

Directorate General of Foreign Trade

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Jakarta, 25 September 2019

Commissioner of The Australia's
Anti-Dumping Commission
GPO Box 2013
CANBERRA ACT 2601
AUSTRALIA
Cc. to Director, Investigation 3

Subject: Sunset Review of the Continuation of Anti-Dumping Measures Applying to Power Transformers Exported to Australia *inter alia* from Indonesia

Dear Commissioner,

The Government of Indonesia ("GOI") would like to thank the Australian Anti-Dumping Commission (ADC) for the opportunity of the Indonesian exporters and the GOI to be heard by the members of ADC last 19 September 2019 in Melbourne, Australia, in respect to the above captioned review. The GOI had officially conveyed its serious concerns through Indonesian's Trade Attaché to Australia in that hearing.

The Indonesian producer of the product under review, PT CG Power ("Company"), had also delivered its points of concerns regarding the intention of the ADC to continue the implementation of anti-dumping duty as stated in its Statement of Essentials Facts (SEF) published by AADC on 22 August 2019.

We understand that the Company had subsequently submitted its written submission on 18 September 2018 to ADC. Likewise, the GOI had filed its verbal statements after the hearing. The Company has indeed presented up-to-date and relevant information on its situation including its sales, general data, and administrative cost which we strongly request the ADC will consider them positively.

Furthermore, based on our email communication with ADC of 10 September 2019 which granted extension of time to filed submission, the GOI then submitting this letter. The GOI believes that the facts and explanation the GOI presented below will be seriously considered by ADC to exclude Indonesia from the application of anti-dumping duty of the product under review.

- 1. The Australian domestic industry suffered no injury or threat thereof and even if the ADC found the injury or threat thereof to exist it was not attributable to import of the product under review from Indonesia**

Indeed, as stated in SEF, the Australia domestic industry namely Wilson Transformer Company Pty Ltd (Petitioner) indicated as "at least one substantial process of manufacture performed in Australia". Aside from the Petitioner, ADC just mentioned in the SEF that

one out of three companies in Australia filled the questionnaire response to ADC but only the Petitioner was verified by ADC.

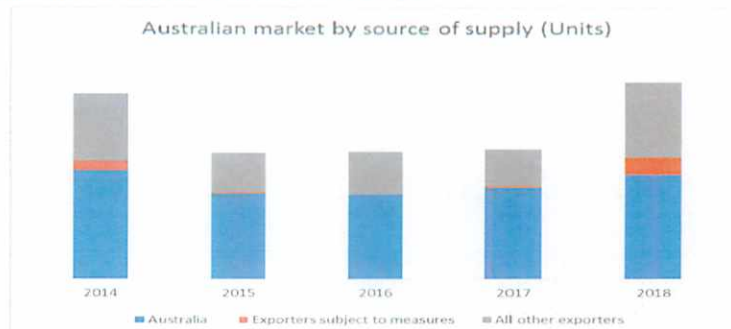
Moreover, there is no clear evidence in the SEF that the other Australian producers of the product under review, other than the Petitioner, express support to the continuation anti-dumping duty, especially to import of the product under review originating in Indonesia. In section 4.6 SEF, it is mentioned that there is an increasing demand for the power transformers products which the Petitioner was not able to cater such demand. Although the Petitioner claimed that it was due to lost in tender, such situation was not caused by Indonesia as Indonesian producers did not involve in the tender process and indeed Indonesia producers of the product under review had ceased to export to Australia until the period of review (POR) since the imposition of anti-dumping duty by Australia Authority.

In fact, irrespective of its loss in the tender the Petitioner still controlled over 50% of the Australian market (Figure 3, Page 22 SEF). This is a clear evidence showing that the Petitioner was not suffered injury during the POR. The reality is that the demand of the Australian transformers market continued growing and import is still needed to cater such growth which the Petitioner cannot do so. Import of the product under review does not therefore compete with the Petitioner but to complement it.

It further shows in figure 2 and figure 3 (section 4.2 market size, page 21-22) that the Australia sales volume of the product under review increased while export from the country subject to the current review was stagnant.

The Australian market for power transformers has contracted almost continually since 2008, however has seen a slight recovery since 2016. The Australian industry's share of the market by value has recovered marginally since 2015 following the imposition of measures.

The estimated size of the Australian market in terms of the number of power transformers supplied by source is illustrated in Figure 2 below:



“The Australian industry has not seen as clear an improvement in terms of value of power transformers sold. Again, the slight increase in the Australian industry’s sales in terms of value is minimal in comparison to the overall growth in the market as well as the growth in the sales value of exports subject to measures.” estimated size of the Australian market in terms of the value of power transformers sold is illustrated in the Figure 3 below:

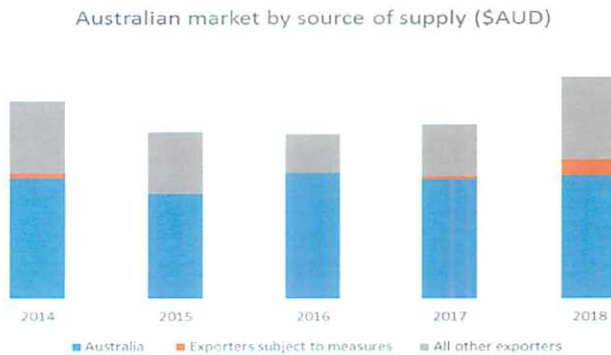


Figure 3 – The Australian market for power transformers (by sales value) (P.22)

In term of value, the Australian industry managed to improve it. While claims that the increase value was not in tandem with the growth, as it can be seen import of the product under review from the country subject to this review was stagnant and in fact none of product under review originating in Indonesia was exported to Australia. Any claim of Australia industry for its loss in term of sales volume and value, if proven, was not caused by Indonesia but clearly by import of the product under review from other countries.

Any continuation of the present anti-dumping duty on import of the product under review should therefore exclude Indonesia.

2. No Increase in Imports from Indonesia

Specifically for Indonesia, ADC mentioned in several parts of the SEF, that Indonesia did not export to Australia as referenced below:

The commission stated in section 2.6.2 other exporters subject to measures (page 12 SEF) as follows:

“The Commission received an REQ from PT CG Power Systems Indonesia (CG Power). However, as CG Power did not export the goods to Australia during the inquiry period the Commission did not undertake a verification visit.”

It is further confirmed by the following a statement of ADC section 6.4.1.1 Export Price (page 38):

“As CG Power did not export power transformers to Australia during inquiry period, sufficient information is not available to determine the export price of the goods”

Based on the above, The GOI would like to emphasize that ADC should consider the fact that the volume of imports from Indonesia did not increase but did not exist during the period of review. Pursuant to Articles 3.1 and 3.2 of the WTO Anti-dumping Agreement (ADA), the investigating authority requires ADC to examine if there has been a significant increase in imports of the product under review, either in absolute terms or relative to production or consumption in Australia. The overall import of the product under review as stagnant and moreover no import from Indonesia at all.

As such, any claim of injury of threat thereof by the Petitioner cannot be attributable to Indonesia and Indonesia should be excluded from any continuation of anti-dumping duty on the product under review.

3. Five years of anti-dumping duty is more than sufficient to provide adequate remedy to the Petitioner

The GOI would like to reiterate the fact stated in the SEF which undisputedly reveals that Australian domestic power transformers industry which has enjoyed strong growth and become a sustainable industry since the implementation of anti-dumping duty.

As such, any removal of anti-dumping duty on import of power transformers from Indonesia would not result in continuation or recurrence of injury to the Australian power transformers industry.

The GOI trusts that the above views will be taken into consideration and respectfully requests the AADC to terminate anti-dumping duty of *Power Transformers* originating in or exported from Indonesia.

Your Sincerely,



Pradnyawati

Director of Trade Defense

cc:

1. Director General of Foreign Trade, MoT;
2. Ambassador of the Republic of Indonesia in Canberra, Australia;
3. Ambassador of Australia in Jakarta, Indonesia;
4. Secretary of DG of Foreign Trade, MoT;