

17 June 2019

Mr Reuben McGovern  
Anti-Dumping Commission  
Level 35, 55 Collins Street  
Melbourne VIC 3000

PUBLIC DOCUMENT

Dear Reuben,

**Continuation of Measures – Power Transformers from Indonesia, Taiwan and Thailand  
Investigation No 504**

**WTC Response to Fortune Electric Submission dated 29 May 2019 - Document 504-009**

Wilson Transformer Company (WTC) has reviewed the submission from Taiwan manufacturer Fortune Electric and wishes to make the following observations –

- a) If the transformers exported to Australia were designed and manufactured to the customers specification, as in most tenders, the transformers are comparable with the Australian products (para 3).
- b) WTC accepts the points 1 and 2.
- c) WTC is unclear as to what is implied in point 3.
  - i. Did Fortune Electric initially bid in the same manner as other suppliers?
  - ii. Was Fortune Electric then short listed and advised where it stood in total lifecycle cost compared to the lowest shortlisted offer?
  - iii. Did Fortune Electric then revise its offer in a BAFO process not knowing whether it would be a primary or secondary supplier, or a non-supplier?
  - iv. Or, was Fortune Electric requested to formally bid as a secondary (backup) supplier, as stated? While a secondary (backup) supplier is not unusual, for a supplier to bid on the basis of becoming a back-up supplier is most unusual in the Australian market.

Although WTC was ranked in most cases within 0 - 5% or 5 - 10% for most items prior to the BAFO process for transformers from 15MVA 33kV to 120MVA 132kV, ultimately WTC was only successful on the 60MVA and 120MVA transformers (items 45 to 55) as either primary or secondary supplier for this customer.


WTC was not successful as the primary or secondary supplier on ratings 15MVA to 45MVA (items 23 to 44) which included the transformers imported from Fortune Electric in the second half of 2018. WTC therefore did not supply due to the three conditions stated under point 3.

WTC also understands that the primary Australian supplier withdrew from supply due to the significant loss-making nature and exceptionally onerous conditions of the contract.

- d) WTC unreservedly rejects point 4. Fortune Electric's pricing must have been very low and was injurious to Australian suppliers. The primary Australian supplier for many items was forced to withdraw from the contract and WTC was unsuccessful.
- e) WTC's only comment on point 5 is that the transformers would have been similar although WTC's best alternative offer for a number of items was not accepted by the customer.
- f) The presence of Fortune Electric and other suppliers from SE Asia has clearly had a significant impact on the Australian Transformer manufacturers through price suppression and loss of business. WTC therefore rejects the point 6 conclusions of Fortune Electric.
- g) With respect to point 7 of the Network NSW Tender, it should be noted that –
- 17-07-2013: The original bids were made.
  - 29-07-2013: The ADC announced initiation of Investigation into Alleged Dumping.
  - 10-11-2013: The PAD was issued with a 10% interim dumping margin for Fortune Electric. As this date is well after the bid date, dumping duties were unlikely to have been included in the initial bid price.
  - August 2014: The post visit verification report recommended a 17.21% dumping margin.
  - 18-09-2014: The SEF was issued with a 17.2% dumping margin for Fortune Electric.
  - 31-10-2014: BAFO bids were made, which included a requirement that bidders advise in the schedules of any dumping duties applicable which would not be used in the total lifecycle costs but in sensitivity analyses.
  - 10-12-2014: The ADC Report from the Commissioner determined a 15.2% dumping margin for Fortune Electric.
- WTC is of the view that Fortune Electric proceeded with the contract, including the responsibility for dumping duties, either as a major loss leader or alternatively hoping that dumping duties could be removed or somehow reimbursed.
- h) WTC rejects the conclusions of point 8 as they are based on incorrect assumptions. Injury has been incurred by the presence of Fortune Electric during the bid process and in the subsequent loss of potential business.
- i) Given the forgoing comments, WTC's view is that the unsuppressed selling price should not be the very low injurious price offered by the primary Australian supplier, but that established under Australian Anti-Dumping Regulations (i.e. either a selling price unaffected by dumping or, where such a price cannot be determined, WTC's cost-to-make-and-sell in 2018 plus an amount for profit that permits reinvestment in the industry).

WTC would be pleased to provide more detailed information on this matter if it would assist.

Yours sincerely,



**Robert Wilson**  
**Executive Chairman**