

30 June 2017

Mr Bora Akdeniz
Case Manager
Operations 3
Anti-Dumping Commission
Level 35, 55 Collins Street
Melbourne Victoria 3000

Received on 4 July 2017

Public File

Dear Mr Akdeniz

Investigation No. 401 – Wire Rope exported from South Africa

I. Introduction

As you are aware, BBRG Australia Pty Ltd (“BBRG Australia”) has requested the imposition of anti-dumping measures on wire rope exported from South Africa. The goods are exported by Scaw South Africa (Pty) Ltd (“Scaw SA”) to the affiliated Australian importer, Haggie Reid Pty Limited (“Haggie Reid”).

A submission dated 13 June 2017 on behalf of the exporter and the importer has recently been placed on the electronic public register (“EPR”). Additionally, Scaw SA’s exporter questionnaire response (“EQR”) was uploaded to the EPR.

BBRG Australia provides the following comments in relation to the identified documents.

II. Submission dated 13 June 2017

This submission made on behalf of Scaw SA and Haggie Reid seeks to criticise BBRG Australia for making an application for anti-dumping measures. BBRG Australia did not take the decision to make any application lightly – it was based upon available facts that supported a case for the imposition of measures.

Representations included in the submission on behalf of Scaw SA and Haggie Reid purposefully apply colourful adjectives and misrepresent data in an attempt to diminish the impact of exports from South Africa on the Australian market. The Commission’s investigation will establish the accuracy of BBRG Australia’s claims.

The submission further contests BBRG Australia’s injury claims, however, redacts information relied upon on behalf of Scaw SA and Haggie Reid to allegedly disprove BBRG Australia’s assertions. It is requested that the Anti-Dumping Commission (“the Commission”) require Scaw SA and Haggie Reid to disclose information relied upon which they claim do not “correlate” with BBRG Australia’s experiences.

The statements in the 13 June submission that attempt to dismiss BBRG Australia’s claim it has lost sales volumes cannot be relied upon. Nor can the claims that the injury experienced by BBRG Australia is reflective of the normal ebb and flow of the business. BBRG Australia similarly does not consider that the price reductions evident in 2015 and 2016 in wire rope can be attributed to imports from China and India (as suggested by Scaw SA and Haggie Reid) as imports from both countries are insignificant. BBRG Australia’s customer feedback in relation to price options confirm Haggie Reid as the benchmark.

The Commission’s initiation of Investigation No. 401 was based upon the existence of “reasonable grounds” leading to the publication of a dumping duty notice. The submission on behalf of Scaw SA and Haggie Reid has not evidenced any supporting information that Scaw SA’s exports of wire rope to Australia were not at dumped prices and, that the exports had not caused injury to the Australian industry manufacturing like goods. The 13 June submission merely seeks to call for a termination of the investigation prior to any probative inquiries having formally commenced.

BBRG Australia submits that at this early stage of the investigation, the Commission’s inquiry must not be terminated until all relevant matters as to dumping, material injury and causation have been thoroughly examined.

[Bridon-Bekaert Ropes Group](#)

III. Scaw SA EQR

The Scaw SA EQR confirms that Scaw SA is related to its Australian importer of wire ropes manufactured in Germiston, South Africa. The predominantly government owned Scaw S.A. (the Industrial Development Corporation owns 74 per cent) manufactures grinding media, rolled products, cast products and wire products. Haggie Reid is Scaw SA's sole Australian distributor of wire ropes.

BBRG Australia notes that Scaw SA has incurred a loss of R248 million in the twelve-months to 31 March 2016, which was additional to the loss of R254 million in 2015. In light of market conditions, it is expected that losses were again recorded by Scaw SA in 2017.

BBRG Australia has noted from ASIC records that Haggie Reid incurred losses in 2013, 2014 and 2015. Some of the losses are attributable to the costs associated with the provision of services mirroring those delivered by BBRG Australia under their TRM (Total Rope Management) program **[Comment re applicability of TRM costs]**. The losses incurred by the exporter and importer in the investigation period will influence the Commission's assessment of whether export sales to Australia can be considered arms' length transactions. BBRG Australia anticipates the Commission will, following BBRG Australia's claims concerning reductions in prices in 2015 and 2016, closely examine export transactions to Australia between the related party exporter and importer.

The Scaw SA EQR (and attached annual report) further confirms that Scaw SA has been seeking increased tariff protection from the Government of South Africa for its steel businesses, and has been actively lobbying for duties, scrap incentives and industry incentives to assist its depressed domestic market position.

Scaw SA's objective has been to focus on export markets to overcome shortfalls in domestic supply. BBRG Australia views Scaw SA's strategies as consistent with experiences of intense competition on the Australian market from Scaw SA's exports of wire rope.

In terms of product development, it is noted that Scaw SA has installed a new Plastication line to make wire rope to 127mm and is planning to manufacture fully plasticated hoist rope and drag ropes with 'cushion cores' these are additional costs that Scaw SA would have incurred as part of their manufacturing costs.

IV. Comments

The submission on behalf of Scaw SA and Haggie Reid does not provide any concrete evidence that Scaw SA's exports to Australia were not at dumped prices during 2016. Similarly, the submission does not discount that Scaw SA's exports were at prices that undercut the Australian industry's selling prices, resulting in loss of sales, price depression, price suppression and reduced profit and profitability.

The EPR version of the Scaw SA EQR confirms BBRG Australia's representations to the Commission concerning the export sales arrangements to Australia and the financial position of the South African exporter.

BBRG Australia looks forward to assisting the Commission with its further inquiries into the impact of the South African exports on the Australian market. If you have any questions concerning this submission, please do not hesitate to contact me on (02) 4968 6500 or BBRG Australia's representative Mr John O'Connor on (07) 3342 1921.

Yours sincerely



Stuart Callender
Vice President Oceania