

8 August 2019

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

## PUBLIC DOCUMENT

Dear Reuben,

### **Investigation 507 – Power Transformers exported from the People’s Republic of China WTC Response to Toshiba Submissions - Documents 507-043, 507-047 and 507-053**

Wilson Transformer Company (WTC) has reviewed the Toshiba submissions by Percival Legal Doc 507-043, Toshiba International Corporation (TIC) Doc 507-047 and Percival Legal Doc 507-053 in relation to the Anti-Dumping Commission (ADC) investigation 507. WTC’s view is that these documents contain opinions and statements which are factually inaccurate and a misinterpretation of ADC Document 507-041. WTC therefore wishes to make the following statements and observations –

#### **1. The WTC Business**

WTC is a proud 86 year-old Australian family business committed to supporting our customers and the infrastructure and industry of Australia. We are the major domestic manufacturer of power transformers having supplied over half the total Australian demand in the past ten years. Our commitment to manufacturing and supporting our customers is evidenced by the \$65m upgrade of our Glen Waverley power transformer plant between 2009 and 2012 to provide excellent products and increase throughput capacity, product range and testing capability.

#### **2. Power Transformer Products**

The major demand for power transformers in Australia over the past fifteen years has been in the 132kV and below range where only a few products have exceeded 180MVA capacity. In Australia, large power transformers of 180MVA and above are normally at 220kV, 275kV, 330kV and 500kV. In the 220kV, 275kV and 330kV range made by WTC, demand has not been high and is often for the smaller ratings below 180MVA. This calendar year WTC will deliver 6 power transformers of 180MVA and above, 3 of which have already been despatched.

The in-field performance of our power transformers is excellent and second to none.

#### **3. ADC Document 507-041 – File Note on Australian Market Questionnaire**

- Dot Point 3 – Issues with Goods

WTC acknowledges it had a small number of manufacturing issues, however these issues were addressed and the transformers fully tested and despatched. The issues did not relate to the performance of WTC products in service. It also needs to be recognised that **all manufacturers of power transformers** have issues from time to time in manufacture and test due to the complex nature and variability of the products.

- Dot Point 4 – Slow bids

WTC supports the Australian market with more bids than any other supplier. The only time WTC will not bid is when we are not invited or when we judge we will not be successful. WTC is continuously improving its support of the market with timely responses to enquiries.

A crucial difference between WTC and competitors in the market is our approach to the tenders. Claims by WTC competitors that WTC was not actively competing and submitting tenders are false. WTC is the most active in ensuring participation in tenders and submissions, while by comparison submissions made by local suppliers on behalf of the overseas manufacturers of power transformers can be selective.

WTC has and does maintain an open and competitive approach to the market.

- Dot Point 5 – Supply above 180MVA

WTC acknowledges the demand for large power transformers 180MVA and above has been higher internationally than in Australia, providing some established suppliers with more experience. WTC however has built power transformers 180MVA and above since the 1990s and in the 2019 calendar year will supply six such units to four different customers.

#### **4. Percival Legal Document 507-043**

This document demonstrates Percival Legal does not understand the power transformer market in Australia. The document contains many misleading, inaccurate or exaggerated statements and interpretations that should appropriately be seen for what they are and dismissed. For example –

- Page 2 Para 2 – WTC provides more bids than any other supplier to the Australian market.
- Page 2 Para 4 – Misinterpretation of ADC document. WTC meets the specification and tests to the technical requirements – HV AC tests - Applied, Induced & PD, Impulse, Temperature Rise, etc.
- Page 2 Para 5 – WTC supplies directly to the market and not via distributors.
- Page 3 Para 3 & 4 – A total misrepresentation of the ADC document and the capability, capacity and performance of the Australian power transformer industry.

#### **5. Toshiba International Corporation Document 507-047**

This document contains many dubious, inaccurate and exaggerated claims and interpretations from a WTC competitor that should appropriately be seen for what they are and dismissed. Specific reference is made to the following claims -

- Page 2 Para 5 – WTC understands that during the investigation period, WTC bid most of the open tenders 180MVA and above up to and including 330kV. WTC therefore questions TIC's claim that WTC did not bid on some 50% of the projects won by TIC.
- Page 2 Para 7 – From WTC's perspective, the Australian market has clearly **not** lost confidence in WTC, as claimed by TIC, as WTC continues to win some business for power transformers 180MVA and above.

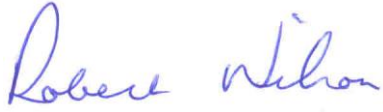
## 6. Percival Legal Document 507-053

The document contains many misleading, inaccurate or exaggerated statements and interpretations that should appropriately be seen for what they are and dismissed. For example –

- Page 1 Point 2 (a) – The ADC can comment on the words they have used, however WTC has provided all document requested by the ADC.
- Page 2 Point 2 (b) – WTC bids on specifications against competitors. The resultant supply whether from WTC or a competitor is for the same purpose or application and are like goods. The application covers a range of liquid dielectric power transformer sizes and voltages, the range of like goods. All the products supplied by WTC and competitors make up the market (the sum of the like goods) which can be evaluated in value and units. This is the same approach as used elsewhere in the world and has been accepted in other jurisdictions.
- Page 3 Dot Point 2 – WTC suggests the words be read again, they are plain simple English. Incomplete power transformers are subassemblies consisting of the active part ..., etc. The active part is then described. The active part, if it was exported, should be included. All liquid dielectric power transformers should be imported under their defined tariff codes, but regrettably this has not been done by importers, possibly to make tracking difficult.
- Page 4 Dot Point 1 – This third para quote is not complete and has been used out of context. The full article, which is referenced on WTC's website, has been made available to the ADC and is available in the CEO Magazine – Edition June 2018.
- Page 4 Dot Point 5 – WTC is endeavouring to utilise and provide the benefits of Australian supply, but this becomes difficult when Chinese suppliers who are short of work and in many cases making losses, dump their power transformers in the Australian market.
- Page 4 Dot Points 7 and 8 – The ADC has been provided with information on transformers supplied and the issue WTC had with a large transformer referred to which has now been in service for 4 years. See also comments under 3 above. Has TIC disclosed any issues it had over time to the ADC?
- Page 4 Dot Point 9 – Any person knowledgeable about power transformers would understand the requirements specified were exceptionally onerous which would have prevented the majority of power transformer manufacturers in the world supplying. Perhaps the ADC could verify whether the ultimate supplier complied with the requirements from the factory which supplied the products?
- Page 5 Point (c) – The dumping case is on power transformers as specified – nothing to do with distribution transformers.
- Page 5 and 6 Point (d) – Price suppression has everything to do with dumping. In order to maintain factory loading to recover fixed overheads, WTC has been forced to meet the dumped market prices to win enough work.
- Page 8 Point (ii) – Power Ratings could be from 10MVA to 1000MVA at 330kV and below. WTC has in the past bid up to this rating in a close ratio auto transformer. There is a limit beyond which WTC cannot make and it will be determined by the specification, the mass and our testing capability. This can only be determined after review of the specification.

Should the ADC require clarification on the forgoing statements and observations, we would be pleased to assist.

Yours sincerely,



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



**Ed Wilson**  
**Managing Director**