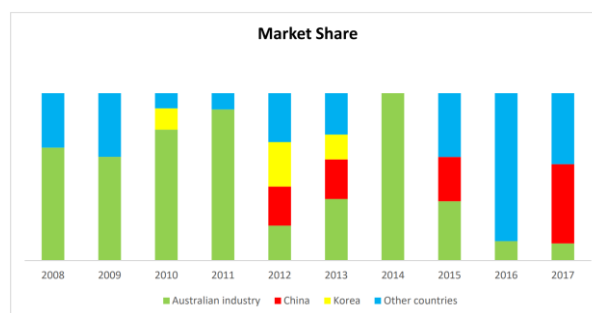


Figure 6: Market share – wind tower contracts awarded

- exports from other countries are understood to be predominantly Vietnam based on the Commission’s previous finding that Vietnamese exports of wind towers caused negligible injury;
- the Minister’s decision in 2020 to revoke the measures in relation to exports by Shanghai Taisheng Wind Power Equipment Co., Ltd;
- other Chinese cooperating exporters in the current review of measures (Review 615) confirmed in their questionnaire responses that they did not export during the review period.

In a situation where the Australian market is dominated by the supply of exports that are not subject to measures, and the Australian industry claims to be continuing to experience injury as a result of imports, then it stands to reason that those imports not subject to measures are the primary cause of the KPE’s injury.

In the case of Dajin’s export during the review period, it is noted that the Commission has undertaken verification with a view to calculating an updated dumping margin. Dajin considers that it has not exported the subject goods at dumped prices, and as such, its exports are to be considered non-injurious.

Conclusion

Dajin contends that measures are no longer warranted given:

- lack of evidence to establish the economic performance of the Australian industry;
- critical other factors that are the leading causes of injury to the Australian industry such as manufacturing location, transition to offshore wind, and supply of towers exempt from measures.

Given the complexity of the market dynamics involving the wind farm sector, Dajin would urge the Commission to consider issuing a market characteristics questionnaire to better understand the factors contributing to the Australian industry’s likely economic performance in the foreseeable future.