



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

**Anti-Dumping
Commission**

CONTINUATION INQUIRY NO. 487

**INQUIRY INTO THE CONTINUATION OF
ANTI-DUMPING MEASURES APPLYING TO**

WIND TOWERS

**EXPORTED FROM THE PEOPLE'S REPUBLIC OF
CHINA AND THE REPUBLIC OF KOREA**

VERIFICATION REPORT - IMPORTER

GENERAL ELECTRIC INTERNATIONAL INC.

**THIS REPORT AND THE VIEWS OR RECOMMENDATIONS CONTAINED HEREIN
WILL BE REVIEWED BY THE CASE MANAGEMENT TEAM AND MAY NOT REFLECT
THE FINAL POSITION OF THE ANTI-DUMPING COMMISSION**

January 2019

CONTENTS

CONTENTS 2

1 BACKGROUND 3

1.1 CONTEXT 3

2 IMPORTS 4

2.1 THE GOODS 4

2.2 VERIFICATION OF IMPORTATION AND SELLING COSTS 4

2.3 IMPORT LISTING 4

2.4 FORWARD ORDERS..... 4

2.5 THE IMPORTER..... 4

2.6 THE EXPORTER 5

2.7 RELATED PARTY SUPPLIERS 5

2.8 ARMS LENGTH 5

3 GENERAL COMMENTS 6

3.1 TENDER AND SUPPLY PROCESS..... 6

3.2 QUALIFICATION PROCESS 6

3.3 CLAIMS REGARDING THE AUSTRALIAN INDUSTRY 7

4 RECOMMENDATIONS 8

5 ATTACHMENTS 9

1 BACKGROUND

On 16 July 2018, the Commissioner of the Anti-Dumping Commission (the Commissioner) gave public notice of his decision to initiate a continuation inquiry, in respect of certain wind towers (the goods) exported from the People's Republic of China (China) and the Republic of Korea (Korea). Anti-Dumping Notice (ADN) No. 2018/115 provides further information on the continuation inquiry and is available on the Anti-Dumping Commission (Commission) electronic public record (EPR) at www.adcommission.gov.au.

Following the initiation of the inquiry, the Commission wrote to the Australian arm of General Electric International Incorporated (GE), inviting GE to cooperate with the investigation. GE responded to the Commission's invitation and completed the importer questionnaire and relevant attachments. GE also provided a submission regarding its views of the Australian wind tower market.¹

Commission staff conducted a desktop verification based on the information provided by GE in the importer questionnaire.

1.1 Context

GE purchases wind towers for use in constructing wind farms. The wind farms are constructed by GE as turnkey power generation projects. The wind towers can be supplied by the Australian industry or by exporters.

GE does not sell wind towers (except as part of a wind farm) and so the verification task did not include verifying downstream sales or assessing the profitability of downstream sales.

During the period from 1 January 2017 to 30 June 2018 (the inquiry period), Australian industry did not supply any wind towers to GE. GE last sourced wind towers from the Australian industry for the Ararat wind farm project in 2015. Further information and background can be found on the EPR record for Investigation 405.²

¹ [487 GE submission](#)

² [EPR 405 Investigation](#)

2 IMPORTS

2.1 The goods

The verification team confirmed that GE imported goods during the inquiry period matching the description of the goods that are the subject of the application.

2.2 Verification of importation and selling costs

The verification team verified the accuracy of importation costs listed by GE in its response to Part B of the importer questionnaire to the source documents in accordance with ADN No. 2016/30.

The verification team noted the following issues in relation to GE's importer questionnaire response:

- the customs entry record did not match the source documents; and
- anti-dumping duty was included in importation costs.

GE revised its importer questionnaire response to rectify these issues and provided the verification team with an amended importer questionnaire response.

The verification team is satisfied with the revised response provided by GE.

Details of the verification are contained in **Confidential Attachment 1**.

2.3 Import listing

GE's import listing from the importer questionnaire response matches the ABF import data base and is a complete list of its imports of the goods over the inquiry period.

There were four shipments during the inquiry period to supply two wind farm projects, Willogoleche in South Australia (SA) and Coopers Gap in Queensland (Qld).

The Willogoleche wind farm is located in Hallett, the mid north region of SA.³ Willogoleche wind farm was designed with 33 turbines; construction of the wind farm started in 2017 and is expected to be completed in the first half of 2019. Coopers Gap wind farm is located in Kingaroy, north of Dalby in Qld.⁴ Coopers Gap wind farm was designed with 123 turbines; construction was started in September 2017 and is expected to be completed in the second half of 2019.

2.4 Forward orders

GE confirmed that it has forward orders relating to the Coopers Gap wind farm.

2.5 The importer

Based on the information available from the importer questionnaire and further clarifications from GE, the visit team considers that GE is the beneficial owner of the goods at the time of importation and is therefore the importer.

³ [Willogoleche Hill Wind Farm](#)

⁴ [Coopers Gap Wind Farm](#)

2.6 The exporter

Based on the shipment documentation provided from GE, all of its imported wind towers from China were manufactured by a single Chinese manufacturer.

The Act does not define the term “exporter”. The Commission will usually identify the exporter as a principal in the transaction, located in the country of export from where the goods were shipped, that gave up responsibility by knowingly placing the goods in the hands of a carrier, courier, forwarding company, or its own vehicle for delivery to Australia; or a principal in the transaction, located in the country of export, that owns, or previously owned, the goods but need not be the owner at the time the goods were shipped.

The single manufacturer is located in China. Based on the documents obtained by the verification team from GE, the Chinese manufacturer issued the invoices associated with the transaction, and arranged for delivery of the wind towers to the port (at Free Alongside Ship (FAS) terms) for shipping to GE.

Subject to further inquiries, the verification team considers that this Chinese manufacturer is the exporter of the goods⁵ during the inquiry period.

2.7 Related party suppliers

The verification team found no evidence to suggest that the Chinese manufacturer is related to GE; accordingly the verification team considers that the exporter is not a related party to the importer.

2.8 Arms length

In respect of the transaction between GE and Chinese manufacturer], concerning imports of the goods to Australia by GE during the inquiry period, the verification team found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than its price; or
- the price was influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller; or
- the buyer, or an associate of the buyer, was directly or indirectly, reimbursed, compensated or otherwise received a benefit for, or in respect of, whole or any part of the price.

The verification team considers that the sales of the goods (as between GE and the Chinese manufacturer) imported to Australia by GE during the inquiry period were arms length transactions.⁶

⁵ The Commission generally identifies the exporter as a principal in the transaction, located in the country of export from where the goods were shipped, that gave up responsibility by knowingly placing the goods in the hands of a carrier, courier, forwarding company, or its own vehicle for delivery to Australia; or a principal in the transaction, located in the country of export, that owns, or previously owned, the goods but need not be the owner at the time the goods were shipped.

⁶ Section 269TAA of the Act outlines the circumstances in which the price paid or payable shall not be treated as being at arms-length.

3 GENERAL COMMENTS

3.1 Tender and supply process

As outlined in its submission to this inquiry, GE's tender process remains unchanged.⁷

As stated in investigation 405, GE's Australian sales team, in conjunction with GE's regional commercial teams, bids for supply of wind energy generation equipment and services in response to enquiries and tender requests from wind farm developers in Australia. In this context, GE engages in:

- (a) submitting tenders to either act as the supplier of wind turbines to Australian wind farm projects, or to act in consortium to supply wind turbines and construct the wind farm; and
- (b) sourcing componentry for the wind turbines, including wind towers, from wind tower manufacturers.

Tendering as described in (a) above is managed by GE's Australian sales team in conjunction with GE's regional commercial teams (GE Sales), while sourcing of wind towers as described in (b) occurs outside of Australia and is undertaken by GE's Global Sourcing team (GE Sourcing).

In the event of a successful bid, GE Sourcing's role includes:

- (i) wind tower design;
- (ii) sourcing of the towers through GE approved and qualified suppliers;
- (iii) quality management of supplier production; and
- (iv) logistics and transport of wind towers from the supplier factory to the wind farm or the port of import.

3.2 Qualification process

GE claimed that its supplier qualification process remains unchanged since the process explained to the Commission during investigation 405⁸.

As identified in investigation 405, GE uses a qualification process for suppliers. This is a two part qualification process. The qualification criteria required a Supplier Quality Engineer to visit and assess the new supplier for capacity, quality and price-competitiveness in the global market. If the supplier meets this criteria its bids are evaluated, and if successful the supplier is awarded a purchase order. This process is then followed by a First Piece Qualification.

⁷ [GE submission Investigation 405 , document 005 section 2](#)

⁸ Investigation into certain wind towers exported to Australia from the Socialist Republic of Vietnam, www.adcommission.gov.au

3.3 Claims regarding the Australian industry

GE made several observations concerning the limitations of the Australian industry in its submission for the inquiry.⁹

Capacity limitation

GE observed that the sole active Australian producer of wind towers (Keppel Prince Engineering Pty Ltd) has insufficient manufacturing capacity to meet the entire demand of the Australian market and imported goods will always be required to fill the gap GE encouraged the Commission to analyse Australian industry capacity against Australian market demand during the inquiry period.

Manufacturing cost

GE advised that the Australian industry has a high manufacturing cost base due to productivity and labour costs and the “fabrication technology employed”.

Further claims

GE further noted that the continuation of anti-dumping measures may result in a higher cost of energy for any particular proposed project to the point where that project may not proceed. This would have the flow on effect of:

- reducing equipment sales and project construction levels in Australia, leading in turn to reduction of local profitability and jobs for local operators;
- a higher price of renewable energy, and the consequences of reduced economic activity across Australia; and
- reduction of further capital investment in the Australian energy sector.

⁹ [GE submission Continuation Inquiry 487 , document 006](#)

4 RECOMMENDATIONS

The verification team is of the opinion that, for the goods imported by GE from its supplier:

- the goods have been exported to Australia otherwise than by the importer;
- the goods have been purchased by GE from the relevant supplier; and
- the purchases of the goods GE from the relevant supplier were arms length transactions.

Subject to further inquiries with the exporter, the verification team recommends that the export price for the goods imported by GE from the exporter can be established under subsection 269TAB(1)(a) of the *Customs Act 1901*, having regard to all circumstances of the exportation. In particular, the verification team considers that the export price should be determined as the FAS price paid by GE to the exporter plus the cost of loading the goods.

PUBLIC RECORD

5 ATTACHMENTS

Confidential Attachment 1

Verification Work Program¹⁰

¹⁰ Official use only