

Exporter Briefing – Investigation No. 595 - April 2022

Scaw Metals Group

- Scaw Metals Group (Scaw) is a South African company with significant government ownership;
- In 2011 Scaw South Africa was sold by AngloAmerican to the Industrial Development Corporation (IDC) of the Government of South Africa for Rand3.4 billion;;
- The company is involved in the manufacture of a range of steel products, including into the mining sector;
- Scaw describes recycling as an integral part of its business that it converts into value-added secondary steel products;
- Scaw’s Wire Rod Products Division (formerly known as Haggie® Rand) is a manufacturer of steel ropes for use in the mining and offshore gas markets;
- Scaw has reduced its ownership from IDC (S African government) by selling the steel rod and wire business to Barnes Southern Palace. It is believed that IDC remains the primary owner of the rope business including Haggie Reid Australia;

Haggie Reid Pty Ltd

- Haggie Reid Pty Ltd is a related party to Scaw;
- In Invest 401 the Commission identified Haggie Reid as a related party;
- Scaw stated in Invest 401 that its related party Haggie Reid “is treated like any other customer, and is subject to ‘market pricing’”;
- The Commission, however, identified “certain payment allowances” made by Scaw to Haggie Reid during the investigation period that were considered additional to the price for the exported goods;
- The Commission concluded that sales between Scaw and Haggie Reid were **not** arms length;
- BWR does not consider that there has been any change in the arrangements between Scaw and Haggie Reid since the 2017 investigation.

Scrap steel purchases

- The ban on the export of scrap steel products provides a benefit to Scaw as it uses 100 per cent recycled steel in the manufacture of its secondary steel products;
- The ban on export of recycled steel increases the availability of recycled steel in South Africa and reduces the prevailing price for the goods;
- Scaw is therefore potentially insulated from the sharp increases in international wire rod prices that occurred from the beginning of 2021 (discussed further below).

South African market

- S African coal mine ownership has seen Seriti Resources & Thungela acquire the coal operations of South32 (2021) and Anglo American (2018);
- [*Details of type*] draglines have been parked;
- [*Commercially sensitive details about BBRG sales*];

- [*Commercially sensitive details of BBRG affiliate sales*];
- [*Commercially sensitive details of replacement sales*];
- Usha Martin from India secured limited trials in 2021 continuing in 2022- 6 sets of 95mm x 150m drag ropes (67t);
- Import tariff for wire ropes into S Africa of 15% for the “goods”;
- Globally steel prices have increase dramatically. BBRG Australia’s latest Price & Availability Notification to customers. These cost increases have impacted all manufacturers;

Haggie Reid Pty Ltd

- Haggie’s operations in Australia structurally appear to have had minimal change in the last 4 years. [*Redacted- BBRG Australia’s understanding of Haggie Reid operations*]