



Australian Government
Department of Industry,
Innovation and Science

**Anti-Dumping
Commission**

Application for the
continuation of a dumping
and/or
countervailing notice
or
continuation of an undertaking
in Response to
Anti-Dumping Notice No. 2018/174

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

[REDACTED]

(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:

[REDACTED]

[REDACTED]

Name:

Robert Wilson

Position:

Executive Chairman

Company:

Wilson Transformer Company Pty Ltd

ABN:

73 004 216 979

21 January 2019

Application – Continuation of Measures – Indonesia, Taiwan, Thailand

Identity and Communication

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Other Parties with an Interest

Australian Manufacturers:

- a) Ampcontrol Pty Ltd
21 Old Punt Road, Tomago, NSW 2322
Rod Henderson — Chief Executive Officer & Managing Director Ph: 02 4961 9000
- b) Tyree Transformer Co Pty Ltd
PO Box 191, Tyree Place, Mittagong, NSW 2575
Keian Barnard — Chief Executive Officer & Managing Director Ph: 02 9327 6017

Reasons for Continuation

1. Will Dumping or Subsidisation continue, or recur?

I. Current Power Transformer (PT) Dumping Position and Background.

- 1) The countries covered by this Application are set out in the Dumping Commodity Register as being Power Transformers exported from the Republic of Indonesia, Taiwan and the Kingdom of Thailand.
- 2) Power Transformers (PT's) are defined in the Dumping Commodity Register as "Liquid dielectric power transformers with power ratings of equal to or greater than 10 MVA (mega volt amperes) and a voltage rating of less than 500kV (kilo volts) whether assembled or unassembled, complete or incomplete."
- 3) The large power transformer dumping case was based on imports in the period July 2010 to June 2013 (3 years). A summary of this case is attached as "Dumping – Margins & Actions Over Time (ADC-219)".

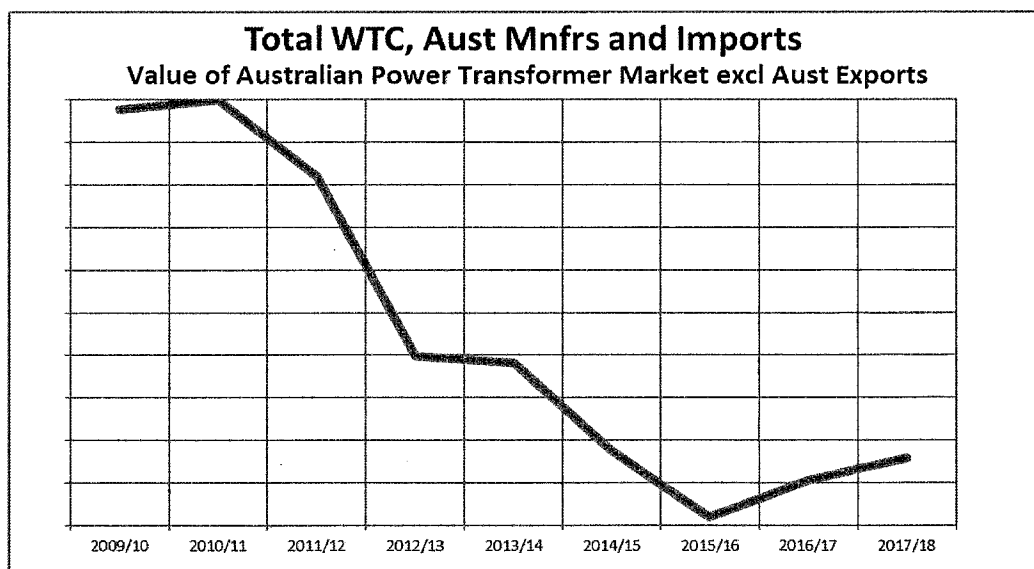
- 4) Dumping was found by the Anti-Dumping Commission (ADC) to have occurred from Indonesia, Taiwan, Thailand and Vietnam. On appeal to the Anti-Dumping Review Panel (ADRP) dumping duties were disallowed from ABB plants in Thailand and Vietnam.
- 5) Dumping was found by the ADC not to have occurred from –
 - a) China (based on margin & volume) although in the period July 2013 to June 2014 there were substantial volumes of imports from the Siemens factories in China based on offers in the period 2010 to 2013,
 - b) Korea (based on margin and volume).
- 6) The current Dumping Duty rates, the Exporters and relevant dates are set out in the Dumping Commodity Register — Power Transformers:

Country	Exporter	Rate
Indonesia	PT Unelec Indonesia	Exempt
Indonesia	PT CG Power Systems Indonesia	28.3%
Indonesia	All other Exporters	28.3%
Taiwan	Fortune Electric Co Ltd	15.2%
Taiwan	Shihlin Electric & Engineering Corporation	21.0%
Taiwan	Tatung Company	37.2%
Taiwan	All other Exporters	37.2%
Thailand	ABB Limited Thailand	Exempt
Thailand	Tirathai Public Company Limited	39.1%
Thailand	All other Exporters	39.1%

- 7) The Power Transformers covered by this application for continuation of measures are – Liquid dielectric power transformers with power ratings of equal to or greater than 10MVA (mega volt amperes) and a voltage rating of less than 500kV (kilo volts) whether assembled or unassembled, complete or incomplete covered by tariff codes –
 - a) 8504.23.00.26 and 8504.23.00.41 – all products except 500kV and above
 - b) 8504.22.00.40 – products rated 10MVA and above only
 - c) 8504.21.00.39, 8504.33.00.30 and 8504.34.00.91 – any products which have been incorrectly categorised into these tariff codes which should have been categorised as 7)a) or 7)b) above.
- 8) The specified date for the publication of measures was 10 December 2014.
- 9) In November 2016, the ADC initiated a review of measures applying to PT CG Power Systems Indonesia (ADC Notice No 2016/119). The ADC issues Final Report No 383 on 1 May 2017 recommending the dumping duty rate increase from 8.7% to 43.3%. Following appeal by PT CG Power Systems, the ADRP issued report No 60 on 26 September 2017 recommending the dumping duty rate be decreased from 43.3% to 28.3% in the following respects: The normal value arrived at in ADC Report 383 should be reduced by -
 - the amount of domestic SG&A costs; and
 - the export packing costs originally included.
 WTC disagrees with these adjustments, particularly dot point one.

II. Imports and Dumping over the past 5 years

- 1) The Australian PT market has been in almost constant decline from [REDACTED] million in 2008/09, to a low of [REDACTED] million in 2015/16. This has reduced WTC output significantly. The extent of the market reduction is set out in the below graph. *[Market detail confidential]*



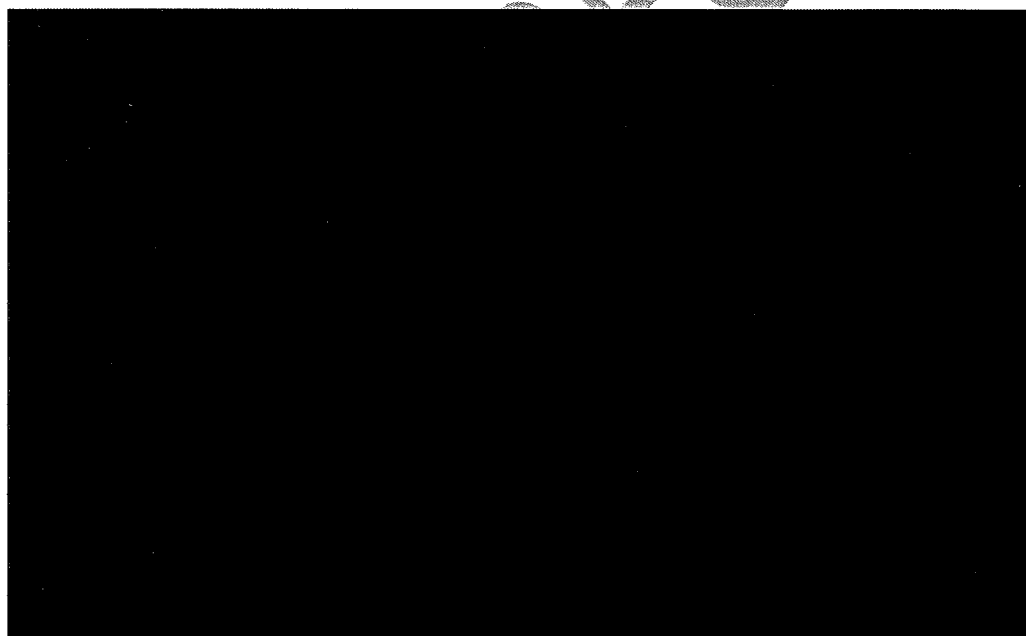
- 2) In 2017/18 demand for power transformers recovered slightly to [REDACTED] million with requirements from the renewable sector but was still less than [REDACTED] of demand during 2008 to 2011. *[All market share and Australian production is confidential]*
- 3) During the period 2015 to 2018 –
- China maintained a large share of the imported power transformers ranging from [REDACTED] in 2015 to a high of [REDACTED]% in 2018, winning a very large share of the renewable market.
 - Indonesia (PT CG Power Systems) vacated the market from 2015 onwards following the imposition of dumping duties of 8.7%. During a subsequent review of Anti-Dumping Measures covered by ADC 383 and ADRP 60 reports, the dumping margin was increased from 8.7% to 28.3% from 6 June 2017.
 - Imports from Taiwan declined in the period up to June 2018 as a consequence of dumping duties ranging from 15.2% to 37.2%, although in the 3 months to September 2018, [REDACTED] of imports came from Taiwan. This is highly unlikely to have occurred without subsidy, recompense or avoidance of dumping measures.
 - Korea has continued to provide a small volume of imports, despite having very substantial export capacity and significant success in other export markets.
 - The USA review of Korean dumping duties noted "If companies continue to dump with the discipline of an *Order* in place, it is reasonable to assume that dumping would continue if the discipline were removed."
 - ABB Thailand, who avoided dumping measures following the ADRP review in 2014, has maintained a share of between [REDACTED]% and [REDACTED]% of imports.
 - ABB Vietnam, who also avoided dumping measures following the ADRP review in 2014, continues to import power transformers, but not in the same volume as in 2010 to 2013.

- h) The table below shows the volume of liquid dielectric power transformers imported into Australia based on CIF values.

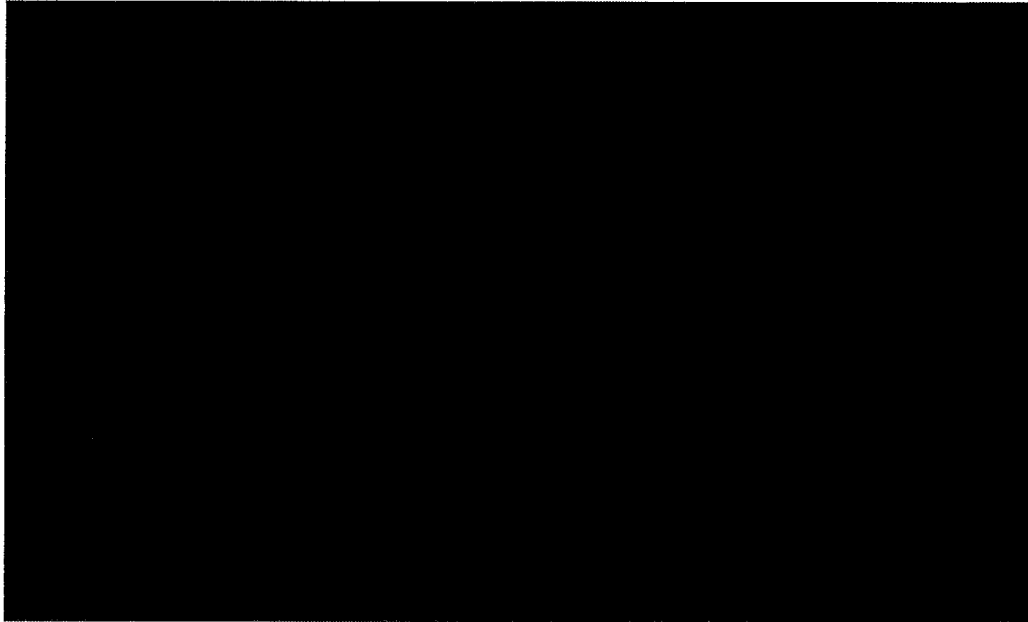
Power Transformer Imports based on CIF Value

Financial Year	2011	2012	2013	2014	2015	2016	2017	2018	Qtr to 9/2018
China									
Indonesia									
Korea									
Taiwan									
Thailand									
Vietnam									
Total Above									
All Imports									
CIF A\$K									

- 4) The table above demonstrates the increasing proportion of total imports represented by Chinese imports.
- 5) The below graph shows the Australian market shares and indicates that the WTC market share by value has remained reasonably unchanged since the imposition of duties. However, the market share reductions of the countries subject to dumping duties have been replaced by increases of dumped product from Chinese manufacturers. **[Market share detail redacted]**



- 6) The below Market Share graph based on CIF values highlights the significant market share decline since 2010/11 and the increasing Chinese market share, particularly since 2012/13.



- 7) WTC contends that Chinese suppliers started dumping around 2013 with imports to Australia escalating in the 2014 financial year. The supply source during this period was mainly Siemens China working in collaboration with Siemens Australia.
- 8) The recent aggressive escalation of imports into the renewable sector, WTC believes, has also been led by Siemens with product sourced from China.
- 9) ABB has also escalated imports from China as it broadened its sources of supply. Recent bidding by ABB into the renewable sector has been at very low prices.
- 10) The closure of the Rocklea plant of Alstom and the recent acquisition of Alstom by GE has led to further aggressive bidding into Australia by GE for the renewable sector as well as the utility sector.
- 11) Siemens, ABB and GE all have strong local offices to complement their Chinese and other Asian manufacturing activities.
- 12) WTC, during January 2019, will lodge a dumping complaint against Chinese suppliers.
- 13) Australia, unlike Canada, did not see a price recovery following the 2013 dumping case. Volume and pricing continues to be low. Today, China, Thailand and Vietnam all now supply into Australia in a tariff free environment, which has intensified the competitive pressures within Australia.

III. Normal values in the Exporting Countries

- 1) Based on the calculations used for the 2019 WTC Dumping application, the dumping margin of Chinese PT's imported into Australia is ■■■%.
- 2) The Thailand share of PT imports in 2015/16 and 2016/17 declined to approximately ■■■% from its previous average of between ■■■% and ■■■%. It returned to ■■■% in 2017/18 after the

ADRP decision in respect of ABB Thailand. The Thailand normal values are likely to have risen slightly due to domestic support.

3) The situation in Indonesia:

- a) There has been strong domestic demand as Indonesia expands their electrical network.
 - b) The Government decreed that the main utility, PLN, should source its products from domestic suppliers. In addition, it is understood that an open book, agreed mark-up pricing arrangement has been implemented.
 - c) As a consequence, domestic prices from domestic suppliers are healthy,
 - d) With healthy prices, the Normal Values should be considerably higher than in 2013.
 - e) Any exports to Australia could therefore be at low prices with cross subsidisation.
 - f) It is therefore appropriate to continue measures.
- 4) For Taiwan, we see no reason why normal values would have changed, and therefore consider that measures should be continued.
- 5) The fact that both the USA and Canada reviewed their dumping measures relating to Korea and both considered that they needed to be continued, indicates that Australian measures should be continued also.

IV. Have exports continued following the imposition of measures?

- 1) The above graph and table illustrate that imports have continued since the imposition of measures. It is interesting to note that the share of imports from China and the other countries involved in the 2013 dumping case has remained reasonably constant over the past nine years at between ■% and ■% of total imports. However, the proportion of PT's imported from China has increased from a low of ■% in 2011/12 to a high of ■% of total imports in 2017/18, the last year for which a full twelve months of data is available.
- 2) If dumping measures are discontinued, there is every reason to believe that the level of competition and imports from Indonesia and Taiwan will increase. As China is a reasonably new entrant into the Australian market, with no imports in 2006/07, it is unlikely that those countries will return to the same Australian market shares as they held before dumping measures were imposed. The market share of Australian manufacturers will be placed under further pressure and will most probably decline.
- 3) Indonesia, Thailand and Vietnam all took legal and other actions after the initial dumping outcomes, indicating a desire to continue to sell PT's into Australia.
- 4) We are aware of imports from Taiwan in Q3, 2018 despite the dumping duties in place. This is a strong indication of a determination to export to Australia, despite the dumping duties. WTC is aware of Australian utility customers that Taiwan manufacturers are specifically targeting.

V. Estimates of export prices

- 1) As the level of imports from Thailand has returned to the levels experienced before the 2013 dumping action, it is likely that the low prices have been maintained, or even reduced in view of the increasing competition from China.

- 2) The USA and Canadian reviews of their measures, resulting in continuation of measures in both cases, indicates that export prices from Korea have continued to be at the same low levels as when the measures were first implemented, or perhaps, even lower.
- 3) It is likely that the other producers have maintained the capacity to export to Australia at dumped prices when the opportunity arises.

VI. Have exporters retained distribution links in Australia?

- 1) As was noted in the Canadian review, the PT industry is a global one. The leading producers are multinational companies headquartered in Europe (ABB and Siemens), the USA (GE), Japan (Toshiba, Hitachi and Mitsubishi), China (TBEA) and India (CG). Korea (Hyundai and Hyosung), the subject of the Canadian review, is the same.
- 2) The many exporters that are part of multinational organisations will have maintained their distribution links within Australia. This will ensure that low priced imports will return to Australia as soon as dumping measures are removed.
- 3) WTC is aware that Fortune Electric of Taiwan is bidding [REDACTED] [Utility name]

VII. Do exporters have excess capacity that may be directed to Australia?

- 1) The PT industry is a global one. The result of the protective measures taken in the USA and Canada is that there will be very limited export access to those markets. The Middle East market, particularly the dominant Saudi Arabian market, is very depressed due to the low oil prices forcing the Governments to significantly reduce their procurement quantities. This market reduction is expected to remain for the short to medium term.
- 2) The Canadian review noted that "there is significant global overcapacity in the PT industry." It noted that "the Korean 'electric and electro equipment' market is depressed."
- 3) The significant markets that are either inaccessible to multinational organisations or are depressed is a significant part of world demand. The production capacity of PT's has continued to increase, resulting in significant underutilised production capacity.
- 4) These points indicate that multinational organisations will target attractive, open markets, like Australia, and supply those markets from the most suitable source. The geographic location of Australia and the overlapping time zones, short travel time limiting shipping time and cost, all combine to make Australia an attractive market for Asian manufacturers.
- 5) As all the above multinationals have Asian production capability, it is logical that they will source the PT's to be sold to Australia from their Asian sources, which have significant available production capacity.

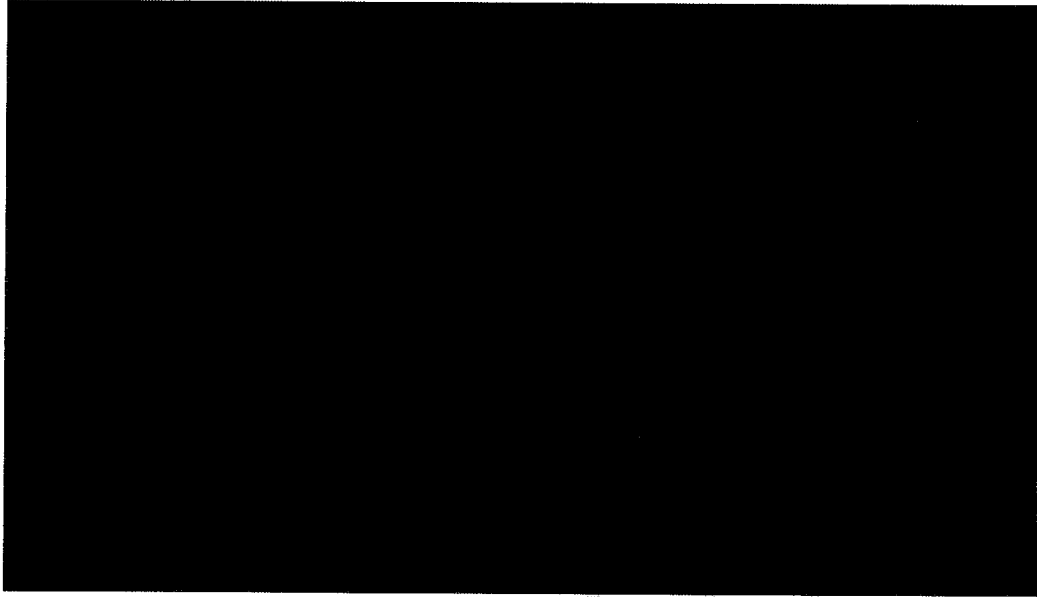
2. Will material Injury recur in the absence of measures?

What has happened since the measures were applied?

- 1) There are a range of issues that need to be considered when addressing this issue:
 - a) The increase in dumped imports from China since measures were introduced,

- b) The continuation of measures in the USA and Canada, resulting in significant limitations to import penetration in those markets,
 - c) The decline in the Middle East market, particularly Saudi Arabia,
 - d) The decline in the Korean domestic market,
 - e) The reduction in demand in China, particularly associated with reductions in infrastructure development and declines in the pace of economic growth,
 - f) The ability of multi-national organisations to source supply from the most suitable location,
 - g) The fact that the multi-national organisations are generally prequalified with customers and will be able to immediately compete directly in most of the Australian market.
 - h) The commercially active presence of all the multinational PT manufacturers in Australia, with access to sources of PT's in a number of Asian countries,
 - i) The convenient location of Australia relative to the Asian manufacturers,
 - j) [REDACTED]
[REDACTED]
[REDACTED], [Market share comments]
 - k) The progressive decline in the value of the Australian market since the imposition of measures, except for the small, recent increase in the size of the Australian market as a result of renewables projects.
- 2) The above factors indicate that there is a very high probability of material injury recurring in the absence of dumping measures.
- 3) The Canadian case includes the observations by the Korean PT manufacturers that:
- a) The global market is characterised by increased price competition,
 - b) The global market has seen price decreases as competition becomes fiercer,
 - c) There is a stagnant Korean home market,
 - d) The Middle East market is suffering from oil price declines.
- 4) All these comments indicate that import competition in Australia will increase significantly in the absence of the current measures.
- 5) The multinational organisations exporting from Asia to Australia have demonstrated a continuing interest in the Australian market, indicating a significant increase in competitive activity should the current measures not be continued.
- 6) The continued interest in the Australian market by the sources of PT's subject to current measures, indicates that, should the measures not be continued, the competition from those sources will probably return to pre-measure levels.
- 7) [REDACTED]
[REDACTED]
[REDACTED]. [Financial performance of Australian manufacturers]

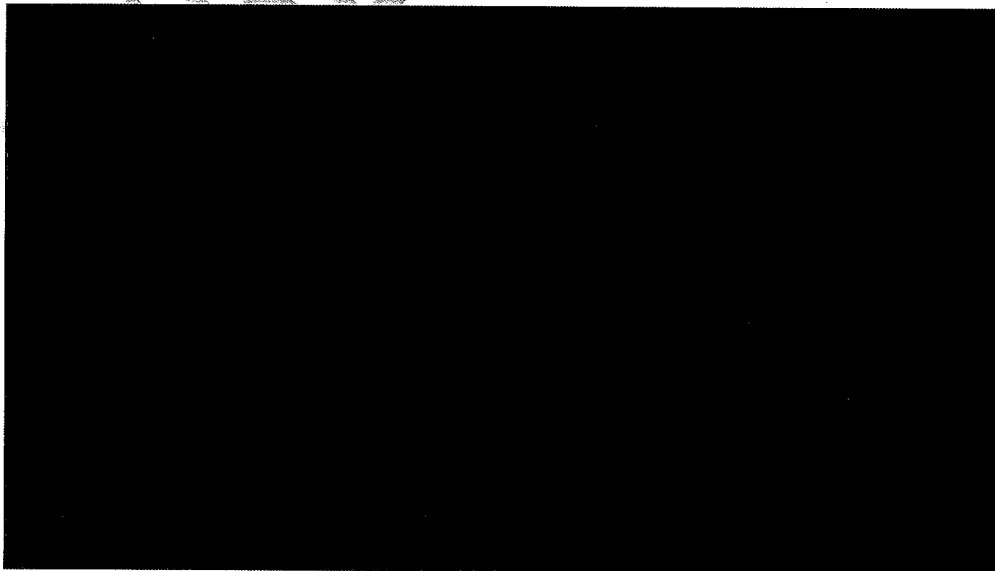
- 8) Below is a graph which sets out the WTC PBU financial outcomes during the period of the measures.



[WTC financial performance confidential]

- 9) It is clear from the above information, that the WTC PBU financial, production and employment outcomes have remained unsatisfactory since the introduction of measures.
- 10) This is the result of a combination of the following factors:
- a) The rise of China as a major source of imports,
 - b) The removal of measures on the basis of volume (de minimus), and
 - c) The removal of measures following the Anti-Dumping Review Panel review.

- 11) [REDACTED] [WTC financial performance confidential]



[WTC financial performance confidential]

3. Conclusion

- 1) The Australian market is an open market, unprotected from most Asian PT manufacturers.
- 2) From the actions taken by a number of Asian PT manufacturers after the 2013 and 2014 findings of the original Dumping investigation and outcomes, it is clear that they have a significant and continuing interest in the Australian market.

[REDACTED]
[REDACTED]. [WTC financial performance confidential]

- 3) [REDACTED]
[REDACTED]. [Financial performance and employment confidential]

- 4) It is essential that the limited existing measures be maintained to provide the Australian PT industry the opportunity to compete fairly, to restore its financial viability and to recover employment.

4. Attachments

- 1) Dumping – Margins and Actions Over Time (ADC – 219)

5. Confidential Attachments

- 1) 1809-1007 Imports ALL – Updated Analysis
- 2) Wilson Transformer Co. Pty. Ltd. Audited financial Statements for the financial years ended 30 June 2015/16, 2016/17 and 2017/18.
- 3) Wilson Transformer Co Pty Ltd Power Business Unit Income Statements for the financial years ended 30 June 2015/16, 2016/17 and 2017/18.
- 4) B108_Appendices_A1_B2 WTC 2018 from Anti-Dumping Application against Chinese manufacturers being lodged during week beginning 21 January 2019.