

**BBRG Australia**  
2 George Street  
Mayfield East  
NSW 2304  
Australia  
[www.bridon-bekaert.com](http://www.bridon-bekaert.com)

4 October 2022

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

Email: [Investigations1@adcommission.gov.au](mailto:Investigations1@adcommission.gov.au)

**Public File**

Dear Ms Marnell

**Re: Investigation No. 595 – Continuation of measures – wire ropes exported from South Africa – Statement of Essential Facts**

I. Executive Summary

Bekaert Wire Ropes Pty Ltd (BWR) welcomes the findings contained in Statement of Essential Facts No. 595 (“SEF 595”) that include a proposed recommendation to the Minister to take steps to continue the anti-dumping measures applicable to wire ropes exported from South Africa for a further five-year period from 18 December 2022. It is further proposed that the measures will be applied as if different variable factors had been ascertained based upon information from the 2021 investigation period.

The Commissioner’s proposed recommendation to the Minister is based upon the following evidence identified in the conduct of Investigation No. 595, including:

- exports of wire rope (the goods) to Australia by the sole exporter in South Africa (Scaw South Africa) were at a preliminary dumping margin of 36.5 per cent;
- the export sales between Scaw and its related party Australian importer Haggie Reid Pty Ltd (Haggie Reid) were not arms length;
- the imported dumped goods have a significant influence on BWR’s prices and continues to have a material impact on BWR’s pricing;
- the dumping by Scaw and the consequent injury by BWR that is considered to be material is likely to continue; and
- should the measures be allowed to expire it is likely that BWR will experience a recurrence of the dumping and material injury that the measures are intended to prevent.

Based upon the evidence confirmed in the investigation, the Commissioner proposes to recommend that the Minister take steps to ensure the measure do not expire. BWR concurs that available evidence confirms that the anti-dumping measures are required for a further five year period from 18 December 2022.

## II. Like Goods

We agree with the Commissioner's finding that:

- locally manufactured wire rope is 'like' to the goods the subject of measures;
- there is an Australian industry manufacturing like goods (i.e. BWR); and
- the like goods are wholly produced in Australia.

We further agree with the Anti-Dumping Commission ("the Commission's") statement that "*Publishing the list of MCCs sold in domestic and export markets is a long-standing practice that gives all interested parties visibility of how model matching has been undertaken for the purposes of calculating a dumping margin.*"

Scaw sought a non-disclosure of the diameter of its wire ropes sold on the domestic market. We note that the Commission was not satisfied that Scaw had not "demonstrated" how the publication of the specific diameters of the wire rope was confidential to Scaw's business interests. As Scaw (and Haggie Reid) had not consented to the publication of the rope diameter the Commission elected not to disclose Scaw's wire rope diameter details in SEF 595.

We strongly disagree with the non-publication of full details of Scaw's domestic models of wire ropes including, specifically, the diameter of the subject goods. The non-publication of this information does not afford BWR the requisite assurance that the model matching of domestic and export models is sound due to the redaction of the relevant information. The uncertainty is further enhanced by the absence of certain domestic sales for comparison with the exported goods during the investigation period.

BWR urges the Commission to re-consider its decision to not publish the diameter of Scaw's domestic wire ropes for the purpose of Report No. 595 for the purpose of investigative certainty in the current investigation.

## III. Australian market

BWR agrees with the Commission's findings concerning the Australian market for wire ropes including:

- South Africa is the largest exporter of wire ropes to Australia. Collectively, BWR and Scaw account for the majority of supply to the Australian market;
- the lifecycles of specific mining operations in the coal industry impacts the demand for wire ropes;
- wire ropes suppliers compete primarily on price and durability; and
- the size of the Australian market for wire ropes has declined since the measures were imposed in December 2017.

We also concur with the Commission's finding that "*Both BWR and Haggie Reid have attributed price competition as the reason for winning or losing contracts*".

The wire ropes market in Australia is transparent in terms of volumes and price. For these reasons the selling prices of suppliers determine contract outcomes.

## IV. The Economic Condition of the Australian Industry

SEF 595 confirms that the Australian industry continued to experience suppressed prices and profits and profitability following the imposition of measures on 18 December 2017. BWR has made previous representations<sup>1</sup> on its inability to recover from the dumping and material injury that resulted in the imposition of interim dumping duties. The injury to the Australian industry continued in 2018 and 2019 due to the circumvention activities of the South African exporter, Scaw to supply nine-strand wire ropes to the Australian market and avoid the measures imposed on the exported goods.

---

<sup>1</sup> Refer EPR Document No. 014 and 018.

Following anti-circumvention Investigation No. 483 (with measures imposed on the anti-circumvention goods in July 2019) selling prices for wire ropes remained suppressed well into 2020 as Scaw sold down its inventories of the circumvention goods.

The Australian industry producing like goods therefore has only experienced improved profits and profitability in the investigation period in the current inquiry – although the profits achieved remain well below the periods immediately preceding (i.e. 2013 to 2015) the dumping and material injury investigation period of 2016.

BWR agrees with the Commission's findings that whilst the economic condition of the Australian industry is profitable, the level of profit achieved is not at levels of profit achieved in 2013 to 2015 due to the continued price suppression of dumped exports by Scaw to Australia during 2021.

### V. Variable Factors

The Commission has confirmed that Scaw's exports to Australia during the 2021 investigation period were at margins of dumping of 36.5 per cent. Normal values were assessed under sub-section 269TAC(1) of the *Customs Act* using domestic sales of wire ropes by Scaw to its unrelated customers in South Africa. The Commission considers that all sales by Scaw in South Africa were at arms-length.

BWR asserted in a submission<sup>2</sup> that the Government of South Africa ("GSA") influenced the selling prices for wire ropes on the South African domestic market due to the policies that applied to scrap steel (including the export tax applicable to scrap steel sales). The Commission concluded at Appendix A to SEF 595 that:

- *the GSA intervened in the South African Steel market in a range of ways during the inquiry period;*
- *these interventions reduced the price and cost of steel scrap in South Africa, which in turn gave Scaw (and other South African producers) a cost advantage when producing its own wire rod using scrap steel (emphasis added).*

It was evident to the Commission that the GSA interventions in the steel scrap market gave Scaw a significant cost advantage in the manufacture of low-cost wire rod. The Commission further noted that Scaw's wire rod sales (to both related and unrelated parties) were **highly profitable** because of the low-cost steel scrap. Even though Scaw benefitted from the GSA interventions through highly profitable domestic sales of wire rod, the Commission concluded that Scaw's domestic selling prices for wire rod were "*broadly consistent with international benchmarks*".

BWR notes that the Commission considered three benchmarks with which to compare Scaw's domestic selling prices for wire rod. The three benchmarks were:

- (i) Price Series 1 – Platts domestic selling prices for wire rod in Brazil;
- (ii) Price Series 2 – South African Revenue Service (SARS) imported wire rod prices (without import duty); and
- (iii) Price Series 3 - The SARS prices with import duty.

The limitations of the benchmark price information was recognized. The grade and size variations for the wire rod is not identified and Scaw itself had 30 different variations of wire rod (in terms of grade and size). The lack of certainty around the SARS data therefore, in BWR's view, discounts the reliability of this information.

In focusing on the Platts domestic selling prices in Brazil when compared with Scaw's prices, in five months Scaw's prices were higher than the benchmark and for seven months they were lower. There is an absence of magnitude in differences as reported in SEF 595 although it can be assumed based upon the final conclusions that Scaw's selling prices for wire rod were predominantly lower than the benchmark during the investigation period.

The Commission recognized that there existed shortcomings with the selected benchmarks. However, due to the relative consistency of Scaw's domestic South African selling prices for wire rod being "broadly consistent"

---

<sup>2</sup> EPR Document No. 011.

with international benchmarks (i.e. the Platts domestic selling prices in Brazil), the Commission concluded that the GSA's interventions in respect of steel scrap and wire rod costs "do not have a significant impact on the prices that Scaw achieves for its sales of wire rope".

For these reasons the Commission found that it was not satisfied that a particular market situation (PMS) for wire rope existed in South Africa.

BWR considers that the information available to the Commission confirms that Scaw does benefit from the GSA influences on scrap steel demand and supply in South Africa and this translates to a beneficial low cost of production for wire rope manufactured by Scaw. BWR notes that the Commission has found that Scaw's domestic selling prices for wire rod are highly profitable. Scaw's high returns on domestic wire rod sales permit the South African exporter to cross-subsidize its export sales of wire rope to Australia. BWR will continue to monitor the position in respect of domestic selling prices for wire rod in South Africa and the impact on selling prices for wire ropes (to identify in change in the PMS situation in South Africa).

In the determination of normal values for Scaw, BWR has reviewed Table 10 as published in SEF 595. Due to the absence of information relating to the diameter of the wire ropes sold domestically in South Africa by Scaw, BWR is prevented from commenting on the appropriateness of the selected surrogate model normal value used by the Commission where there is an absence of domestic sales for identical goods.

Despite the shortcomings in respect of the PMS finding and the use of surrogate models for normal value purposes, BWR considers that the assessed dumping margin for Scaw's wire ropes exported to Australia during the 2021 investigation period is consistent with BWR's understanding of the selling prices offered by Haggie Reid into the Australian market.

#### VI. Likelihood that dumping and material injury will continue

BWR endorses the Commission's findings at Section 7 of SEF 595 that "the expiration of the measures would lead, or would be likely to lead, to a continuation of, or a recurrence of, the dumping and material injury that the measures are intended to prevent".

The Commission's findings are supported by the available evidence confirming that:

- Scaw has continued to export wire rope to Australia while the measures have been in place;
- it is likely that Scaw will continue to export wire rope to Australia;
- wire rope exported to Australia by Scaw during the 2021 investigation period was at a weighted average dumping margin of 36.5 per cent (in Investigation No. 401, the determined dumping margin was 29.5 per cent);
- Scaw's exports are not competitive with prices in Australia unless they are at dumped prices;
- the selling prices for wire rope on the Australian market are transparent (and therefore the market is price sensitive);
- the selling prices for Scaw's wire rope in Australia have a direct effect on BWR's selling prices;
- the dumping allows the importer Haggie Reid to sell at lower prices than they otherwise would be;
- Scaw's unused production capacity (as calculated by the Commission) represents more than 15 per cent of the Australian market in 2021 – demonstrating a large unused production capacity to increase supply to Australia in the absence of measures; and
- the Australian industry has not recovered from the dumping and injury that occurred in 2016 due to the continued exports of wire rope from South Africa at dumped and injurious prices.

It is therefore reasonable to conclude 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 continue.

#### VII. Non-injurious price and form of measures

BWR concurs with the Commission's proposed recommendation to continue the combination method form of measure applying to the goods exported from South Africa. The Commission has identified that the export

prices between Scaw and Haggie Reid were not at arms-length and that “Scaw and Haggie Reid will likely adjust their price settings to achieve mutually beneficial commercial outcomes”. It is therefore necessary that the form of measure to be applied is based upon the combination method where a fixed amount of IDD linked to a floor price applies.

BWR notes that the Commission has calculated the Australian industry unsuppressed selling price (“USP”) “using BWR’s weighted average CTMS during the inquiry period, plus an amount for profit”. BWR submits that the CTMS for the investigation period (as opposed to the inquiry period) is the relevant and appropriate CTMS due to the sustained steel prices that have continued from 2021. The relevant USP to be included in the recommendations to the Minister must include a USP based upon BWR’s 2021 CTMS to ensure that BWR does not continue to experience injury due to a USP that does not reflect contemporary production costs.

VIII. Conclusions and Recommendations

BWR welcomes the Commission’s findings in SEF 595 that exports of wire rope from South Africa in the investigation period were at dumped prices and that the dumping by Scaw has enabled Haggie Reid to sell at prices in a price-sensitive market at levels lower than it otherwise would (due to the dumping) resulting in injury that is material to BWR. BWR supports the conclusions reached in SEF 595 that Scaw’s future exports to Australia will likely be at dumped prices, and that Scaw possesses excess capacity to increase exports to Australia should the measures expire.

BWR concurs with the Commissioner’s conclusion that he is satisfied that the expiration of the measures on 18 December 2022 would be likely to lead to a continuation of, or a recurrence of, the dumping and material injury that the measures are intended to prevent.

BWR requests the Commissioner to recommend in Report 595 to the Minister that he take steps to ensure the measures do not expire and that the anti-dumping measures be continued for a further five year period until 18 December 2027.

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