



INVESTIGATION 401

**ALLEGED DUMPING OF
WIRE ROPE
EXPORTED FROM
THE REPUBLIC OF SOUTH AFRICA**

VISIT REPORT - EXPORTER

SCAW SOUTH AFRICA (PROPRIETARY) LIMITED

THIS REPORT AND THE VIEWS OR RECOMMENDATIONS CONTAINED THEREIN
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1 BACKGROUND

On 26 April 2017, the Commissioner of the Anti-Dumping Commission gave public notice of his decision to initiate an anti-dumping investigation in respect of wire rope exported to Australia from the Republic of South Africa (South Africa) in Anti-Dumping Notice (ADN) No. 2017/58. The background relating to initiation of this investigation is contained in Consideration Report No. 401.

Following initiation of the investigation, a search of the Australian Border Force import database indicated that SCAW South Africa (Proprietary) Limited (SCAW) exported wire rope to Australia from South Africa during the period 1 January to 31 December 2016 (the investigation period).

The Anti-Dumping Commission (the Commission) notified SCAW of initiation of the investigation, and sought its cooperation through the completion of an exporter questionnaire regarding wire rope. SCAW provided a completed response to the exporter questionnaire, and relevant attachments, on 10 June 2017.

2 THE GOODS AND LIKE GOODS

2.1 The goods exported to Australia

During the investigation period, SCAW exported dragline and shovel wire ropes to Australia. These ropes:

- had six or eight strands;
- ranged from 64 to 102 millimetres (mm) in diameter;
- were either with or without plastication; and
- were either compacted or uncompact.

2.2 Like goods sold on the domestic market

During the investigation period SCAW also sold dragline, shovel and shaft winding ropes to domestic customers in South Africa. These rope products:

- had six or eight strands;
- ranged from 58 to 111mm in diameter;
- were either with or without plastication; and
- were either compacted or uncompact.

The verification team considers that the goods manufactured for domestic consumption are identical to, or have characteristics closely resembling, the goods exported to Australia, as they:

- are not distinguished from the exported goods during production;
- are produced at the same facilities and with the same raw material inputs and manufacturing processes; and
- can be considered functionally and commercially alike.

2.3 Model matching

For the purpose of model matching, the verification team considers that it is appropriate to have regard to five characteristics:

- end use (i.e. dragline or shovel);
- whether the rope is plasticated;
- whether the rope is compacted;
- diameter range:
 - 58 to 74mm;
 - 75 to 99mm;
 - 100mm to 200mm; and
- number of strands (i.e. six or eight).

In making its assessment, the verification team has excluded the cost of rope end attachments on all Australian export and domestic sales.

2.4 Like goods – preliminary assessment

The verification team considers that wire rope produced by SCAW for domestic sale has characteristics closely resembling those of the goods exported to Australia and are therefore 'like goods' in accordance with subsection 269T(1) of the *Customs Act 1901* (the Act).¹

¹ References to any section or subsection in this report relate to provisions of the Act, unless specifically stated otherwise.

3 VERIFICATION OF EXPORT SALES TO AUSTRALIA

3.1 Verification of Australian sales to audited financial statements

The verification team verified the completeness and relevance of SCAW's Australian sales listing by reconciling it to audited financial statements in accordance with ADN. No 2016/30.

The verification team did not identify any issues during this process. Details of this verification process are contained in the verification work programme, and its relevant attachments, at **Confidential Attachment 1**.

3.2 Verification of Australian sales to source documents

The verification team verified the accuracy of SCAW's Australian sales listing by reconciling it to source documents in accordance with ADN No. 2016/30. During this process, there were five amendments to the Australian sales listing relating to the cost of particular rope end attachments, payment terms, packaging, handling and marine insurance. The verification team did not identify any further issues.

Details of this verification process are contained in the verification work programme, and its relevant attachments, at **Confidential Attachment 1**.

3.2.1 Rope end attachments

At the start of the verification, SCAW provided a revised copy of its Australian sales listing, containing a correction to the reported cost of rope end attachments for a particular length of rope.

3.2.2 Payment terms

The verification team found that payment terms identified in the relevant commercial invoices for SCAW's Australian customer (as reported in the Australian sales listing) were not reflective of the actual timing of payments. Specifically, it was observed that the period between invoice and payment was significantly different than the payment terms shown on the invoice.

In the absence of documentation that will allow the verification team to calculate an average credit term, the team has elected to amend the Australian sales listing to reflect:

- the actual payment terms verified for each selected export sales transaction (where possible); and
- for all other export sales transactions, the average number of days between invoice and payment of the selected transactions.

This is considered to be the most appropriate methodology, based on the information available to the verification team at this time.

3.2.3 Packaging costs

The verification team identified a minor understatement of the packaging costs relevant to Australian goods. As SCAW confirmed that these costs did not relate to any other exported goods, and should be allocated in full to Australian sales, the verification team amended the Australian sales listing accordingly.

3.2.4 Handling costs

The verification team found a small number of errors in the allocation of handling costs to the relevant invoices, which the team amended accordingly. Having undertaken further review of these allocations, the verification team is satisfied, based on the information available, that the errors it identified were isolated.

3.2.5 Marine insurance

SCAW calculated marine insurance based on a percentage of invoice value. The verification team found that the percentage marine insurance comprised of the invoice value in the Australian sales listing was understated, and was not reflective of documentation provided during the visit. The verification team amended the Australian sales listing to reflect the updated information accordingly.

3.3 The exporter

For all Australian export sales during the investigation period, the verification team considers SCAW to be the exporter of the goods.²

3.4 The importer

In relation to wire rope exported to Australia by SCAW, the verification team considers that the customer listed in the Australian sales listing was the beneficial owner of the goods at the time of importation, and therefore was the 'importer' of the goods.

3.5 Related party customers

According to SCAW's response to the exporter questionnaire, the company sold wire rope to related party, Haggie Reid Pty Ltd (Haggie Reid), during the investigation period. SCAW claimed that Haggie Reid is treated like any other customer, and is subject to 'market pricing'. Notwithstanding this observation, the verification team notes that certain payment allowances were made to Haggie Reid during the investigation period.

² The Commission generally identifies the exporter as a principal in the transaction, located in the country of export from where the goods were shipped, that gave up responsibility by knowingly placing the goods in the hands of a carrier, courier, forwarding company, or its own vehicle for delivery to Australia; or a principal in the transaction, located in the country of export, that owns, or previously owned, the goods but need not be the owner at the time the goods were shipped.

3.6 Arms length

In respect of Australian sales of wire rope made by SCAW to its related customer during the investigation period, the verification team found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than its price

However, the team considered that by making certain payment allowances to Haggie Reid, there was evidence that the customer had received a benefit for, or in respect of, the whole or any part of the price. In addition, the verification team observed SCAW did not adjust the prices it charged Haggie to reflect changes in costs and foreign exchange fluctuations over the investigation period. As a result, the verification team is of the view that the price SCAW charged to Haggie was influenced by a commercial or other between the parties.

The verification team therefore considers that all Australian export sales made by SCAW to its related customer during the investigation period were not arms length transactions.

3.7 Export price – preliminary assessment

The verification team is satisfied that the revised Australian sales listing is complete, relevant and accurate. However, given:

- sales between SCAW and its related customer are not considered arms length (Section 3.6 refers); and
- it is unlikely that the goods sold by the importer were in the condition in which they were imported, due to value-adding activities undertaken by Haggie Reid in Australia,

The team recommends that export price be determined under paragraph 269TAB(1)(c), having regard to all circumstances of the exportation. In particular, the verification team considers that this export price should be determined as the free-on-board (FOB) price between the customer and SCAW, using the price at which the goods were sold by the importer, less any prescribed deductions.³

The verification team's preliminary export price calculations are at **Confidential Appendix 1**.

³ The team notes that an amount for profit has not been deducted at this time, but may be reconsidered by the case team.

4 COST TO MAKE AND SELL

4.1 Verification of costs to audited financial statements

In its response to the exporter questionnaire, SCAW provided annual aggregate cost to make and sell (CTMS) calculations for wire rope sold during the investigation period. These calculations were provided separately for the Australian export and domestic markets.

Prior to the verification, SCAW also provided quarterly CTMS calculations, as well as the CTMS for each product code. At the start of the verification, SCAW advised that it had revised this data to include an additional finance cost (**Confidential Appendix 2** refers).

The verification team verified the completeness and relevance of SCAW's revised CTMS spreadsheet by reconciling it to audited financial statements in accordance with ADN No. 2016/30. During this process, there was one amendment to the revised CTMS spreadsheet relating to raw materials. The verification team did not identify any further issues.

Details of this verification process are contained in the verification work programme, and its relevant attachments, at **Confidential Attachment 1**.

4.1.1 Raw materials

During the verification, SCAW noted that raw material costs in the revised CTMS spreadsheet (including, but not limited to, wire rod) were based on standard, not actual costs. According to SCAW, actual raw material costs include a revaluation to take into account scrap. As a result, SCAW amended the revised CTMS spreadsheet to reflect actual raw material costs during the investigation period. Based on the information provided, the verification team was satisfied that this amendment was reasonable in the circumstances.

4.2 Verification of costs to source documents

The verification team verified the accuracy of SCAW's revised CTMS spreadsheet by reconciling it to source documents in accordance with ADN No. 2016/30. During this process, there were two amendments to the revised CTMS spreadsheet relating to allocation of particular corporate charge expenses and compacting costs. The verification team did not identify any further issues.

Details of the verification process are contained in the verification work programme, and relevant attachments, at **Confidential Attachment 1**.

4.2.1 Allocation of corporate charge expenses

During the verification, SCAW amended the allocation of its corporate charge expenses between domestic and export sales. Specifically, SCAW identified certain cost items that related solely to sales in the domestic market, such as those items relating to 'black economic empowerment initiatives'. The verification team assessed the different allocations and considered them to be reasonable.

4.2.2 Compacting costs

Following the verification, SCAW further amended the revised CTMS spreadsheet to incorporate the effect of any compacting processes. The verification team was satisfied that the documentation provided to support this amendment was reasonable in the circumstances.

4.3 Related party purchases

The verification team did not identify any suppliers that might be related to SCAW, based on the company's response to the exporter questionnaire and documentation supplied for the purpose of verification.

4.4 Cost to make and sell – summary

Having verified SCAW's revised CTMS spreadsheet to audited financial statements and to source documents, the verification team is satisfied that the revised and amended CTMS spreadsheet is complete, relevant and accurate.

SCAW's revised and amended CTMS spreadsheet is at **Confidential Appendix 2**.

5 VERIFICATION OF DOMESTIC SALES

5.1 Verification of domestic sales to audited financial statements

The verification team verified the completeness and relevance of SCAW's domestic sales listing by reconciling it to audited financial statements in accordance with ADN No. 2016/30.

The verification team did not identify any issues during this process. Details of the verification process are contained in the verification work programme, and relevant attachments, at **Confidential Attachment 1**.

5.2 Verification of domestic sales to source documents

The verification team verified the accuracy of SCAW's domestic sales listing by reconciling it to source documents in accordance with ADN No. 2016/30. During this process, there were three amendments to the domestic sales listing relating to general alignment of the columns, payment terms and cutting costs. The verification team did not identify any further issues.

Details of the verification process are contained in the verification work programme, and relevant attachments, at **Confidential Attachment 1**.

5.2.1 Alignment of columns in spreadsheet

At the start of the verification, SCAW provided a revised copy of its domestic sales listing, to correctly align columns to particular rows. The verification team noted that errors had been identified prior to the visit in relation to correct reporting of the relevant 'number of strands', and that this was corrected in the revised copy of the domestic sales listing. The verification team confirmed that this error was correctly updated for all transactions using the associated product description.

5.2.2 Payment terms

The verification team found that payment terms identified in the domestic sales listing for one customer were not reflective of the relevant commercial invoices.

The verification team also found that payment terms identified in the relevant commercial invoices for SCAW's domestic customers (as reported in the domestic sales listing) were not reflective of the actual timing of payments. Specifically, it was observed that the period between invoice and payment was different than the payment terms shown on the invoice.

In the absence of documentation that will allow the verification team to calculate an average credit term, the team has elected to amend the domestic sales listing to reflect:

- the actual payment terms verified for each selected domestic sales transaction (where possible); and
- for all other domestic sales transactions, the average number of days between invoice and payment of the selected transactions.

5.2.3 Cutting costs

The verification team found that an error had been made when calculating domestic cutting costs (Section 6.5 refers), resulting in an overstatement of the claimed amount per tonne. Based on the evidence provided, the verification team is satisfied that the revised figure is appropriate, and has updated the domestic sales listing accordingly.

5.3 Related party customers

SCAW stated in its response to the exporter questionnaire that it was not related to any of its end-user customers during the investigation period. The team noted that a small volume of goods was transferred internally to SCAW's distribution centres, and then sold to unrelated end-users in the market.

The verification team did not identify any information that might suggest end-users were related to SCAW, based on the company's response to the exporter questionnaire, sales data and audited financial statements.

5.4 Arms length

In respect of domestic sales of wire rope made by SCAW to unrelated customers during the investigation period, the verification team found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than its price; or
- the price was influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller; or
- the buyer, or an associate of the buyer, was directly or indirectly reimbursed, compensated or otherwise receive a benefit for, or in respect of, the whole or any part of the price.

The verification team therefore considers that all domestic sales made by SCAW to unrelated customers during the investigation period were arms length transactions.

5.5 Ordinary course of trade

Section 269TAA of the Act provides that if like goods are sold in the country of export at a price less than the cost of such goods, and are unrecoverable within a reasonable period, then they are taken not to have been sold in the ordinary course of trade (OCOT).

The verification team compared the revenue (i.e. net sales value) for each domestic sale of wire rope to the corresponding quarterly domestic CTMS to test whether those sales were profitable.

Where the volume of unprofitable sales exceeded 20% for a particular model, the verification team tested the recoverability of the unprofitable sales by comparing the revenue for each transaction to the corresponding weighted average CTMS over the investigation period. Those sales found to be unrecoverable were considered not to be in the OCOT.

5.6 Suitability of domestic sales

Subparagraph 269TAC(2)(a)(i) provides that the normal value of goods exported to Australia cannot be ascertained under subsection 269TAC(1) where there is an absence, or low volume, of sales of like goods in the market of the country of export.

Low volume is defined by subsection 269TAC(14) as less than 5% of the total volume of the goods under consideration that are exported to Australia. The verification team found there was a sufficient volume of domestic sales made in the OCOT for five of the seven models of wire rope exported to Australia during the investigation period. For the remaining two models, the team has used a surrogate model and made specification adjustments to account for any differences (Section 6.1 refers).

5.7 Domestic sales – summary

The verification team is satisfied that the revised domestic sales listing is complete, relevant and accurate, and can be used for assessing normal value under subsection 269TAC(1).

The revised domestic sales listing is at **Confidential Appendix 3**.

6 ADJUSTMENTS

To ensure the normal value is comparable to the export price of goods exported to Australia at free-on-board (FOB) terms, the verification team has considered the following adjustments in accordance with subsection 269TAC(8).

6.1 Differences in specification

As outlined in Section 5.6, the verification team found sufficient volumes of domestic sales of wire rope for five models. In accordance with paragraph 269TAC(8)(b), the verification team has applied a number of specification adjustments to the normal values of other similar (surrogate) models exported to Australia, to ensure any differences to the surrogate do not affect comparison with export prices.

These adjustments make allowances for number of strands and compacting, as appropriate, based on verified differences between FOB export prices⁴ for different models.

6.2 Credit terms

The verification team considers that a downward adjustment to the normal value for domestic credit is necessary to ensure a fair comparison to the FOB export price. The verification team has applied this adjustment based on the revised number of credit days (Section 5.2.2 refers) and the percentage of interest earned on working capital during the investigation period.

As export prices have been calculated at cash terms (which takes into account the credit terms offered by Haggie Reid to customers), the verification team does not consider that a corresponding upward adjustment is required.

6.3 Freight and handling

The verification team considers that a downward adjustment to the normal value for domestic freight expenses is necessary to ensure a fair comparison to the FOB export price. The verification team has applied this adjustment based on the inland freight costs listed for each domestic transaction.

The verification team also considers that an upward adjustment for export inland freight and handling expenses is required, to ensure a fair comparison to the FOB export price. The verification team has applied this adjustment based on the weighted average cost (per tonne) for those expenses over the investigation period.

6.4 Technical credits

The verification team considers that a downward adjustment to the normal value for domestic technical credits relating to damaged goods is necessary to ensure a fair comparison to the FOB export price. SCAW has allocated this cost to domestic sales

⁴ As calculated per Section 3.7 above.

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using its percentage of invoice value. The verification team has applied this adjustment based on the credit costs listed for each domestic transaction.

The verification team also considers that an upward adjustment for export technical credit is required, to ensure a fair comparison to the FOB export price. The verification team has applied this adjustment based on the weighted average value (per tonne) for the cost over the investigation period.

6.5 Domestic technical support

SCAW has claimed a downward adjustment to the normal value for engineering support services that it provides to end-users in the domestic market, but not to Haggie Reid in Australia. This claim was based on the salary cost (per tonne) of those sales engineers known to provide technical support to domestic customers.

Given it is known that engineering support services are provided to end-users in Australia by Haggie Reid, not SCAW, the verification team considers that this adjustment is warranted in the circumstances.

6.6 Domestic cutting costs

SCAW has claimed a downward adjustment to the normal value for domestic cutting costs, on the basis that ropes sold domestically are (on average) shorter in length than those sold to Australia, and therefore attract a higher cutting cost per metre. The verification team is satisfied that the evidence provided supports a claim that lengths sold domestically are (on average) shorter than those sold to Haggie Reid. This is also consistent with the team's knowledge of particular value-add activities undertaken by Haggie Reid in Australia. As a result, the team considers there is sufficient evidence to warrant an adjustment in the circumstances.

The verification team has applied this adjustment based on the (revised) cutting costs listed for each domestic transaction (Section 5.2.3 refers).

6.7 Reel returns

The verification team considers that a downward adjustment to the normal value for the costs associated with the return of empty reels from domestic mine sites is necessary to ensure a fair comparison to the FOB export price. These costs comprise credit that is offered to domestic customers after used reels are returned to SCAW. The verification team has applied this adjustment based on the weighted average cost (per tonne) of the total credit expense over the investigation period.

The verification team also considers that an upward adjustment for costs associated with the return of empty reels from Australia is required, to ensure a fair comparison to the FOB export price. These costs include either reimbursement or credit offered to Haggie Reid for returned reels, as well as the cost of shipping those reels back to South Africa, which is incurred by SCAW. The verification team has applied this adjustment based on the weighted average cost (per tonne) for those expenses over the investigation period.

At the conclusion of the visit, SCAW's authorised representative submitted that reels are 'part and parcel' of the goods sold, in the same way as packaging. SCAW submitted that

the 'buy-back' of the reels is not a reimbursement in respect of the price, but a '... separate transaction for valuable consideration'. In considering this position, the verification team agrees that reels are 'part and parcel' of the goods sold. However, the team does not agree that any credit or reimbursement offered in relation to returned reels can necessarily be wholly separated from the original transaction. Rather, the team considers that customers are indirectly compensated for part of the purchase price as a result of returning the reels to SCAW, and (in the case of reels returned from Australia) SCAW incurs additional costs for that return. Further, the team considers that providing details in the response to the exporter questionnaire of all credits relating to the return of domestic reels during the investigation period supports the position that these returns are not considered a wholly unrelated transaction by SCAW.

6.8 Export packaging

The verification team considers that an upward adjustment is required for those packaging expenses solely related to Australian exports, to ensure a fair comparison to the FOB export price. The verification team has applied this adjustment based on the (revised) weighted average cost (per tonne) for those expenses over the investigation period.

6.9 Adjustments not made to the normal value

6.9.1 Domestic bad-debt write-off

SCAW has claimed a downward adjustment to the normal value for a bad debt write-off relating to a particular customer. SCAW has allocated this cost to domestic sales using its percentage of invoice value.

The Commission's Dumping and Subsidy Manual (dated April 2017) (the Manual) states that:

'[b]ad debt, like general administration expenses, generally relates to the general cost of doing business and does not, for that reason, normally represent grounds for adjustment. An exception arises where evidence demonstrates that credit risks between the two markets for a particular product were in fact different and that these differences affected price comparability'.⁵

Based on the information available, the verification team does not consider that SCAW has adequately demonstrated that credit risks between the Australian and South African markets for wire rope were different during the investigation period, and that these differences affected price comparability.

The team notes that, following completion of the visit, SCAW's authorised representative submitted that whether or not there was a direct one-to-one impact on prices of the goods cannot be the prime consideration, as there are many different factors that impact price negotiation. SCAW's representative further submitted that which of the factors had a greater or lesser impact on the finally agreed price cannot be accurately identified, and is not the object of the exercise. The objective must be to work out whether the terms or circumstances of the sales were different so as to justify an adjustment.

⁵ Page 70 refers.

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In this case, the verification team considers there is no evidence (other than verbal statements) to support a finding that SCAW's bad-debt write-off had any subsequent impact on prices in South Africa, whether large or small. While SCAW has pointed to a price variation with regard to domestic sales of wire rope during the investigation period between quarters one and four (and has likened the percentage of that increase to the percentage that bad-debt comprised of total domestic sales), the team considers there are too many other possible explanations for such an increase for this to be accepted without further evidence. The team also considers that use of a direct comparison in percentage terms to evidence this claim is not consistent with comments made by SCAW's representative stating that many different factors impact price negotiation, and that which of these factors had a greater or lesser impact on the finally agreed price cannot be accurately identified, and is not the object of the exercise.

6.9.2 Export foreign exchange gain

SCAW has claimed a downward adjustment to the normal value for an exchange rate gain made during the investigation period. SCAW has allocated this gain to Australian sales using its percentage of invoice value.

Consideration as to whether an adjustment to the normal value is warranted should be based on '... differences shown to affect price comparability between domestic sales and export sales to Australia'.⁶ The verification team confirmed with SCAW that exchange rate fluctuations do not impact the prices set with Haggie Reid in Australia.

Given the team cannot be satisfied that prices to Haggie Reid have been impacted by any foreign exchange gains/losses, it cannot be satisfied that price comparability has been affected.

Further, the team observed a downward trend in the rate of exchange during the investigation period, which would suggest that an overall gain would be unlikely during this period. Taking into account observations made in Section 3.2.2, the team found that particular gains evidenced by SCAW actually related to payment of invoices issued outside the investigation period.

6.9.3 Raw material steel incentives

SCAW has claimed a downward adjustment to the normal value for certain steel incentive payments that it received on raw materials used in exported goods. SCAW has allocated the total (relevant) rebate to Australian sales using its percentage of invoice value.

The verification team considers this arrangement to reflect 'two-tier' pricing, whereby a supplier in South Africa is selling raw materials to a manufacturer that produces for both the domestic and export markets. As a result of the rebate, the raw material destined for domestic production of the goods is sold at a higher price than that destined for export production.

According to the Commission's Manual '[a]djustment is not made for differences in the two-tier pricing of ... raw materials'. More specifically:

⁶ The Manual, page 76 refers.

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[t]he domestic price may be adjusted downward to ensure proper comparison with the export price where for example there are local taxes that are part of that price and are not levied on the export sale. Where there are advantages, such as direct or indirect subsidies, which the exporter may have but are not present in the domestic sales prices, there is no requirement for the domestic sale price to be adjusted downwards.⁷

In this case, the rebates are paid to SCAW sometime following its purchase of the materials when evidence has been provided against the criteria. As such, the verification team does not consider that a downward adjustment for steel incentive payments is appropriate in these circumstances.

6.10 Adjustments – conclusion

The verification team is satisfied that there is sufficient and reliable information to justify the following adjustments, in accordance with subsection 269TAC(8) of the Act, and considers these adjustments are necessary to ensure a fair comparison of normal values and export prices:

Adjustment Type	Deduction/addition
Domestic credit	Deduct the cost of domestic credit.
Domestic freight	Deduct the cost of domestic freight.
Domestic technical credit	Deduct the cost of domestic technical credit.
Domestic technical support	Deduct the cost of domestic technical support.
Domestic cutting costs	Deduct the cost of domestic cutting costs.
Domestic reel returns	Deduct the cost of domestic reel returns.
Export inland freight and handling	Add the cost of export inland freight and handling.
Export technical credit	Add the cost of export technical credit.
Export packaging	Add the cost of export packaging.
Export reel returns	Add the cost of export reel returns.
Export credit	Add the cost of export credit.

The verification team's preliminary adjustment calculations are included in normal value calculations at **Confidential Appendix 4**.

⁷ The Manual, page 75 refers.

7 NORMAL VALUE

The verification team is satisfied that it found sufficient volumes of domestic sales of wire rope for five models exported to Australia that were arms length transactions, and at prices that were within the OCOT. The verification team is therefore satisfied that the prices paid in respect of domestic sales of wire rope for those five models are suitable for assessing normal value under subsection 269TAC(1).

In using domestic sales as a basis for normal value, the verification team considers that certain adjustments, in accordance with subsection 269TAC(8), are necessary to ensure fair comparison of normal values with export prices, as outlined in Section 6.

The verification team's preliminary normal value calculations are at **Confidential Appendix 4**.

8 DUMPING MARGIN

The dumping margin has been assessed by comparing weighted average Australian export prices⁸ to the corresponding quarterly weighted average normal value for the investigation period, in accordance with paragraph 269TACB(2)(a) of the Act.

The dumping margin in respect of wire rope exported to Australia by SCAW for the investigation period is **39.7%**.

Details of the preliminary dumping margin calculation are at **Confidential Appendix 5**.

⁸ Export prices were calculated under paragraph 269TAB(1)(c) (Section 3.7 refers).

9 APPENDICES AND ATTACHMENTS

Confidential Appendix 1	Australian export sales
Confidential Appendix 2	CTMS spreadsheet
Confidential Appendix 3	Domestic sales
Confidential Appendix 4	Normal value
Confidential Appendix 5	Dumping margin
Confidential Attachment 1	Verification work programme, with attachments