

28 October 2021

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Anti-Dumping Commission | Investigation Unit 3
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PUBLIC REDACTED VERSION

Dear Leisa,

Anti-Dumping Commission (ADC) Investigation 507 Power Transformers (PTs) exported from the People's Republic of China (China) Wilson Transformer Company (WTC) submission in response to Statement of Essential Facts 507A

Thank you for your correspondence dated 8 October 2021 drawing our attention to SEF 507A. This letter provides our response to SEF 507A in respect of the following four subjects:-

- 1. The arms length issue is unresolved**
- 2. The methodology for assessing Export Price, Normal Value, Profit and Dumping Margins**
- 3. Dumping has caused material injury**
- 4. Dumping impacts sovereign strategic capability in critical infrastructure**

1. The arms length issue is unresolved

WTC submits that the ADC should extend the investigation until the arms length issue has been resolved in the courts. This is because:

- a) The arms length issue is central to the investigation;
- b) The arms length issue is still before the courts;
- c) The arms length issue applies to all multinational PT suppliers (not just the Siemens and ABB groups of companies);
- d) Continuing the investigation while the arms length issue is still before the courts may cause substantial unfairness to parties;
- e) Extending the investigation until the arms length issue is resolved would be uncontroversial and consistent with the ADC's previous practice.

Arms length issue is central to the investigation

WTC considers that the arms length issue is central to the investigation.

The arms length issue was raised by WTC prior to the publication of the termination notice in ADN 2020/010 and became the central issue of the investigation. WTC considered that the ADC failed to properly assess arms

length matters for multinational PT suppliers. If the ADC had properly assessed those arms length matters then WTC considers the ADC would likely have found larger dumping margins for all multinational PT suppliers and greater injury caused by dumping. WTC's submissions concerning the ADC's treatment of arms length matters in the investigation are contained in WTC's submissions dated 26 November 2019, 12 December 2019 and 19 December 2019.

The arms length issue was also a central issue in WTC's application to the ADRP seeking revocation of the termination (ADRP reviews 2020/122 and 2020/123 (the ADRP review)) and subsequently in WTC's application for judicial review of the ADRP's decision (Federal Court proceeding VID 409/2020).

Arms length issue is still before the courts

WTC submits that the arms length issue is still before the courts.

Following judgment in VID 409/2020¹ WTC filed a notice of appeal to the Full Court of the Federal Court from the judgment of Kerr J. The appeal proceeding (Federal Court proceeding VID 365/2021) remains on foot with a hearing date set down for November 2021. The arms length issue is the central issue before the Full Court.

On that basis, the submission² of Toshiba International Corporation Pty Ltd (TIC) that the arms length issue has been resolved in the courts is incorrect.

Arms length issue applies to all multinational PT suppliers

WTC submits that the arms length issue applies to all multinational PT suppliers, not only importers and exporters in the Siemens and ABB groups of companies (Siemens and ABB).

The effect of the ADRP's decision in the ADRP review (subject to resolution in the courts) was that the termination was *confirmed* for Siemens and ABB and *revoked* for other multinational PT suppliers. However, the arms length issue applies to *all* multinational PT suppliers (see generally, WTC application to the ADRP dated 28 February 2020).

WTC submits that, if the Full Court confirms WTC's view of the arms length issue, the ADC may be required to revisit the analyses of dumping margins and injury for all multinational PT suppliers. A requirement to revisit those analyses would potentially be highly inconvenient to all parties to the investigation, particularly if the ADC proceeded to complete the investigation (whether by termination or otherwise).

Continuing the investigation may cause substantial unfairness to parties

WTC submits that continuing the investigation while the central arms length issue is before the courts may cause substantial unfairness to parties.

Out of due deference to the Court, WTC does not consider itself at liberty to address matters that may relate to issues that are before the Court. That may cause substantial unfairness to WTC and to other parties who may wish to make submissions on matters that may relate to issues before the Court.

The ADC should extend the date of any decision until the arms length issue has been resolved in the courts

WTC submits that the ADC should extend the date of any decision until the arms length issue has been resolved in the courts.

WTC observes that the ADC was required to publish SEF 507A "as soon as practicable" following the ADRP's partial revocation of the termination (*Customs Act 1901* at 269ZZT(2)). However, having now resumed the investigation, there is nothing in the legislation that would require the ADC to continue with the investigation while any central issue is before the courts when there is provision in the legislation to extend the investigation.

¹ *Wilson Transformer Company Pty Ltd v Anti-dumping Review Panel (No 2)* [2021] FCA 591.

² TIC submission at EPR document 83; SEF 507A at page 18.

WTC also observes that the ADC has previously sought and obtained extensions in investigations where relevant issues are awaiting judgment by the courts.

WTC submits that it would likely be uncontroversial if the ADC deferred to the Court by seeking to extend the date of any decision the ADC might make until after resolution by the Court.

For the reasons set out in this submission, WTC submits that the ADC should extend the date of any decision until the arms length issue has been resolved in the courts.

2. The methodology for assessing Export Price, Normal Value, Profit and Dumping Margins

Table 1 below summarises the methodologies used by the ADC in assessing export price, normal value, profit and dumping margins in SEF 507 and SEF 507A for each of the exporters.

Table 1 - SEF 507 and SEF 507A					
Exporter	CHINT	CTC	GE Wuhan	Jiangsu Huapeng	Uncooperative Exporters (Excl CTC)
SEF 507		Uncoop Exporter		Uncoop Exporter	
Export Price	269TAB(1)(c) DDP and FOB	269TAB(3) FOB	269TAB(1)(a) FOB	269TAB(3) FOB	
Normal Value	269TAC(2)(c) 43(2)+44(2)+45(2)	269TAC(6)	269TAC(2)(c) 43(2)+44(2)+45(2)	269TAC(6)	
Profit	Reg 45(2)		Reg 45(2)		
Dumping Margin	269TACB(2)(b) 20.6%	269TACB(2)(b) 16.1%	269TACB(2)(b) 42.4%	40.5%	42.4%
SEF 507A		Uncoop exporter		Uncoop exporter	
Export Price	269TAB(1)(c) DDP and FOB	269TAB(3)	269TAB(1)(a) FOB	269TAB(3)	269TAB(3)
Normal Value	269TAC(1) 269TAC(8)	269TAC(6)	269TAC(1) 269TAC(8)	269TAC(6)	269TAC(6)
Profit	Not determined	Reg 45(3)	Not determined		
Dumping Margin	6.9%	3.9%	12.1%	11.7%	12.1%

Determination of Normal Value and Dumping Duties

The method of assessing normal value and the resultant dumping margins have changed substantially between SEF 507 and SEF 507A for the exporters covered by 507A.

As stated on Page 20 of SEF 507A, “Dumping margins are determined under section 269TACB. For each export transaction price, the commission compared the corresponding normal value, in accordance with section 269TACB(2)(b). This method produces as many dumping margins as there are export transactions. Then the dumping margins are amalgamated using a weighted average in order to calculate a single dumping margin for each exporter over the investigation period. As outlined in the Dumping and Subsidy Manual (the Manual), this method is suited to capital goods where there are not a large number of transactions.”

WTC supports this approach as it is applicable to power transformers which are capital goods with not a large number of transactions.

The proposal by the ADC to adopt an alternative approach to determining normal value using section 269TAC(1) rather than section 269TACB(2)(b), based on ADRP Reports 2019/100 and 2020/119, and submissions by CHINT and GE Wuhan are highly prejudicial to the interests of WTC and Australian manufacturers of capital goods.

In making this assertion, WTC submits that –

a) Wind towers are very different products to power transformers

Wind towers are very different products to power transformers. Typically, in a wind farm there will be around 50 wind towers to one grid connecting power transformer. Wind towers are manufactured in quantity for each application and there are far fewer components or variability compared with the design, manufacture and testing processes in a power transformer. In addition, power transformer manufacture and test facilities are much more complex in their operations.

b) Market characteristics affect costs

The Chinese and Australian markets are very different. Due to its size, the Chinese market typically has greater standardisation and longer production runs of power transformers compared to the Australian market. This has the effect of slightly reducing manufacturing costs and reducing SG&A costs. However, when selling power transformers to Australia, the production run will be very small, typically one or two units.

c) Product differences (physical and other) should be reflected in normal values

There are many differences between a Chinese power transformer sold in China for domestic consumption compared to those exported to Australia which are not captured by the adjustment under s. 269TAC(8). Some of the physical differences will include –

- MVA Rating and basis of rating – ONAN, ONAF, ODAN, ODAF and overload
- Voltages of various windings – HV, MV, Tertiary, Tapping
- Winding configuration – Vector Group
- Impedances and envelope constraints across the tapping range
- Tapping range and constraints
- Transformer electrical loss performance – No Load Loss, Load Loss, Cooling Loss. These losses are valued by a customer in the assessment of an offer like the capital cost. Lower loss transformers have more materials and are more expensive to make but are less expensive to operate. Conversely a higher loss transformer has less materials and is cheaper to make but is more expensive to operate through its life.
- Cooling system including fans, pumps and reliability
- Winding gradients – Lower gradients are more expensive but reduce insulation ageing
- Cooling configuration – attached coolers or separate cooler bank
- Sound level limits – Sound pressure and sound power
- Test Voltages – Impulse (Full and chopped wave), Applied, Induced for all windings
- Partial discharge limits
- Quality requirements including dryness
- Major components – OLTC, bushings (OIP, RIP, RIS), pumps, fans (make and country of origin)
For the China market, major components will normally be sourced in China, but for overseas markets normally European sourced components are included.
- Control and monitoring systems
- Paint System and expected life. Australia demands long term protection systems.
- Service Life – In China transformers are typically expected to last only half what is expected in Australia

Besides physical differences, testing requirements can have a significant impact on transformer cost and plant output capacity. Testing requirements are characterised as routine tests (done on every unit), or type tests (done on the first unit of a design and repeated as determined on subsequent units for quality control purposes). If a transformer has multiple ratings and a large range of tests, these tests can constrain the output of a manufacturing plant, but the resultant costs are unlikely to have been reflected in the normal value adjustment.

Adjustment for physical differences under section 269TAC(8)

Without full Production Costs (based on accurate BOMs and costs) and correct Administration, Selling and General Expenses as well as an allowance for Profit (CTMS), WTC submits that –

- It is highly improbable that the normal value determined via s. 269TAC(1) accurately reflects the true normal value of a product for a low volume, complex capital good product like a power transformer, and
- It is highly unlikely that any physical and quantity adjustment using s. 269TAC(8) reflects the true difference between the Normal Value in the Chinese market and the Normal Value for a product required for Australia.

Relationship between unit CTMS and power rating (MVA), all verified data (Figure 1 - SEF 507A)

There is a relationship between CTMS and MVA however there is substantial variation in the CTMS for a specific MVA in most cases by more than 2:1.

Scatterplot - all verified exporter data – Price v CTMS (Figure 2 – SEF 507A)

WTC acknowledges there is a stronger relationship between Price and CTMS; variations of 20% to 30% from the linear relationship are not uncommon. However, this only demonstrates the need for an assessment of the true CTMS value and price. This variation would be more than the dumping margin in many cases.

Scatterplot - all verified exporter data - Profit v CTMS (Figure 3 – SEF 507A)

WTC submits that the axes on Figure 3 should be Profit on the vertical axis and CTMS on the horizontal axis. Figure 3 demonstrates limited consistency in profit across a wide range of CTMS values. Without an understanding of the of the scale, a sound assessment of the varying profitability cannot be made.

The ADC's Proposal on Page 25 of SEF 507A follows

“The commission considers that using cost differences between exported goods and domestically sold like goods, based on the exporter records, best reflects the differences in physical characteristics of exported goods and domestically sold like goods. The differences between these costs is a reasonably accurate basis to adjust for a range of physical characteristics affecting price.

Therefore, the commission considers that domestic prices determined under section 269TAC(1) can be adjusted using section 269TAC(8).

While there may be factors other than cost that drive price comparability, in the absence of information as to how this can be reliably quantified, the commission considers it would be preferable not to use factors other than cost when determining an adjustment under section 269TAC(8).”

In respect of the ADC's proposal, WTC submits –

- a) The ADC will have access to the detailed cost of the exported goods including a full BOM and a CTMS value and FOB export price as at present.
- b) What is a domestically sold like goods, based on the exporter records? Is it a product of a similar MVA rating, a similar voltage ratio, a similar BOM cost, with similar losses? Is it a higher cost or a lower cost product? Is it a higher priced or lower priced product? Is it an average product that does not really exist?
- c) The domestically sold like goods will never be the identical to the product being produced for export to Australia.
- d) How will the ADC address the differences between the normal value of a domestically sold good to accurately determine a normal value compared to the FOB price of the exported goods. The proposal under 269TAC(8) seems totally inadequate to WTC when one considers all the items on page 4 of this submission.

The ADC's outlines it's proposal on Page 26 of SEF 507A

“To adjust for physical characteristic differences that affect price, the commission established a domestic ‘market price’ for power transformers identical to the exported models. A comparison between this market price and the weighted average sales price of like goods, sold at ‘arms length’ in the OCOT, determined the size of the adjustment. The commission then applied this adjustment to the sales of all like goods sold in OCOT.

The commission considers the approaches outlined above create a reasonable estimate of the price of those models of power transformers exported to Australia, if those models were sold on the domestic market in China.”

WTC considers that the commission’s approach would result in low normal values because –

- Low price special arrangement long term contracts in China result in a low normal value domestic market price
- Normal values should not include loss making contracts in China as such contracts produce low normal value domestic market pricing. This is not dissimilar to the claim by GE Wuhan that the high priced product used in SEF 507 should not be used as it was not in the OCOT.
- If there are artificially low normal values, there will be injury and closure of manufacturing in Australia and elsewhere.
- The approach proposed would be reasonably static and would not reflect changes in global material pricing which is occurring in this post COVID era.

The ADC argues that its approach under section 269TAC(1) results in the same outcome that would be achieved if determining the normal value in accordance with section 269TAC(2)(c). WTC disagrees with this based on the substantial reductions in dumping values in SEF 507A compared to SEF 507.

While the commission considers that it is open to the Minister to take such an approach if it achieves the objective of a fair comparison, particularly for goods that are bespoke like power transformers, WTC is of the view that the earlier methodology addressed dumping under s. 269TAC(2)(c) produced a fairer outcome.

3.4 Dumping assessment – CHINT

Based on the preceding submission, WTC submits –

- a) The use of s. 269TAC(1) in SEF 507A to determine a normal value domestic price for an undefined power transformer which is a complex, high value capital good product sold in low volume, is too inaccurate.
- b) The estimated normal value domestic price in China is likely to be substantially understated using s. 269TAC(1) for the reasons previously outlined.
- c) The use of s. 269TAC(8) in SEF 507A to determine an adjustment under s.269TAC(1) is not capable of addressing the differences between a power transformer sold FOB to Australia and the estimated normal value domestic price of an undefined power transformer in China.
- d) The method adopted in SEF 507 using s.269TAC(2)(c) to determine the normal value in China, Regulation 45(2) to determine profit and s.269TACB(2)(b) to determine the dumping margin will result in a more accurate normal value.
- e) The procedure adopted in SEF 507A compared to that in SEF 507 has resulted in the dumping margin substantially reducing from **20.6% to 6.9%**.

3.5 Dumping assessment – CTC

Based on this submission, WTC submits –

- a) The use of s. 269TAC(6) in SEF 507A to determine a normal value domestic price appears the correct approach and in line with the approach in SEF 507.
- b) The normal value in SEF 507A was determined from the sum of the below amounts:
 - CTC's cost to make the goods exported to Australia
 - CTC's SG&A on the assumption that the goods, instead of being exported, were sold domestically (at ex-works terms)
 - an amount for profit based on the weighted average of the verified actual amounts realised from all sales of like goods by other exporters on the Chinese domestic market.
 - Plus an adjustment to normal value as detailed in 3.5.4
- c) In SEF 507, the ADC calculated an amount for profit based on the weighted average of the verified actual amounts realised by cooperating exporters from the sale of like goods in the OCOT in the domestic market.
- d) The approach taken in SEF 507A and SEF 507 appears almost identical. If this is the case it is not at all clear why has dumping margin has substantially reduced from **16.1% to 3.9%**.

3.6 Dumping assessment – GE Wuhan

Based on this submission, WTC submits –

- a) The use of s. 269TAC(1) in SEF 507A to determine a normal value domestic price for an undefined power transformer which is a complex, high value capital good product sold in low volume, is too inaccurate.
- b) The estimated normal value domestic price in China is likely to be substantially understated using s. 269TAC(1) for the reasons previously outlined.
- c) The use of s. 269TAC(8) in SEF 507A to determine an adjustment under s269TAC(1) is not capable of addressing the differences between a power transformer sold FOB to Australia and the estimated normal value domestic price of an unspecified power transformer in China.
- d) The method adopted in SEF 507 using s.269TAC(2)(c) to determine the normal value in China, Regulation 45(2) to determine profit and s.269TACB(2)(b) to determine the dumping margin will result in a more accurate normal value.
- e) The procedure adopted in SEF 507A compared to that in SEF 507 has resulted in the dumping margin substantially, and in WTC's view wrongly, reducing from **42.4% to 12.1%**.

3.7 Dumping assessment – Jiangsu Huapeng

In assessing the how SEF 507A affects Jiangsu Huapeng, WTC notes that –

- a) The normal value for Jiangsu Huapeng has been determined under section 269TAC(6), having regard to all relevant information. Specifically, the normal value has been determined as the weighted average normal value of the 2 cooperating exporters found to be dumping during the investigation period.
- b) The dumping margin from SEF 507 to SEF 507A for Jiangsu Huapeng has substantially reduced from **40.5% to 12.1%**.

WTC submits that based on our submissions in respect of the two cooperating exporters CHINT and GE Wuhan, the dumping margin for Jiangsu Huapeng should be reassessed upwards.

3. Dumping has caused material injury

WTC remains of the view that dumping has caused material injury. WTC's submission on injury refers to the following documents –

- ADC Documents SEF 507, TER 507 and SEF 507A
- WTC submissions dated 10/11/2019, 26/11/2019 and 19/12/2019

which need to be read in conjunction with our following submission.

4.1 Finding

WTC submits that “The commission is satisfied that injury to the Australian industry as a result of dumped goods from China is negligible” is incorrect and is therefore not the appropriate finding.

Economic Conditions in the Industry

Chapter 7 of TER 507 provides details of the economic conditions in the Industry during the injury analysis period is from 1 January 2014, with an investigation period from 1 January 2016 to 31 December 2018. The findings are detailed below.

7.4 Volume effects (Refer SEF 507 and WTC submission 10/11/2019)

- The decline in the market share of the Australian industry is most pronounced in the analysis of sales value, where there has been a consistent reduction during the investigation period.
- The Commission is satisfied that the Australian industry has experienced injury in the form of reduced sales volume and reduced market share.

7.5 Price effects

- The Commission is satisfied that the Australian industry has experienced injury in the form of price suppression.
- The Commission is satisfied that the Australian industry has experienced injury in the form of price depression.

7.6 Profits and profitability

- The Commission is satisfied that the Australian industry has experienced injury in the form of reduced profit and profitability.

7.7 Other economic factors

The Commission is satisfied that the Australian industry has experienced injury in the form of:-

- reduced cash flow;
- reduced capacity utilisation;
- reduced return on investment;
- reduced productivity;
- reduced revenue.

4.3 Assessment of projects lost and won by WTC

During the last mineral resources and LNG booms, Chinese PT suppliers started to make their presence felt in Australia. Australian power transformer manufacturers were largely precluded from the mineral resources boom due to closed arrangements with Chinese customers and manufacturers. In 2013 / 2014, the power transformers supplied into the Gladstone LNG projects came mostly from China at dumped prices. The power transformers involved missed being included in ADC INV 219 as they fell outside the investigation period.

The large scale renewable investment activities that commenced in 2016 / 2017 provided WTC with the opportunity to increase volume and with the goal of returning to the profitability achieved in the 6 years to 2011/12 after the large 2009-2012 investment program. Unfortunately, the renewable investment activities also gave rise to substantially increased activity by Chinese PT suppliers in the Australian market. WTC assessed the prices being quoted by Chinese PT suppliers to be at dumped levels (and hence WTC sought the investigation).

Table 2 below shows the financial results of the WTC power business unit over the five years to 2018/19. After a disastrous 2014/15 in terms of gross margin and PBT, by 2016/17 sales, gross margin and PBT were improving. WTC also started to employ more staff to address the expected increase in power transformer demand with large scale renewable projects. Regrettably as demand improved, the downward pressure on pricing caused by dumped products from China caused a reversal in the improving trend. **Compared with 2016/17, gross margin in 2017/18 declined by █████ million and in 2018/19 by █████ million, a total of █████ million.**

The decline in gross margin, despite improving MVA output, was caused by price depression and loss of market share, leading to WTC missing budgeted sales in 2018/19 by █████ million. The INJURY, caused by loss of sales and profit was caused primarily by the dumping of power transformers from China, is not negligible but substantial.

	2014/15	2015/16	2016/17	2017/18	2018/19
Number of Units	█████	█████	█████	█████	█████
MVA Produced	█████	█████	█████	█████	█████
Employment YE █████	█████	█████	█████	█████	█████
Total Sales (\$,000)	█████	█████	█████	█████	█████
Gross Margin (\$,000)	█████	█████	█████	█████	█████
Profit(Loss) before Int & Tax	█████	█████	█████	█████	█████
Profit(Loss) before Tax	█████	█████	█████	█████	█████
Gross Margin %	█████	█████	█████	█████	█████

4.3.1 Approach to assessing tenders taken in TER 507

The approach taken in TER 507 and SEF 507A is a very narrow assessment of the effect of dumping and the causal injury impact.

As stated in SEF 507, "The commission isolated 62 tenders awarded during the investigation period that related to the supply of 102 power transformers. These tenders were categorised into the following 7 categories:

1. Projects won by Chinese manufacturers for which WTC submitted a formal bid
 - 27 projects involving 39 power transformers (24 in 2016-2018, 15 in 2019 and after)
 - 17 won by Siemens
 - 1 won by ABB
 - 1 won by CTC (assessed as not dumped, but CTC was operating at a loss at the time)
 - **8 remaining projects won by exporters assessed as supplying at dumped prices**
2. Projects won by WTC for which Chinese manufacturers, through their Australian affiliates, submitted a formal bid
 - 10 projects involving 14 power transformers
 - 4 projects won at higher price (3 against Siemens, 1 against a dumped price)
 - 6 projects won at lower price
3. Projects won by non-Chinese overseas manufacturers for which WTC submitted a formal bid
 - 8 projects won by non-Chinese manufacturers
4. Projects won by Chinese manufacturers for which WTC did not make a formal bid.
 - 16 projects won by Chinese manufacturers

- 4 projects WTC submitted a budget price
 - 6 projects WTC elected not to bid
 - 6 projects WTC was unaware of.
5. Panel Arrangement (2)
 - 1 project where WTC was invited to bid but lost to panel member
 6. Customers buy direct without tender (4)
 7. Transformers part of package (3)

Attachment 1 to this submission is WTC's evaluation of the 8 remaining projects from Category 1 for SEF 507.

4.3.1 Re-assessment of projects 1 to 8

WTC submits that the re-assessment of projects 1 to 8 is incorrect as it relies on the recalculation of dumping duties based on s. 269TAC(1) and s.269TAC(8). WTC submits that this approach is prejudicial to the interests of WTC.

Further WTC submits that s. 269TAC(2)(c) should be used along with Reg 45(2) to arrive at normal values and an amalgamated dumping margin which is suitable for bespoke capital good like power transformers where there is a low volume of transactions.

The winning of bids by WTC does not mean there is no injury. The prices at which WTC won these projects were very low and injurious.

Concluding remarks on injury

Injury to WTC, caused by power transformers being supplies at dumped prices, was not negligible but substantial.

With respect, the piecemeal and narrow approach to injury in the investigation does not reflect real-world market dynamics in the face of dumping. In a competitive market the results of one tender feed into the next tender. The effect of dumped prices is pervasive in the market and corrosive to fair competition. In the analysis of the 8 projects, the ADC determined that if WTC would not win a tender absence of dumping (dumping duties applied) after a threshold allowance, then there is no injury. This approach only encourages substantial dumped offers to remove the likelihood of dumping and causative injury – a perverse encouragement to Chinese exporters to offer products with large dumping margins.

When WTC wins a bid, it does not mean there is no injury. The prices at which WTC won 10 projects during the investigation period were very low and injurious. The ADC already has information on these projects.

WTC is continuing to experience low dumped prices from the Chinese power transformer suppliers today.

The downward pressure on prices from dumped power transformers and the inability to win sufficient volume has injured WTC. The gross margin erosion in the last two years of the investigation period alone totalled [REDACTED] million.

The ADC's analysis proceeds on an assumption that WTC cannot be injured when it is not participating in a formal bid. This could be after providing a budget price. This belies the broader injurious effects of dumping. Those broader effects are not difficult to conceptualise, simply put if there are lower prices as a result of systemic dumping by Chinese power transformer suppliers then WTC may regularly be denied the opportunity to make a bid. There is nothing in the legislation that would prevent the ADC from taking these broader effects into account – instead the ADC has used a piecemeal and narrow approach to injury and dumping that denies these broader effects.

4. Dumping impacts sovereign strategic capability in critical infrastructure

WTC submits that, in addition to substantial injury being inflicted on the Australian industry, under-priced PTs being sold into Australia substantially impact Australian sovereign strategic capability in critical infrastructure.

WTC accepts that this may not strictly fit within the ADC's injury framework, however the ADC should know that if it proceeds to terminate the investigation as it has indicated in SEF 507A, then it is presiding over the potential diminution in Australia's national strategic capability to supply into and support critical electricity network infrastructure and the associated technologies. As Australia is about to embark on major changes to our electrical infrastructure as part of our commitment to Net Zero by 2050, power transformer manufacture will be a critical element of Nation building.

It is uncontroversial to observe that Australia today finds itself in a challenging regional trade and security situation. Accordingly, WTC submits that now is not the time to follow the siren call for uncontrolled trade but rather to foster Australia's strategic capability in critical infrastructure and technologies.

I would be delighted to discuss the content of this submission either by Teams or in person with our key staff when the opportunity arises.

Yours sincerely,



Robert Wilson
Executive Chairman

Attachment:-

1. Attachment 3 – WTC submission 10/11/2019 to ADC SEF 507 Chapter 8