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Ms Kathryn Marnell
Case Manager
Investigations 1
Anti-Dumping Commission
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Canberra ACT 2601

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Public File

Dear Ms Marnell

Re: Investigation No. 595 – Continuation of measures – wire ropes exported from South Africa – BWR Verification Report

I. Background

I refer to the verification report forwarded to Bekaert Wire Ropes Pty Ltd (BWR) in respect of the above-mentioned continuation of measures investigation.

The Anti-Dumping Commission (“the Commission”) visited BWR’s production facility in Newcastle over the three-day period 10-12 May 2022. The verification visit enabled the Commission investigators to sight the manufacture of wire ropes the subject of the investigation and to validate the financial data provided by BWR reflecting CTMS and sales for the subject goods.

A draft verification report was forwarded to BWR for review on 10 August 2022.

II. Draft Verification Report

BWR has reviewed the report prepared by the Commission. BWR acknowledges that the report reflects the Commission’s interpretation of financial data validated during the visit. It is further acknowledged that during the verification visit BWR representatives detailed the impact of the exports of wire ropes by Scaw S.A. (“Scaw”) on the BWR business during the periods following the imposition of the measures (from 18 December 2017).

BWR however is concerned that the verification report as drafted does not present the continued impact of the dumped exports from Scaw involving circumvention goods (confirmed by the Commission in Report No. 483) that endured until the end of 2020.

The anti-circumvention investigation No. 483 is not referenced in the verification report.

III. Comparative economic performance

At Section 9 of the BWR verification report the Commission examines the economic performance of BWR for wire ropes (the “subject goods”) across the periods 2018 to 2021.

It is BWR’s concern that the data as presented in the verification (based upon the four year following the imposition of the measures) does not consider reflect the sustained material injury that followed subsequent to the measures on 18 December 2017 and continues to the present.

The verification report states at Section 9.2:

“An assessment as to whether the expiration of the measures would lead, or would be likely to lead, to a continuation or recurrence of the material injury that the anti-dumping measure is intended to prevent involves a consideration of future outcomes based on an evaluation of the present position.”

The graphic presentation of market share graphs (Figure 4), Unit CTMS versus Unit Sales price (Figure 5), and profit and profitability (Figure 6) depict an improving situation in 2020 and 2021. The improvement in profit and profitability in 2020 and 2021 has only occurred with the impact of the measures. Calendar years 2018 and 2019 (as well as most of 2020) were impacted by Scaw down-selling its circumvention goods into the market, influencing major contract negotiations thereby suppressing prices and margins for BWR through until 2020.

BWR urges the Commission to examine BWR’s economic performance in the period 2013 to 2016 – particularly the earlier three periods 2013 to 2015 where BWR achieved levels of profitability of xx per cent, xx per cent and xx per cent respectively. BWR’s profitability for 2021 falls substantially short of the previous profitability levels in 2013 to 2015 that were achieved in the absence of dumping. The profitability achieved in 2021 falls significantly short of a required sustained improvement for reinvestment to occur in the wire ropes business. As communicated to the Commission’s verification team during the visit, BWR continued to experience material injury from the circumvention goods in 2018 to 2020 and only following the inventory sales of the circumvention goods has BWR been able to increase selling prices to **progressively** achieve improving profitability in 2021.

It can be recalled that Investigation No. 483 (accepted by the then Minister) confirmed that Scaw had engaged in a circumvention activity of exporting 9 strand wire ropes to Australia to avoid the anti-dumping measures that were imposed in December 2017. Anti-circumvention Report No. 483 was not signed by the then Minister for Industry, Science and Technology until 4 July 2019 and the retrospectivity of the anti-circumvention measures was only applied to shipments entered for home consumption on or after 11 February 2019. As stated, the Australian importer Haggie Reid Pty Ltd had access to an inventory of 9 strand wire ropes that it was able to run-down during 2019 and into 2020.

The impact of the anti-circumvention goods (with no anti-dumping measures applicable between 18 December 2017 and 11 February 2019 – a 14 month period) followed by the additional timeframe over which the importer actively engaged in stock run-downs, extended the material injury experienced by BWR post the 2016 investigation period in Investigation No. 401 for a further 26 month period. BWR was locked into contracts through until 2019 and 2020 due to the availability of the circumvention goods, further extending the material injury (price suppression and impact on profit and profitability) into 2020.

The economic performance of BWR over the period 2017 to 2020 has been severely hindered by the continued dumping of wire ropes by Scaw in 2017 and 2018, and thereafter from the circumvention goods in 2019 and 2020. BWR has not benefited from an extended period (i.e. a five-year period in which effective measures applied) free of the injurious effects of dumping.

The BWR verification report is limited in its coverage of these key facts and relevant considerations that must be considered in the assessment as to whether the expiration of the measures would lead, or would be likely to lead, to a continuation or recurrence of the material injury that the anti-dumping measure is intended to prevent.

BWR urges the Commission to take full account of the activities of the South African exporter in its preparation of preliminary recommendations in the Statement of Essential Facts ("SEF"). BWR has demonstrated to the Commission the continued presence of South African goods at a broad range of critical customers to BWR that continue to materially influence contract negotiations and outcomes.

IV. Short-term inter-company export sales

BWR further highlighted with the Commission during the verification visit that it was producing and supplying non-subject goods under an inter-company export sales agreement. The export sales are a short-term supply arrangement that cease at the end of 2022. BWR's 2021 CTMS as verified by the Commission benefited from the increased production volumes for the inter-company sales.

This short-term benefit will expire at the end of 2022 and BWR's costs to manufacture the subject goods will revert to usual supply volumes driven by the Australian domestic market demand only.

V. Support for continuation of measures

BWR has demonstrated that the economic performance of its wire ropes business that competes with South African exports the subject of measures was materially retarded post the imposition of the anti-dumping measures on 18 December 2017. The material injury that continued in 2018 and 2019 (and into 2020) can be undeniably linked to Scaw's circumvention activities involving 9 strand wire ropes that were introduced into the Australian market following the then Minister's imposition of anti-dumping measures on 18 December 2017.

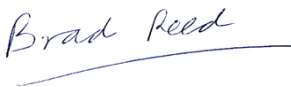
BWR's economic performance in 2021 where profitability has improved falls significantly short of profitability levels achieved in 2013 to 2015 prior to the commencement of the injurious dumping of exports from South Africa.

BWR has highlighted its concerns with the limited commentary and analysis in the BWR verification report covering the most recent economic performance of its wire ropes manufacturing business (2018 to 2021) with earlier periods (2013 to 2015) prior to the imposition of measures, as relevant considerations for the Commissioner in preparing preliminary recommendations in the SEF.

BWR requests the Commission to carefully consider the available information provided by BWR that confirms that should the measures be allowed to expire it is likely that BWR will experience a continuation or recurrence of the dumping and material injury that the measures are intended to prevent.

If you have any questions concerning this submission, please do not hesitate to contact me on (02) 4968 6539 or BWR's representative Mr John O'Connor on (07) 3342 1921.

Yours sincerely



Brad Reed
Sales & Marketing Manager