



Australian Government
**Department of Industry,
Innovation and Science**

**Anti-Dumping
Commission**

Application for the
continuation of a dumping
dumping notice

WIND TOWERS EXPORTED FROM THE
PEOPLE'S REPUBLIC OF CHINA
AND
THE REPUBLIC OF KOREA

PUBLIC RECORD

**APPLICATION UNDER SECTION 269ZHC OF THE *CUSTOMS ACT 1901*
FOR THE CONTINUATION OF A DUMPING AND/OR COUNTERVAILING
DUTY NOTICE OR CONTINUATION OF AN UNDERTAKING**

I hereby request, in accordance with section 269ZHC of the *Customs Act 1901* (the Act) that the Minister:

- continue a dumping duty notice, or
continue a countervailing duty notice, or
continue the undertaking given under the Act by

Keppel Prince Engineering Pty Ltd

(Name of company or organisation)

in respect of the goods the subject of this application.

I believe that the information contained in this application:

- provides reasonable grounds for continuation of the anti-dumping measure; and
- is complete and correct to the best of my knowledge and belief.

Signature:

Name:

Stephen Garner

Position:

General Manager

Company:

Keppel Prince Engineering Pty Ltd (KPE)

ABN:

62 004 727 619

Date

18 June 2018

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 '*Instructions and Guidelines for applicants: Application for continuation*' on the Commission's website.

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 less than 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.au or telephone the ITRA Service Hotline on +61 2 6213 7267.

Required information

1. Provide details of the name, street and postal address, of the applicant seeking the continuation.

Keppel Prince Engineering Pty Ltd (KPE) is the applicant seeking the continuation of the measures.

184 Darts Road
Portland, Victoria, 3305

PO Box 515
Portland, Victoria, 3305

KPE was the applicant in the original investigation, INV 221, and represents the majority of the Australian industry producing wind towers.

2. Provide details of the name of a contact person, including their position, telephone number and facsimile number, and e-mail address.

Stephen Garner, General Manager
Ph: (03) 5523 8816
Fax: (03) 5523 8890
Email: steve.garner@keppelprince.com.au

KPE has appointed a representative to assist with the application.

Rodney Jones
PO Box 7172 GREENWAY ACT 2900
Ph: [REDACTED]
Email: rodbjones@tpg.com.au

3. Provide the names, addresses, telephone numbers and facsimile numbers of other parties likely to have an interest in this matter e.g. Australian manufacturers, importers, exporters, users.

Other Australian Manufacturers

Michael Lewis, Group Business Development Manager
Ottoway Fabrication Pty Ltd (OF)
61 - 67 Plymouth Road, Wingfield SA 5013
Ph: (08) 8341 0045
Fax: (03) 8159 9599
Email: Mike.lewis@ottowayengineering.com.au

Steve Edmunds, Managing Director
Crisp Bros. and Haywards Pty Ltd (Haywards)
1 Boral Road Western Junction TAS 7212
Ph: (03) 6391 8508
Fax: (03) 6391 8612
Email: sedmunds@haywards-steel.com

Importers

The following importers have previously imported wind towers from China and/or Korea.

Goldwind Australia Pty Ltd
Suite 2, Level 23 201 Elizabeth Street Sydney, NSW 2000
Ph: (02) 9008 1715
Fax: (02) 9008 1700
Email: info@goldwindaustralia.com

Senvion Australia Pty Ltd
Level 29 80 Collins Street 3000 Melbourne, Victoria
[Ph: \(03\) 8660 6555](tel:(03)86606555)
[Fax: \(03\) 8660 6500](tel:(03)86606500)
Email: au.info@senvion.co

Vestas Australia Wind Technology Pty Ltd
312 St Kilda Rd, Southbank VIC 3006
Ph: (03) 8698 7300
Fax: (03) 9645 0111

Email: vestas-australia@vestas.com

Siemens Ltd.
885 Mountain Highway Bayswater VIC 3153
Tel:(03) 9721 2476
Fax: 1300 360 222

GE Renewables Asia Pacific
572 Swan Street
Richmond, VIC, 3121, Australia
Ph: 0409 969 274 (John Harrison General Counsel)
Email: john.harrison@ge.com

Exporters

The following exporters have previously exported wind towers to Australia.

China

Shanghai Taisheng Wind Power Equipment Co., Ltd. (trading as TSP)
1988 East Weiqing Road
Jinshanzui Industrial District, Jinshan District
Shanghai 201508
P.R. China
Phone: +86 21 5724-5661
Fax: +86 21 5724-5664

Titan Wind Energy (Suzhou) Co Ltd
No. 28 Ningbo East Road Economic Development Zone
TAICANG, JNG 215400
P. R. China
Phone: +86 512 8160 7016
Fax: +86-512 5359 8666

Korea

Win&P., Ltd
83-6, Yangjae-dong,
Seocho-gu,
SEOUL, 137-130
South Korea
Phone: + 82-2-2040-1813
Fax: + 82-2-2051-5804

Dongkuk SNC
547-3 Jangheung-dong, Nam-gu, Pohang City, North Gyeongsang Province
Ph: +82-54-285-4500
Fax: +82-54-271-0700

4. The application must include a detailed statement setting out reasons for seeking continuation of the anti-dumping measure. Applicants must provide evidence addressing whether, in the absence of measures, dumped or subsidised imports would cause material injury to the local industry producing like goods. Applicants should refer to the "Guidelines for Preparing an Application for Continuation of Measures" for assistance.

The Australian Industry

The Australian industry comprises KPE, OF and Haywards. KPE is the applicant for the continuation, letters of support from the other two industry members are attached.

KPE has been manufacturing and supplying wind towers to the Australian market since 2000 and is the market leader in the production of wind towers and sections in Australia. KPE has supplied wind towers to six of the seven wind turbine original equipment manufacturers (OEMs) active in the Australian market.

OF has been manufacturing and supplying wind towers since 2013. OF has supplied wind towers to two of the OEMs active in the market, including the OEM whom KPE has not supplied to.

Haywards has been manufacturing and supplying wind towers to the market since 2003. Haywards has supplied wind towers to three of the OEMs active in the market.

The Australian market

In the original investigation, REP 221 refers, the Australian market was examined from January 2012 to June 2013. Rep 221, pages 17-22 refer.

The recently completed Anti-Dumping Commission investigation into wind towers exported from the Socialist Republic of Vietnam (Vietnam) examined the Australian market, including market size from January 2013 to December 2016 and future trends to 2018. TER 405, pages 19-26 refer.

In summary:

Market supply

The Australian market for wind towers and sections thereof is supplied by the Australian industry and imports from Vietnam, China and Korea.

Market demand

The market for wind towers is driven by the demand for wind turbines, which is in turn driven by demand for wind energy, a renewable resource.

Wind farms are generally established under a Power Purchase Agreement (PPA) between a wind farm developer and a government authority. The developer will request bids for an EPC contract for a wind farm project. These are turn-key projects that are deliverable on a specific date to an agreed price. OEMs and EPC firms will bid for the EPC contract.

Demand for wind towers in Australia has fluctuated significantly since the market commenced in 2000. These fluctuations have coincided with changes in government policies and legislation.

Demand for wind towers in Australia from 1 January 2013 was particularly volatile. In June 2015, it was confirmed by the Australian Government that the (Renewable Energy Target) RET was 33,000 gigawatt hours (GWh) and that it would continue until 2020. Demand for wind energy and thus wind towers in Australia recovered following confirmation of the RET.

State governments also have had a large effect on demand for wind towers over the period as noted.

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.

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.

Queensland has set a renewable energy target of 50% by 2030.

Sales Process

Both the Australian industry and overseas wind tower manufacturers in turn supply wind towers and sections directly to the successful OEM or EPC for the project. There are seven OEMs of wind turbines, who purchase wind towers and sections operating in the Australian market.

Wind towers and sections are made to the purchasers' specifications on a project-by-project basis and no two wind tower projects are identical.

A tender for wind towers may call for ex-works price offers, or pricing delivered to site.

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 size and trends

The Commission considered in the previous investigations that the date the contract was awarded should be regarded as the effective date of sale as it reflects when a sale was won or lost by the Australian industry.

The Commission noted 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.

Market size and trends are based on the sale or estimated date of contract.

The market size from 2013 to 2016 is shown at **Attachment 2**.

The volatility in the market can be seen from the change from 2013 to 2014 when the market size crashed from 283 wind towers to 3 wind towers. The market showed recovery in 2016 and 2016 due to three large projects, Hornsdale (99 towers), Ararat (75 towers) and White Rock (70 towers) accounting for over 90% of the towers available on the market.

KPE provided estimates of the market for 2017 and 2018 of more than 700 towers per year in the previous investigation. KPE's updated estimate of the market for those years is at **Confidential Attachment 2**.

Will dumping continue or recur

Anti-dumping actions by other countries.

The United States International Trade Commission(USITC) imposed dumping and countervailing duties of 45-71% and 21-34% respectively on wind towers from China in 2012, measures were also imposed wind towers from Vietnam. The USITC announced on 16 April 2018 that it would conduct a full five-year review of the dumping and countervailing measures applying to wind towers from China and Vietnam. (**Attachment 3**)

KPE is not aware of any other anti-dumping measures applying to wind towers exported from China and Korea by other countries.

Exports since measures were imposed

Exports from China for wind projects in Australia have continued since the measures were imposed up to the present day.

■

(commercially sensitive)

KPE believes that the last exports of wind towers to Australia from Korea were in 2013 for the Bald Hills project.

Will exports continue recur if the anti-dumping measures are revoked

Exports from China have continued to the present day since measures were imposed, KPE considers that exports from China will increase if the anti-dumping measures comprising IDD of 15-15.6% are revoked ■

(commercially sensitive)

KPE considers that exports from Korea will resume if the anti-dumping measures are revoked. The two Korean companies that have exported wind towers to Australia are export orientated companies. Win&P exported towers for two projects in the original investigation, Dongkuk S&C exported towers for the Gunning wind farm in 2010.

Available information shows that Dongkuk is focused on increasing its share of markets overseas and Win&P are supplying wind towers to various countries. (**Confidential Attachment 3**).

Have exporters retained distribution links in Australia

TER 405 found that there are seven OEMs of wind turbines, who purchase wind towers and sections, operating in the Australian market:

- General Electric International Inc (GE);
- Goldwind Australia Pty Ltd (Goldwind);
- Senvion Australia (formerly REpower Australia);
- Siemens Wind Power Pty Ltd (Siemens);
- Acciona Energy Oceania Pty Ltd (Acciona);
- Vestas Wind Systems A/S (Vestas); and

- Suzlon Energy.

TER 405 also noted that OEMs such as GE, Vestas, Goldwind and Siemens Gamesa operate globally with their suppliers. Pricing is done on a global basis between the OEMs and wind tower suppliers.

Available information demonstrates that exporters from China have retained distribution links to the OEMs that operate in the Australian market with six of the seven OEMs listed as their customers. (**Confidential Attachment 4**)

Available information also demonstrates that exporters from Korea have retained distribution links to the OEMs that operate in the Australian market with four of the seven OEMs listed as their customers. (**Confidential Attachment 4**)

Have exporters excess capacity that may be directed to Australia

Information is not available on excess capacity for Korean and Chinese exporters, but as noted above the companies are export focused and seeking to grow their sales and reputations in the international market.

Evidence of current normal values, export prices and dumping

Export prices and normal values are difficult to obtain as each project is unique in nature.

KPE has used deductive export prices and constructed normal values to calculate dumping margins for Korea and China in present market conditions. Export prices and Normal values are at **Confidential Attachment 5**.

These calculations show current dumping margins for China and for Korea that are not negligible.

Will dumping continue or recur

Demand for wind towers in the Australian market is at levels two to three times greater than in the original investigation, INV 221, and what was found in the previous investigation INV 405. (**Confidential Attachment 2**)

The demand in the market and the size of the market makes Australia more attractive for both OEMs and wind tower exporters.

The growth and importance of the market is shown in the article from September 2017 which notes that "GE is major player in the burgeoning wind farm sector in Australia and this is the companies second largest market worldwide." It is highly likely given the continued growth in the Australian market that Australia is now the company's largest market worldwide.

In addition, the top four OEMs for wind power are presently active in the Australian market. (**Confidential Attachment 6**)

The above leads to increased competition on pricing for the wind projects and subsequent increased competition on pricing for wind towers.

This increased competition drives prices down as wind tower manufacturers compete for the projects.

In the previous investigation, INV 405, the Australian industry considered that CS Wind Vietnam was the price setter in the market and was driving prices down. CS Wind Vietnam won two of the three major projects in the investigation period and over 50% of the wind towers available for tender.

Further, towers manufactured by CS Wind of Vietnam were sold below cost to secure the projects, at a loss margin of approximately -2.60%. CS Wind

Vietnam has secured at least three other projects in Australia after the investigation period that are also likely sold below cost.

The pricing of CS Wind Vietnam towers in the market and its role as a price setter in the market makes it likely that other manufacturers from China and Korea would need to export below cost, or at dumped prices to compete in the Australian market.

CS Wind Korea is the parent company of CS Wind Vietnam, TER 405 found that CS Wind Korea was the marketer and beneficial owner of the goods (p. 28), effectively CS Wind Korea negotiated and set the prices for the wind towers sold by CS Wind Vietnam.

CS Wind Korea is also the parent company of CS China. Towers manufactured by CS Wind China are subject to dumping duties of 15.6%.

If the anti-dumping measures applying to wind towers are revoked it is highly likely that CS Wind Korea will sell towers manufactured by CS Wind China below cost, at dumped prices, into the Australian market.

A further factor pointing to dumping continuing or recurring is that the OEMs, negotiate prices for wind towers with suppliers on a global basis where “the price is agnostic to the destination of the wind towers as supply is based on a global price rather than an export destination.” (EPR 005, INV 405)

It would make strategic sense for CS Wind Korea to direct output from its Vietnam factories to the USA market where anti-dumping measures do not apply and to direct output from its Chinese market (who are effectively frozen out of the USA market due to the measures) to the Australian market.

This will likely set up a new price undercutting war with the other Chinese manufacturers who have had the measures expire that will likely see prices driven lower at increased dumping margins.

In the original investigation the Korean exporter was found to be dumping by a margin of 17.2% which included a profit margin of 3.5% (REP 221), which means the exporter was also selling below cost at around -12%.

Dongkuk S&C is subject to the all other dumping rate from Korea of 18.8%. Available information shows that Dongkuk S&C current profit on wind towers is around 12%. Dongkuk would need to and would likely reduce its profit below that level to secure contracts in Australia.

If the anti-dumping measures applying to wind towers are revoked it is highly likely that the Korea exporters will sell below cost and/or at reduced profits, that is dumped prices, in to the Australian market.

Will material injury recur

In its approach to assessing injury the Commission in both investigations considered injury and material injury caused by dumping on a project basis.

Given the uniqueness of each tender and the variability in the wind tower specifications supplied for any given project, the Commission considers that it is most appropriate to assess injury by examining each tender individually.

Accordingly, the injury analysis detailed in this section is primarily based on information in respect of specific tenders during the investigation period, but also considers verified information submitted by the applicants, exporter, importers (OEMs) and data the Commission obtained from the ABF import database.

KPE has continued the approach in its assessment of whether material injury will recur if the measures are revoked.

KPE has provided an updated estimate of the wind market from 2008 to 2019 with estimated shares, (**Confidential Attachment 2**). The estimate shows an increasing presence and market share of imports of wind towers from China from 2015.

KPE in its assessment of material injury has only included projects where it considered industry was likely to be competitive based on location of the project.

The Commission noted in TER 405, p.23:

Some of the advantages enjoyed by the Australian industry over global suppliers include:

- lower transportation costs (provided that the distance of the Australian supplier from the location of the wind farm does not require Australian shipping or long road transportation);
- familiarity with Australian standards (for example in relation to electrical fit outs and work place health and safety);
- the ability to provide follow up services on site within a short time frame;
- the ability to provide storage of completed towers prior to transportation to the wind farm site (as opposed to the wharf); and
- the preference of some OEMs to work with Australian participants where possible.

Material injury to the Australian industry

██ (commercially sensitive)

KPE has been manufacturing and supplying wind towers to the Australian market since 2000. KPE has manufactured and supplied wind towers for six of the seven OEMs currently active in the market.

KPE is experiencing price pressures ██

However, KPE is either forced to reduced prices against global prices ██████████ or is unable to reduce its prices ██████████

██ (commercially sensitive)

KPE considers that if measures are revoked for wind towers exported from China it would not have secured any of the contracts it won in 2017 and 2018 as the removal of the margin of 15-15.6% would have seen the prices ██████████

KPE does not believe that ██████████ if measures are allowed to expire.

Similarly, KPE considers that exporters from Korea would be prepared to enter the market at prices dumped and below cost, as occurred in the original investigation, and that these prices would undercut KPEs to an extent that the difference would be ██ (commercially sensitive)

OF has been manufacturing wind towers since 2013. OF has manufactured and supplied wind towers to two of the OEMs in the market.

██ (commercially sensitive)

Haywards has been manufacturing wind towers since May 2003 and has supplied wind towers to three of the OEMs in the market.

██ (commercially sensitive)

Haywards is concerned and believes that if the measures are revoked the pricing will reduce [REDACTED] (commercially sensitive)

Haywards believes that if the measures are revoked then the lower prices that would result would also see Haywards undercut to such a level [REDACTED] (commercially sensitive)

The loss or partial loss of identified projects would cause material injury to the Australian industry.

Further details of the material injury likely to be caused to the Australian industry are at **Confidential Attachment 2**.

Updated financial data for KPE is at **Confidential Attachments 9 & 10**.

Summary and conclusion on dumping and material injury

KPE has provided information and evidence in the application of:

- anti-dumping actions by other countries in respect of the goods:
- export prices, normal values and dumping margins:
- exports continuing or likely to recur:
- exporters maintaining distribution links in Australia:
- market trends and shares:
- performance of the local industry:
- material injury caused by the dumped goods to the Australian industry recurring in the absence of the anti-dumping measures.

KPE requests that the anti-dumping Commission initiate a continuation inquiry into whether the continuation of the anti-dumping measures applying to wind towers exported from China and Korea are justified.

5. The applicant must provide details of the current anti-dumping measure(s) the subject of this continuation application, including:

- tariff classification
- the countries or companies
- specified date of publication of the measure

The current anti-dumping measures

On 16 April 2014, anti-dumping measures in the form of interim dumping duties (IDD) were imposed on wind towers exported from the People's Republic of China (China) and the Republic of Korea (Korea).

The IDD is an amount worked out in accordance with the ad valorem duty method. Anti-dumping Notice 2014/33 refers (**Attachment 1**)

The goods subject to the measures are:

Certain utility scale 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 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. where 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.

Tariff classification.

Tariff sub heading	Stat code
7308.20.00	03, 04
7308.90.00	52, 53, 54, 55, 56, 63, 65
8502.31.10	31

Countries specified

The People's Republic of China (China) and the Republic of Korea (Korea).

Date of publication of the notice.

The anti-dumping notices were published on 16 April 2014.

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 either:

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

The Commissioner of the Anti-Dumping Commission
GPO Box 2013
Canberra ACT 2601, or
- facsimile, using the number (03) 8539 2499.

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. If you cannot provide a non-confidential version, contact the Commission’s client support section for advice.

PUBLIC RECORD