

The application must include a detailed statement setting out reasons for seeking continuation of the anti-dumping measure. Applicants must provide evidence addressing whether, in the absence of measures, dumped or subsidized imports would cause material injury to the local industry producing like goods. Applicants should refer to the “Guidelines for Preparing an Application for Continuation of Measures” for assistance.

(i) **Subject goods – wire ropes**

The goods the subject of anti-dumping measures that are due to expire on 16 December 2022 are as follows:

*“Stranded wire rope, alloy or non-alloy steel, whether or not coat or impregnated, having the following:*

- *not greater than 9 strands;*
- *Diameter not less than 58mm and not greater than 200mm,*

*with or without attachments.*

*Further information regarding the goods:*

- i. Stranded steel wire rope is rope and strand made of high carbon wire (whether or not containing alloys);*
- ii. The strand or rope can also be sheather or impregnated and sheathed respectively in plastic or composites;*
- iii. The wires can be layered-up in various configurations in order to give the strand or rope the desired physical properties;*
- iv. Variances can include:*
  - *strand diameter;*
  - *number of wires;*
  - *wire finish (e.g. typically black but may be galvanised);*
  - *wire tensile grade;*
  - *type of lubricant;*
  - *strand or rope length; and*
  - *whether or not an attachment is included (but not limited to ferrules and/or beackets).*
- v. Cores may be made of:*
  - *natural or synthetic fibre; or*
  - *Independent Wire Rope Cores (“IWRC”), which may or may not be sheather or impregnated in plastic.*

*Typical uses include applications such as gragline hoist, drag and dump ropes, and shovel hoist, crowd and retract ropes.*

*Goods excluded from the measures are:*

- *stranded wire rope that is stainless steel as defined under Note (e) “Stainless steel” to the Tariff;*
- *stranded wire rope with more than 9 starnds, regardless of diameter; and*
- *stranded wire rope less than 58mm or greater than 200mm in diameter, regardless of number of strands.*

The measures on wire ropes exported to Australia from the Republic of South Africa (“South Africa”) are due to expire on 18 December 2022. The measures were initially imposed by public notice (a dumping duty notice) on 18 December 2017 (refer ADN 2017/172 at Non-Confidential Attachment 1)

by the then Assistant Minister for Industry, Innovation and Science, and the Parliamentary Secretary to the Minister for Industry, Innovation and Science (Assistant Minister”).

**(ii) Background**

The Assistant Minister applied anti-dumping measures on exports of 6-8 strand wire rope exported from South Africa on 16 December 2017 (notice was published on 18 December 2017). Anti-dumping measures were applied at a rate of 28.9 per cent on exports of 6-8 strand wire from South Africa.

Following the imposition of the measures, the South Africa exporter, Scaw South Africa (Proprietary) Limited (hereafter referred to as “Scaw”) commenced exporting nine-strand wire ropes (“9 strand”) to Australia for use in the same end-use applications to which it previously supplied 6-8 strand wire ropes that had the measures applied from 18 December 2017.

The goods exported to Australia by Scaw were the subject of a fixed component of Interim Dumping Duty (“IDD”) at a rate of 27.2 per cent (which was subsequent to review and recommended by the ADRP, given effect by the Minister in a notice published on 5 October 2018).

On 7 June 2018, Bekaert Wire Ropes (trading as “BBRG Australia”) made an application to the Commissioner detailing the alleged circumvention activity in relation to goods the subject of the notice. BBRG Australia claimed that the notice should be altered because a circumvention activity had occurred that involved the slight modification of the exported goods the subject of the notice (under subsection 269ZDBB(6) of the *Customs Act* and section 48 of the Regulation).

The original notice applied to the exported goods, namely wire rope of no more than eight strands and to like goods. It was alleged by BBRG Australia that the exporter of the goods from South Africa – Scaw – had slightly modified the goods and exported the resulting circumvention goods to avoid the original anti-dumping measures.

The Commissioner was satisfied with the application and the allegations (in accordance with subsection 269ZDBE(2) and did not reject the application (Investigation No. 483).

Following investigation, the Commissioner found that:

- the circumvention goods (i.e. nine-strand ropes) were exported to Australia from South Africa, a country to which the measures apply;
- before the export, the circumvention goods were slightly modified (subsection 48(2)(b) of the Regulation), by adding an extra strand to what would otherwise be the goods during production of the circumvention goods;
- the use or purpose of the circumvention goods was the same as for goods the subject of the measures (i.e. 6-8 strand ropes), and after, they were slightly modified;
- had the circumvention goods not been slightly modified, they would have been the subject of the notice; and
- section 8 of the Customs Tariff (Anti-Dumping) Act 1975 (Dumping Duty Act) did not apply to the circumvention goods.

The Commissioner was satisfied a circumvention activity occurred in relation to subsection 269ZDBB(6).

The Commissioner recommended to the Minister:

- the notice be altered as the Commissioner was satisfied that circumvention activity in relation to the notice had occurred;
- the notice be altered by amending the description of the goods the subject of the notice to include wire ropes with no more than nine strands; and
- the alteration to the notice take effect on and after the date of publication of the Statement of Essential Facts (SEF) for the inquiry, being 11 February 2019.

The Minister accepted the Commissioner's recommendations and a notice imposing and extending measures on the circumvention goods dated 4 July 2019 was published on 9 July 2019 (refer ADN 2019/84).

**(iii) Relevant considerations**

As indicated above, the original anti-dumping measures (applied on 18 December 2017) were the subject of a circumvention investigation ("Invest 483") with the results notified on 9 July 2019.

The circumvention activity of the South African exporter and the subsequent Invest 483 that was not resolved until July 2019 resulted in Bekaert Wire Ropes Pty Ltd ("BWR") – previously referred to as BBRG Australia Pty Ltd – continuing to compete with dumped exports from South Africa until mid 2019. During 2018 and 2019 – as the circumvention goods were offered and supplied by the Australian importer Haggie Reid Pty Ltd ("Haggie Reid") across the broad customer base, there was no relief from the injurious dumping (even though measures were in place from 18 December 2017). During this period BWR negotiated contracts typically of [period] years duration. [*Commercially sensitive information concerning pricing negotiations with customers*].

Further, during this period (i.e. 2018 and 2019) customers that were receiving the imported wire ropes from South Africa entered into contracts – [*Commercially sensitive information concerning pricing negotiations with customers*].

As a consequence of customers entering into contractual arrangements with the Australian importer of the circumvention goods, the impact of the measures has not had an effect on BWR's business [*commercially sensitive details about timing and periods*]. There has been a significant delay to a recovery to non-injurious levels caused by the dumping of the circumvention ropes.

It is noteworthy that the nine strand ropes promoted as "Inno 9" next generation ropes ceased being marketed and sold by Haggie Reid post Investigation 483 (circumvention of measures ex South Africa in July 2019).

BWR is therefore requesting the Commissioner to recommend to the Minister for Industry, Science and Technology ("the Minister") that the measures not be allowed to expire on 18 December 2022 as:

- the South African exporter continued to export at dumped and injurious prices post the imposition of measures on 18 December 2017;
- the exporter actively engaged in the circumvention of the measures by slightly modifying exports (i.e. to a nine strand wire rope);
- material injury to the Australian industry continued in the form of price suppression through the effects of the circumvention goods securing contracts until 2020 and into 2021; and
- the South African exporter continues to have a significant presence on the Australian market offering prices that are injurious to the Australian industry.

BWR submits that should the measures be allowed to expire it is likely that the dumping and material injury that the measures are intended to prevent will recur.

**(iv) Application coverage**

The anti-dumping measures apply to all exporters of wire ropes exported to Australia from South Africa.

**PART A – Will the dumping continue, or recur?****(v) Anti-dumping actions by other countries**

BWR understands that the Germany has measures on certain wire ropes exported from South Africa to Germany. Anti-dumping measures also apply in the United Kingdom to wire ropes exported from South Africa.

The measures in Germany and the UK are not due to expire until 23 December 2025.

**(vi) Relevant evidence as to the current normal values for wire ropes in South Africa**

BWR understands that selling prices for wire ropes in South Africa are not widely published (or available) either via industry newsletters or publications. It is further understood that the South African manufacturer Scaw keeps prices tightly held.

BWR has [commercially sensitive details about source] has obtained an indication of pricing levels for equivalent wire ropes sold into the South African mining industry in [month] and [month] 2021.

In [month] 2021, selling prices for [commercially sensitive information about rope dimensions] wire ropes in South Africa was approximately ZAR [selling price per metre] . This is approximately [price] per tonne.

Selling prices in South Africa for [size rope and month] was approximately [selling price per metre]. When converted to A\$ per metric tonne, the selling price is approximately [selling price] per metric tonne. It is understood the quoted prices [terms of sale].

Please refer to Confidential Attachment 2 for details concerning earlier [period] selling price information in South Africa and [details of recent selling prices].

**(vii) Have exports continued following the imposition of measures and estimates of export prices**

The exports of South African wire ropes to Australia have continued through the duration of the measures (as at date of this application, not a complete four year period).

BWR does not consider that Australian Bureau of Statistics (“ABS”) import data is reliable to use to assess the volume of exports to Australia under tariff classification 7312.10.00 statistical codes 91 and 92 as data is suppressed and includes wire ropes that are not the goods the subject of the notice.

BWR considers that export data available from TradeData International provides a more reliable indication of export volumes and values for the subject goods.

The following Table 1 summarizes the export volumes and values to Australia over the period January 2018 to July 2021 (export data to July 2021 only available at time of application).

**Table 1 - Exports of wire ropes to Australia from South Africa – 2018 to July 2021 (metric tonnes)**

| Source                             | 2018 | 2019 | 2020 | 2021* |
|------------------------------------|------|------|------|-------|
| Quantity                           | xxxx | xxxx | xxxx | xxxx  |
| FOB Values                         | xxxx | xxxx | xxxx | xxxx  |
| Weighted Average Unit Value A\$/MT | xxxx | xxxx | xxxx | xxxx  |

Source: TradeData International export statistics for subheading 7312.10 (refer Confidential Attachment 3).

Note: 1. 2021 includes 7 months of calendar 2021.

Table 1 highlights the increase in export volumes of wire ropes to Australia in 2020 of approximately 46 per cent over 2019 levels, with a reduction unit value of approximately 15 per cent. It is noted that in the first seven months of 2021, the export volumes to Australia of wire ropes from South Africa are consistent with the increased volumes to Australia that occurred in 2020.

Figure 1 below confirms that the export volumes of wire ropes to Australia in 2020 (and likely for 2021) were greater than in the 2016 investigation period.

**Figure 1 – Annual export volumes and FOB prices of wire rope to Australia – 2016 to 2021**

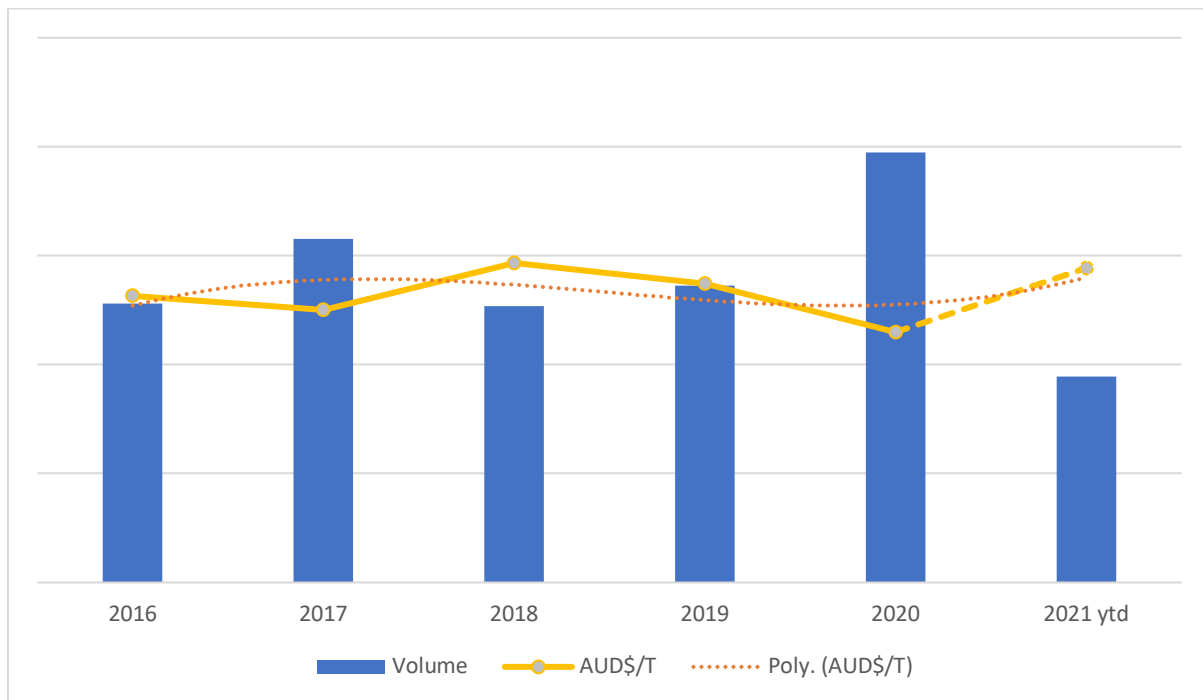


Table 1 and Figure 1 confirm that the South African producer of wire ropes, Scaw has continued to export wire ropes to Australia following the imposition of anti-dumping measures.

Monthly export prices for wire rope exported to Australia during the period August 2020 to July 2021 are included in Table 2 below.

**Table 2 – Monthly South African export volumes and unit values to Australia – Aug 2020 to Jul 2021**

| Month          | Quantity(MT) | FOB Value (A\$) | Unit Value (AS/MT) |
|----------------|--------------|-----------------|--------------------|
| August 2020    | xxxx         | xxxx            | xxxx               |
| September 2020 | xxxx         | xxxx            | xxxx               |
| October 2020   | xxxx         | xxxx            | xxxx               |
| November 2020  | xxxx         | xxxx            | xxxx               |
| December 2020  | xxxx         | xxxx            | xxxx               |
| January 2021   | xxxx         | xxxx            | xxxx               |
| February 2021  | xxxx         | xxxx            | xxxx               |
| March 2021     | xxxx         | xxxx            | xxxx               |
| April 2021     | xxxx         | xxxx            | xxxx               |
| May 2021       | xxxx         | xxxx            | xxxx               |
| June 2021      | xxxx         | xxxx            | xxxx               |
| July 2021      | xxxx         | xxxx            | xxxx               |
| <b>Total</b>   | xxxx         | xxxx            | xxxx               |

Source: TradeData International.

The weighted average monthly export price for wire ropes from South Africa as reflected in Table 2 is lower than the weighted-average monthly export price in the 2016 investigation period (of A\$2,105 per metric tonne).

**(viii) Have exporters in South Africa maintained distribution links in Australia?**

Table 1 above confirms that the sole South African exporter of wire ropes – Scaw South Africa Proprietary Limited – has continued to supply wire ropes to the Australian mining industry via its Australian importer Haggie Reid Pty Ltd.

**(ix) Do producers/exporters in South Africa retain excess capacity that may be directed to Australia?**

The Anti-Dumping Commission's Report No. 401 confirmed that exports of wire ropes to Australia during the 2016 investigation period by Scaw were at margins of dumping of 39.7 per cent.

Report 401 did not discuss Scaw's excess production capacity for the subject goods.

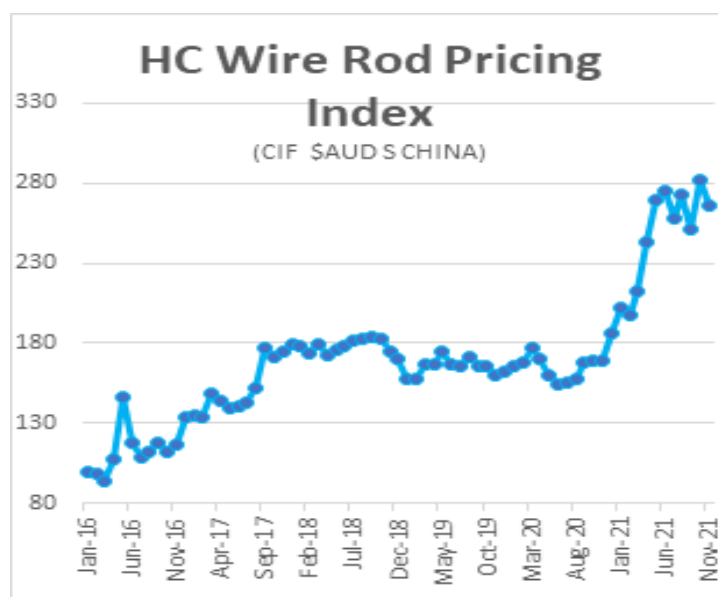
BWR understands that Scaw is an exporter of the goods globally including into Europe where it faces dumping measures into the German and UK markets. BWR notes that the Government of South Africa currently has a ban on exports of scrap steel and as a consequence Scaw buys scrap at less than international prices. The reduced cost base affords Scaw an incentive to manufacture and export wire ropes at a relative advantage to other global producers that purchase scrap at prevailing market prices.

BWR notes that the export volume to Australia from Scaw in 2020/21 is approx.. 50 per cent higher than in the 2016 investigation period. It would appear that Scaw has sufficient available production capacity (along with incentive) to grow exports to capitalize on the low cost scrap steel that it has available to it.

**(x) Will future exports of wire ropes from South Africa be at dumped prices?**

As identified above, BWR has been able to obtain indicative domestic selling prices for wire ropes sold in South Africa in July and August 2021. The increase in selling price from one month to the next can be accounted for by the dramatic increase in raw material steel prices that has occurred during 2021 (driven by raw materials such as iron ore, scrap steel and metallurgical coal increases). The HC Wire Rod Pricing Index reflects these cost increases (Figure 2 below).

**Figure 2 – Wire Rod Pricing Index**



Source: CRU Far East, Import High Carbon wire rod, CFR (non-CIS origin).

In contrasting the available domestic selling prices with prevailing export prices at the time (i.e. for January to July 2021) dumping margins for the exported goods are readily identified (refer Table 3).

**Table 3 – Dumping Margins – January – July 2021**

| Month     | Qty Exported | FOB Export price | Domestic price | Dumping Margin | Dumping Margin as % |
|-----------|--------------|------------------|----------------|----------------|---------------------|
| Jan 2021  | Xxxx         | xxxx             | xxxx           | xxxx           | 27.9%               |
| Feb 2021  | Xxxx         | xxxx             | xxxx           | xxxx           | 109.7%              |
| Mar 2021  | Xxxx         | xxxx             | xxxx           | xxxx           | 48.8%               |
| May 2021  | Xxxx         | xxxx             | xxxx           | xxxx           | 73.3%               |
| June 2021 | Xxxx         | xxxx             | xxxx           | xxxx           | 8.4%                |
| July 2021 | xxxx         | xxxx             | xxxx           | xxxx           | 15.5%               |
|           |              |                  |                |                |                     |

Table 3 confirms that Scaw has continued to export wire ropes to Australia in 2021 at dumped prices. BWR acknowledges that it has indicative domestic pricing for 2021, however, it is noted that in the months where the largest shipments to Australia occur, the *prima facie* dumping margins are 73.3 per cent and 109.7 per cent respectively.

On the basis of the above dumping margin calculations, BWR submits that future exports of wire rope to Australia from South Africa are likely to be at dumped prices.

#### **PART B – Will material injury recur?**

##### *(a) Summary*

BWR has completed the Confidential Appendix A6.1 cost-to-make-and-sell (“CTMS”) schedule to 30 September 2021. The annual CTMS data confirms that BWR’s profit and profitability have not recovered to the levels experienced prior to the 2016 investigation period. This performance confirms that BWR continued to experience material injury from exports from [commercially sensitive assessment of delayed effect of measures] BWR remains susceptible to a recurrence of material injury should the measures be allowed to expire.

BWR submits that if the Minister does not take steps to secure the continuation of anti-dumping measures on wire ropes (of not greater than nine-strands) exported from South Africa and allows the measures to expire, it is considered that the expiration of the measures will lead, or be likely to lead, to a continuation of, or a recurrence of, the material injury that the measures are intended to prevent.

BWR is therefore seeking the Commissioner to recommend to the Minister that he takes steps to ensure the measures do not expire and the measures be continued for a further five-year period.

##### *(b) Supply of wire ropes from South Africa*

Scaw South Africa proprietary Limited is a recognized supplier of wire ropes globally. As indicated, anti-dumping measures apply to wire ropes exported from South Africa to Germany and the UK. Scaw has been a supplier via its Australian importer Haggie Reid Pty Ltd (“Haggie Reid” into the Australian mining industry and is BWR’s largest competitor at mine sites in New South Wales and Queensland.

BWR has little doubt that Scaw has sufficient available capacity to increase export volumes to Australia should the measures be allowed to expire in December 2022.

##### *(c) Australian market*

As confirmed by the Commission in Report 401, the vast majority of imports of wire rope into Australia are from South Africa. There are smaller volumes from the India, USA and more recently, China. Haggie Reid continues to be the only importer of wire rope from South Africa.

Demand for wire rope is driven by the demand for coal and other mining commodities. Wire rope is a consumable for electric draglines and shovels in open cut mines, with demand driven by the introduction of new machinery in new mines or the rationalizing and upgrading of existing equipment in existing mines.

The Commission estimated the size of the Australian market for wire ropes as between [market size] tonnes in the 2016 investigation period. In 2021, with the enhancement of wire rope longevity and the “parking” of some machinery, the market has contracted and is estimated at between [market size] tonnes. The contraction in the market size makes each and every customer sale very competitive.

(d) *History of dumping*

In Investigation 401 the Commission confirmed that exports by Scaw to Australia during 2016 were at a weighted-average dumping margin of 39.7 per cent.

The determined dumping margin was significant and the Commissioner (and the then Assistant Minister) was satisfied that the dumping by Scaw had caused (and threatened to cause) material injury to the Australian industry producing like goods.

Table 1 above confirms that in the three year period 2018 to 2020 the weighted average export price for wire ropes from South Africa has declined year-on-year, as Scaw has increased its export volumes, with a notable increase in 2020 of 46 per cent above its export volumes in 2016. This change has occurred in a period of globally increasing steelmaking costs.

BWR submits that Scaw has continued to export at dumped prices into the Australian market thereby enabling it to grow its export sales. Initially, Scaw’s sales increased as it circumvented the measures (in 2017 and 2018) with its slightly modified nine-strand wire ropes. In July 2019 the Minister accepted the Commissioner’s recommendations and extended the measures to the circumvention goods (Report 483).

As demonstrated in Table 3 above, the largest export volumes from South Africa to Australia in 2021 attract the highest *prima facie* dumping margins. The dumping margins are not small but exceed more than 70 per cent for a majority of the goods exported to Australia in 2021. This preparedness by the exporter to continue to export at dumped prices is indicative of the likely downward shift in pricing for Scaw’s exports to Australia should the measures be allowed to expire.

(e) *Recent [importer] activity with South African wire ropes*

BWR monitors the customer base across all mine sites for wire ropes in NSW and QLD, including competitor activity for competitive product.

[importer] has participated in recent tenders at the following key accounts to secure further volumes with supply from South Africa.

- *Customer A*

BWR negotiated a [commercially sensitive information - details of contract and customer, length of contract] in a market that was influenced by the pricing for circumvention goods (i.e. nine-strand wire rope). BWR and [importer] both retained their pre-tender market share position but BWR supplied [customer and period of supply] at suppressed prices. [commercially sensitive information - details of contract and customer, length of contract, and timing].

[Commercially sensitive details of customer and contractual arrangements, length of contract, etc]. For example, [Commercially sensitive details of specific customer and supply times by competitor].



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[Commercially sensitive details of supply to customer mines by BWR and Haggie Reid – information on contract and customer, length of contract].

- *Customer B*

In [date and year], BWR negotiated a [period] contract for supply to [customer]. In [date and year], [customer] agreed in principle to a [period of agreement], however, pricing increases to recover international steel, polymer and freight costs (approx. xxx per cent increase) were rejected. [Commercially sensitive information concerning customer negotiations].

[Customer] has confirmed that it seeks to maintain supply options. [Customer & details of contract] has been accepted, however, it is at a reduced price increase and does not permit BWR to achieve a non-injurious price.

- *Customer C*

In [date and year] BWR lost supply of a major dump rope supply to [importer] at [customer]. In [date and year] [importer] supplied [rope type] drags and hoists at prices that undercut BWR by xxx per cent.

[Commercially sensitive details about customer, negotiations, and outcomes].

- *Customer D*

Prior to [date and year], [customer] was supplied by BWR. In [date and year] BWR submitted prices increases (a xx per cent price increase on [period] prices that remained in place). In [date and year] BWR signed [period] contract – [importer] secured a xxx per cent share of supply, but could not supply for [period].

[Importer] product was used on [lines, periods of supply].

[Commercially sensitive details about customer, negotiations, and outcomes].

The above examples demonstrate that [importer] continues to supply Scaw South Africa wire ropes at dumped prices that undercut BWR's prices causing price suppressed and reduced profit and profitability. BWR has not been able to secure prices at non-injurious levels due to the protracted impact of contracts that were agreed to for up to three years when [importer] introduced nine-strand ropes following the imposition of measures in late 2017.

BWR has not been able to achieve a full recovery of its financial position (i.e. return of profits and profitability, an adequate return on investment) that existed prior to the original 2016 investigation period, due to the presence of dumped wire ropes exported from South Africa. BWR is seeking the measures to be continued to enable it to compete with fair and reasonable prices beyond the current expiry date of December 2022.

## Conclusions and Recommendation

By this application BWR is seeking the continuation of anti-dumping measures on wire ropes exported from South Africa that are due to expire on 18 December 2022.

BWR submits that the measures on wire rope exported from South Africa should not be allowed to expire on the following grounds:

- exports of wire rope from South Africa have continued following the imposition of measures by the then Assistant Minister on 18 December 2017;
- the measures contributed to the South African exporter taking steps to circumvent the measures, resulting in extended dumping and material injury to the Australian industry;
- the South African exporter – Scaw South Africa Proprietary Limited – has maintained distribution links into the Australian mining sector via its sole distributor, Haggie Reid Pty Ltd;
- Exports of wire rope from South Africa to Australia have escalated in 2020 and 2021 to levels above those of the original 2016 investigation period;
- BWR has assessed the exports by Scaw South Africa in 2021 as *prima facie* at dumped prices, with significant dumping margins evident for the large monthly shipments in February and May 2021;
- Scaw South Africa has access to low priced scrap steel due to the ban on exports of scrap steel applicable in South Africa, providing the exporter with a cost advantage viz-a-viz other exporters of wire ropes;
- the Australian industry manufacturing like goods has endured continued injury in the form of price suppression and reduced profits and profitability from Scaw South Africa's anti-circumvention activities in 2018 (Investigation 483) following some industry contracts being agreed at suppressed prices until 2021 (refer Confidential Appendix A6.1);
- the Australian market for wire ropes is a key market for Scaw South Africa due to Australia's large but declining coal and mineral resources industry; and
- it is *likely* that Scaw South Africa will continue to export at dumped prices and cause material injury should the measures be allowed to expire on 18 December 2022.

BWR submits that should the anti-dumping measures be allowed to expire on wire ropes exported to Australia from South Africa it is likely that the Australian industry producing like goods would experience a recurrence of the dumping and material injury that the anti-dumping measures are intended to prevent.

BWR requests the Commissioner to commence a formal investigation into the continuation of anti-dumping measures to examine whether it is appropriate for the Commissioner to recommend to the Minister that the measures not be allowed to expire on 18 December 2022 (and continued for a further five year period).

**List of Attachments:**

| <b>Attachment No.</b> | <b>Description</b>                                    | <b>Confidential/Non-Confidential</b> |
|-----------------------|---|--------------------------------------|
| A                     | Letter of Authority                                   | Confidential                         |
| 1                     | Australian Dumping Notice 2017/172                    | Non-Confidential                     |
| 2                     | Domestic Selling Prices – South Africa                | Confidential                         |
| 3                     | South Africa export data                              | Confidential                         |
|                       |   |                                      |
|                       |   |                                      |
|                       |   |                                      |
|                       |   |                                      |
|                       |   |                                      |
|                       | Bekeart Wire Ropes - Financial<br>Appendices A3 to A7 | Confidential                         |
|                       |   |                                      |
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|                       |   |                                      |