



Australian Government
Department of Industry,
Science and Resources

Anti-Dumping
Commission

Australian industry verification report

Verification and case details

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Case number	595		
The goods under consideration	Wire Rope		
Case type	Continuation Inquiry		
Australian industry	Bekaert Wire Ropes Pty Ltd		
Verification from	10/05/2022	to	12/05/2022
Inquiry period	1/01/2021	to	31/12/2021

THIS REPORT AND THE VIEWS OR RECOMMENDATIONS CONTAINED HEREIN WILL BE REVIEWED BY THE CASE MANAGEMENT TEAM AND MAY NOT REFLECT THE FINAL POSITION OF THE ANTI-DUMPING COMMISSION

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1 PREFACE

The Anti-Dumping Commission has undertaken verification of data provided by Bekaert Wire Ropes Pty Ltd (BWR) for Continuation Inquiry 595 (CON 595). This report details the evidence gathered and the key findings from the verification of the data.

This report has been prepared for publication on the electronic public record for CON 595.

This report provides interested parties with information regarding all material aspects of the verification, including explanations of any material issues identified during the verification. It outlines the nature, extent and consequences of any changes made to the data submitted, including data corrections made by the company or by the verification team.

Verification teams are authorised to conduct verifications under section 269SMG and 269SMR of the *Customs Act 1901* (the Act).¹

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

2 COMPANY BACKGROUND

2.1 Corporate structure and ownership

BWR is an Australian manufacturer of wire ropes (the goods under consideration or the goods)² and is a subsidiary of Bekaert Wire Rope Industry NV, a Belgium based entity and listed on Euronext Brussels. The Bekaert Group, consisting of Bekaert Wire Ropes Industry NV and its various subsidiaries including BWR, specialises in steel wire ropes with wide ranging application and has a global turnover of \$600 million. Bekaert Wire Rope Industry NV in partnership with its Chilean partner, Matco Cables SpA, acquired the wire rope operation of Arrium in 2015. This acquired entity was renamed as 'Bekaert Wire Ropes Pty Ltd' and is based in Newcastle, NSW.

In its response to the questionnaire, BWR advised that in Australia it is also recognised by the following trading names;

- WRI Australia (Wire Rope Industries)
- BBRG Australia (Bridon-Bekaert Ropes Group)

2.2 Related parties

The verification team examined the relationships between parties involved in the manufacture and sale of the goods.

2.2.1 Related suppliers

The verification team found that BWR did not have any related party suppliers in relation to like goods business during the inquiry period.

2.2.2 Related customers

During the inquiry period, BWR did not have any related party customers in the Australian domestic market.

However, during the inquiry period BWR exported wire ropes to two related group entities.

² For details of the goods under consideration, refer to chapter 2 below.

3 LIKE GOODS MANUFACTURED IN AUSTRALIA

3.1 Like goods

Like goods are defined under section 269T(1) as:

goods that are identical in all respects to the goods under consideration or that, although not alike in all respects to the goods under consideration, have characteristics closely resembling those of the goods under consideration.

The continuation inquiry initiation notice Anti-Dumping Notice (ADN) No. 2022/007 considers the goods under consideration to be:

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

- not greater than 9 strands
- diameter not less than 58 mm and not greater than 200 mm,

with or without attachments.

Further information regarding the goods:

- Stranded steel wire rope is rope and strand made of high carbon wire (whether or not containing alloys).
- The strand or rope can also be sheathed or impregnated and sheathed respectively in plastic or composites.
- The wires can be layered-up in various configurations in order to give the strand or rope the desired physical properties.
- 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).*
- Cores may be made of:
 - *natural or synthetic fibre or*
 - *Independent Wire Rope Cores ("IWRC"), which may or may not be sheathed or impregnated in plastic.*

Typical uses include applications such as dragline 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 strands, regardless of diameter and
- stranded wire rope less than 58 mm or greater than 200 mm in diameter, regardless of number of strands.

PUBLIC RECORD

The goods are generally, but not exclusively, classified to the following tariff subheadings of Schedule 3 to the *Customs Tariff Act 1995*.³

Tariff subheading	Statistical code	Description
7312		STRANDED WIRE, ROPES, CABLES, PLAITED BANDS, SLINGS AND THE LIKE, OF IRON OR STEEL NOT ELECTRICALLY INSULATED
7312.10.00		Stranded wire, ropes and cables Ropes and cables containing not more than eight strands, of alloy or non-alloy steel
	91	<i>Of a diameter exceeding 50 mm but not exceeding 100 mm</i>
	92	<i>Of a diameter exceeding 100 mm</i>
	93	<i>Ropes and cables containing more than eight strands, of alloy or non-alloy steel</i>

Table 1: Tariff classification summary

BWR submits that the wire ropes it manufactures bears a likeness to the goods subject to anti-dumping measures for the reasons set out below:

- **Physical likeness:** The domestically produced wire ropes are physically similar to the wire ropes exported from South Africa and subject to measures. These physical similarities include the number of strands, diameter and treatment types such as compacting and plastication.
- **Production likeness:** The domestically produced wire ropes are produced using a similar manufacturing process as the goods imported from South Africa and subject to measures.
- **Commercial likeness:** The domestically produced wire ropes compete in the same segments i.e. wire ropes used in open-cut mines as the wire rope imported from South Africa and subject to measures. BWR and importers of the goods manufactured in South Africa compete for the same tenders and contracts offered by mining operators in Australia.
- **Functional likeness:** Domestically produced wire ropes, are functionally alike to the wire rope imported from South Africa and subject to measures. This is evidenced by their similar end use by mining operators.

The verification team considers that wire ropes manufactured by BWR are identical to, or have characteristics closely resembling, the wire ropes exported from South Africa.

3.2 Manufacturing in Australia

BWR is the only wire rope manufacturer in Australia. BWR's plant, located in Newcastle NSW, supplies wire ropes to mine sites. BWR sources all the primary raw materials, i.e. high carbon steel wires, from an Australian supplier.

³ These tariff classifications and statistical codes may include goods that are both subject and not subject to the anti-dumping measures. The listing of these tariff classifications and statistical codes are for reference only and do not form part of the goods description. Please refer to the goods description for detail regarding goods subject to the anti-dumping measures.

3.2.1 Production process

BWR’s production process consists of stranding steel wires into wire ropes. The wire ropes, either made from 6-strands or 8-strands, are wound in various configurations and with various additional treatments to suit different applications. BWR’s wire rope consists of three components namely,

- wire
- core and
- strands

The key steps of the manufacturing process are as follows:

1. multiple wires are wound around a Centre wire to form a Strand
2. the core is used in the middle of the rope, and is made of either polymer or steel
3. multiple strands (typically 6 or 8) are then laid helically around the core to “close” the rope
4. the finished Rope can be polymer impregnated (plasticated) for certain specification ropes

3.3 Model control codes (MCCs)

The MCC proposed for this continuation inquiry, as set out in ADN No. 2022/007, is:

Item	Category	Identifier	Sub-category
1	Form	C	Coil
		R	Reel
		D	Drum
2	Number of strands	#	<i>Specify number</i>
3	Nominal diameter (mm)	#	<i>Specify number</i>
4	Compacted	CC	Compacted
		NC	Not Compacted
5	Impregnated	NP	Not Plasticated
		P	Plasticated

Table 2: Proposed MCC structure in the initiation ADN

During the verification of BWR, the verification team noted price differences for particular wire rope based on the type of ‘ferrule’ attached to it. In order to reflect this difference in price based on the ferrule specified on any particular rope, the verification team, after consulting with BWR, amended the MCC structure.

Exception 1: Changes to MCC structure

Exception 1	Resolution
The verification team observed that the proposed MCC structure did not capture all physical characteristics that affected the selling price of wire ropes.	<p>The verification team made the following changes to the proposed MCC structure:</p> <ul style="list-style-type: none"> • Remove the ‘Form’ category as all the wire ropes sold domestically are sold in one form, namely ‘Reel’. • Include a new category for the number of ferrules attached to the wire ropes.

The recommended MCC structure is detailed below.

Item	Category	Identifier	Sub-category
1	Number of strands	#	<i>Specify number</i>
2	Nominal diameter (mm)	#	<i>Specify number</i>
3	Compacted	CC	Compacted
		NC	Not Compacted
4	Impregnated	NP	Not Plasticated
		P	Plasticated
5	Ferrules	0	No ferrule
		1	One ferrule
		2	Two ferrules

Table 3: Revised MCC structure

3.3.1 Subsequent claim that the MCC is confidential

During the verification of the exporter of subject goods i.e. SCAW Metals Group (SCAW), made a submission on behalf of itself and Haggie Reid Pty Ltd (Haggie Reid), its related party importer, that certain categories in the proposed MCC structure revealed confidential information about technical know-how, product offering and customers.⁴

The verification team is not in a position to assess this MCC confidentiality claim. In order to progress the verification and publication of this report, has verification team has recommended that the MCC structure for BWR be described in the manner detailed in **Error! Reference source not found.** below.

The verification team considers that whilst this confidentiality assessment is in progress, all interested parties providing information should have the MCC described in the same way.

The verification team advises that:

- 'X' denotes the diameter of the rope.
- The repetition of the MCC in the table is not an error. For example, '6-X-NC-NP-0' repeated in the table 4 indicates the wire ropes of various diameter size (mm) that meet the MCC categorisation.

The verification team used the recommended MCC structure in **Error! Reference source not found.** to verify BWR's data and to perform its calculations.

3.3.2 List of all MCCs

BWR sold goods in Australia with the following MCCs during the investigation period:

Sales MCCs			
6-X-NC-P-0	6-X-NC-NP-2	6-X-NC-NP-0	8-X-CC-P-2
6-X-NC-NP-0	6-X-NC-NP-0	6-X-NC-NP-0	8-X-NC-P-2
6-X-NC-NP-0	6-X-NC-P-0	6-X-NC-NP-0	8-X-NC-NP-0
6-X-NC-P-0	6-X-NC-NP-0	6-X-NC-P-0	8-X-NC-NP-2
6-X-CC-P-0	6-X-NC-NP-0	6-X-NC-NP-0	8-X-NC-P-1

⁴ [EPR 595 – document no 7.](#)

PUBLIC RECORD

6-X-CC-NP-0	6-X-NC-P-0	8-X-CC-P-0	8-X-CC-P-1
6-X-NC-NP-1	6-X-NC-P-0	8-X-CC-P-0	8-X-CC-P-2
6-X-NC-P-0	6-X-NC-NP-0	8-X-CC-P-0	8-X-CC-NP-2
6-X-NC-NP-0	6-X-NC-P-0	8-X-CC-P-0	8-X-NC-NP-0

Table 4: List of MCCs sold during the inquiry period

3.4 Conclusion

The verification team is satisfied that:

- wire ropes manufactured by BWR are like to the goods under consideration⁵
- at least one substantial process of manufacture of the wire ropes is carried out in Australia⁶
- the like goods were, therefore, wholly or partly manufactured in Australia by BWR⁷
- there is an Australian industry, consisting of BWR, which produce like goods in Australia.⁸

The verification team is satisfied that the Australian industry produces like goods to the goods the subject of the application, as defined in section 269(T).

⁵ Section 269T(1) (definition of 'like goods').

⁶ Section 269T(3).

⁷ Section 269T(2).

⁸ Section 269T(4).

4 AUSTRALIAN MARKET

4.1 Australian market background

The focus of this report is the wire ropes of particular dimensions that are primarily used in the mining sector, specifically open-cut mines.

The wire ropes described in chapter 2 are almost exclusively used in surface mining, primarily of metallurgical coal mines and thermal coal mines, which are mainly located in Queensland and NSW.

4.2 Australian market structure

The Australian domestic market for wire ropes consists of supply from Australian industry, imports from South Africa and imports from other countries.

4.2.1 Marketing segmentation and end uses

The key Australian domestic market segments for wire ropes are:

- dragline ropes (consisting of 'Drag' ropes, 'Dump' ropes and 'Hoist' ropes)
- shovel ropes

4.2.2 Distribution arrangements

BWR typically produces wire ropes for orders as it has good visibility of the likely rope requisitioned by end users. However in the event of the purchase order not materialising on completion of production of a set of wire rope, it is usually stocked in BWR's warehouse until requested by the end users. BWR typically transports the wire ropes to the mine sites designated by the buyers of such wire ropes.

4.2.3 Supply

BWR is the only manufacturer of like goods in Australia. The other suppliers rely on imported wire ropes to service the Australian market.

BWR sells wire ropes directly to end-users and does not involve any distributors for domestic market sales. The majority of BWR's sales are on a contract basis although BWR also sells a small quantity of wire ropes on a non-contracted basis.

4.2.4 Demand

The number of active draglines and rope shovels operating in Australia primarily determines the demand for wire ropes. The number of operating machines in turn is dependent on the economics of commodity prices and the variable costs of operating the mines.

No new draglines have been commissioned in Australia since 2011, while the last time a new shovel rope was commissioned was in 2017. BWR claims that new mines prefer hydraulic shovels, resulting in a reduction in demand for wire ropes in the market.

4.3 Australian market pricing

Price negotiations between wire rope suppliers and large mining companies is essentially based on tendering processes that commits volume to a supplier for 2-3 years with a 1-year

extension and price variation clause included. For certain customers, instead of formal contracts, BWR provides commercial offers.

Usually, the price negotiation on behalf of various mine sites is consolidated at the corporate level. As an example, a certain large customer of BWR that has multiple mine sites, the purchase decisions and bargaining is conducted by the buyer's central office rather than individual mine sites.

BWR also indicated that total annual wire rope costs account for very small portion of a typical mine operator's annual maintenance budget. The importance of wire ropes in mining operations dictates the nature of price bargaining between two sides, especially given the low cost component in the overall mining operation that they carry.

However, for larger customers, BWR indicated that the price agreements are achieved after negotiations.

4.4 Australian market size

The verification team estimated the Australian market size for wire ropes and the growth trend therein. The verification team relied on the data sourced from the Australian Border Force (ABF) import database and BWR's sales data.

Figure 1 depicts the verification team's estimate of the Australian market size for wire ropes from 1 January 2017 to 31 December 2021. The verification team observes that the Australian industry maintained a stable market share in the Australian market year-on-year.

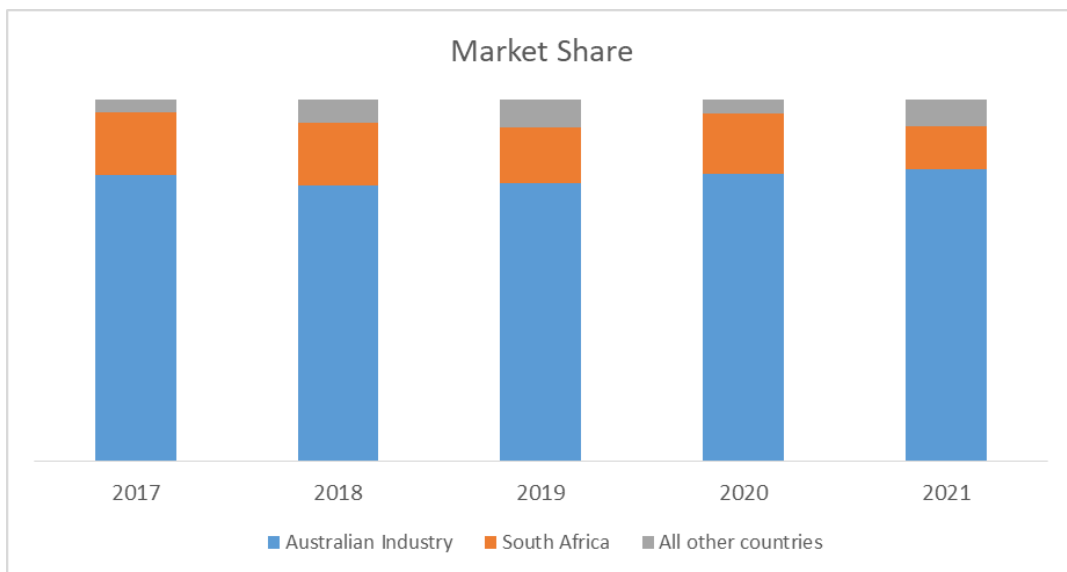


Figure 1: Australian market share

5 VERIFICATION OF SALES COMPLETENESS AND RELEVANCE

The verification team conducts verification of relevance and completeness by reconciling selected data submitted 'upwards' through management accounts up to audited financial accounts. The verification team reconciles total sales value and quantity to management reports, with particular attention given to including all relevant transactions and excluding all irrelevant transactions. The total value from the management reports is then reconciled to the total revenue figure reported in the audited income statement.

The verification team verified the completeness and relevance of the Australian sales listings submitted by reconciling these to audited financial statements in accordance with ADN No. 2016/30.

The verification team identified the issues outlined below during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

5.1 Exceptions during verification of sales completeness and relevance

Exception 2: Consignment stock sales treatment

Exception 2	Resolution
Certain BWR sales are on 'consignment sales' (constock) terms. The sales listing presented by BWR therefore contained sales that did not coincide with the shipment of goods resulting in significant price fluctuations for 'constocks' sales.	The verification team has applied weighted average prices over the inquiry period to individual sales transactions and revised the sales listing accordingly.

5.2 Export sales by company

BWR exported wire ropes during the inquiry period. The export sales were to both related and unrelated parties. The verification team verified this information as part of the upward sales reconciliation.

5.3 Sales completeness and relevance finding

The verification team is satisfied that the sales data provided in the application by BWR, including any required amendments as outlined in the exception table above, is complete and relevant.

6 VERIFICATION OF SALES ACCURACY

The verification team verifies the accuracy of data by reconciling selected data submitted 'downwards' to source documents. This part of verification involves the process of agreeing the volume, value and other key information fields within the sales data down to source documents. This verifies the accuracy of the data.

The verification team verified accuracy of the Australian sales listings submitted in the REQ by reconciling these to source documents in accordance with ADN No. 2016/30.

The verification team identified the issues outlined below during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

6.1 Exceptions during verification of sales accuracy

Exception 3: Under estimated inland freight costs

Exception 3	Resolution
BWR's inland freight rate included in the sales listing were not an accurate reflection of the actual inland freight cost.	BWR provided additional information and supporting document reconciling the total freight cost to the amount depicted in the Trial balance. BWR revised the sales listing to include actual freight costs, taking into account all components of inland freight.

6.2 Related party customers

The verification team observed that BWR sold goods to related customers. However, all the related party sales were export sales and hence not recorded as domestic sales.

As noted previously, BWR did not have any non-arms length sales in the domestic market. Hence all domestic sales were arms length in nature.

The verification team is satisfied that BWR's selling prices for wire ropes to all domestic customers can be relied upon in the assessment of the economic condition of the Australian industry.

6.3 Sales accuracy finding

The verification team is satisfied that the sales data provided in the application by BWR, including any required amendments as outlined in the exception table above, is accurate. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

Accordingly, the verification team considers BWR's sales data relating to domestic sales suitable for analysing the economic performance of its wire rope operations from 1 January 2021 to 31 December 2021.

7 VERIFICATION OF CTMS COMPLETENESS AND RELEVANCE

The verification team conducts verification of relevance and completeness by reconciling selected data submitted 'upwards' through management accounts up to audited financial accounts. The verification team reconciles total cost to make data to the cost of production in the management reports with particular attention given to including all relevant costs and excluding all irrelevant costs. The verification team then reconciled the cost of production data, through relevant account ledgers, to the cost of goods sold figure reported in the audited income statement. Additionally, the verification team reconciles selling, general and administrative (SG&A) expenses to income statements, with particular attention given to specific expenses that the company excluded or that the verification team should exclude.

The verification team verified the completeness and relevance of the cost to make and sell (CTMS) information provided in the REQ by reconciling it to audited financial statements in accordance with ADN No. 2016/30.

The verification team identified the issues outlined below during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

7.1 Exceptions during verification of completeness and relevance of CTMS data

Exception 4: Provision of standard cost of goods sold data

Exception 4	Resolution
BWR's original A6.1 CTM listing submission was in the format of standard cost of goods sold for each MCC, instead of the actual cost to make as required by the commission.	The verification team sought and obtained a revised cost to make (CTM) listing for all MCCs that showed the actual cost to make of all MCCs. These revisions have been verified by the verification team.

Exception 5: Incomplete SG&A listing

Exception 5	Resolution
BWR's original SG&A listing and calculation did not include the item titled 'financial expenses' and 'Royalty'.	At the request of the verification team BWR revised the SG&A listings and allocation calculations. The verification team verified such revisions of SG&A listings.

7.2 CTMS completeness and relevance finding

The verification team is satisfied that the CTMS data provided in the application by BWR, including any required amendments as outlined in the exceptions above, is complete and relevant.

8 VERIFICATION OF CTMS ACCURACY

8.1 Cost allocation method

The verification team verified the reasonableness of the method used to allocate the cost information, 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 program and its relevant attachments, at **Confidential Attachment 1**.

Table 5: Cost allocation method

outlines the allocation method applied to each cost item.

Cost item	Method applied
Raw Materials (including steel wires, other materials, ferrules and packaging materials)	BWR allocated the raw material costs to various material codes/MCCs based on the standard rate indicated in its Bill of Material (BOM). The standard factored in the consumption of each element of material for respective material code.
Manufacturing Overheads	Manufacturing overheads and its various components were allocated to MCCs based on the standard set in the BOM.
Labour	Direct labour allocation to MCCs was based on the standard rate set in the BOM. The standards set in the BOM factored in the labour/personnel hours and machine hours for each specific MCC.
Depreciation	Depreciation was allocated by BWR to each MCC based on the standard set in its bill of materials. BWR set the standard rate based on the usage of machine hours for each MCC. However, the verification team has used the actual depreciation rate in its cost to make assessment.
Variance	The variance between standard costs as set out in the BOM and the actual costs incurred for each cost component above was allocated to each specific MCC.

Table 5: Cost allocation method

8.2 Verification of accuracy of CTMS data

The verification team verified the accuracy of the CTMS information by reconciling it to source documents in accordance with ADN No. 2016/30.

The verification team identified the issues outlined below during this process. Details of this verification process are contained in the verification work program and its relevant attachments, at **Confidential Attachment 1**.

8.3 Exceptions during verification of accuracy of CTMS data

Exception 6: Treatment of certain cost elements in the CTM listing

Exception 6	Resolution
BWR provided the CTM listing based on the 'usual' rate of depreciation claiming that the short-term additional export production has resulted in lower per unit depreciation cost.	The verification team has determined the actual unit depreciation charges for like goods based on the depreciation rate for the year and actual production volume. This actual unit depreciation rate was used in a revised CTM listing.

8.4 Exceptions during verification of other injurious factors

Exception 7: Missing information in 'A8 Other factors'

Exception 7	Resolution
In its original response to 'A8 Other factors', BWR, the verification team noted that BWR had not populated certain factors.	BWR provided updated 'A8 Other factors' for certain factors.

8.5 CTMS verification finding

The verification team is satisfied that the CTMS data provided in the application by BWR, including any required amendments as outlined in the exception table above, is complete, relevant and accurate.

Accordingly, the verification team considers BWR's CTMS data is suitable for analysing the economic performance of its wire ropes operations from 1 January 2021 to 31 December 2021.

9 ECONOMIC CONDITION

9.1 Background

Dumping measures were first applied to wire ropes exported to Australia from South Africa on 18 December 2017 (ADN No. 2017/172), and were then amended on 9 July 2019 to include an additional statistical code as a result of an anti-circumvention inquiry.

BWR submits that in the period immediately following the imposition of measures on 18 December 2017, it has continued to experience injury in the form of:

- price suppression
- loss of sales volume across the period
- loss of market share

BWR submits that, based on the evidence available, the expiration of the measures would likely lead to a continuation or recurrence of the material injury that the measures are intended to prevent.

BWR contends that due to the circumvention of the measures (refer Investigation No. 483⁹), BWR did not receive relief from the dumped circumvention goods before the end of 2020.

9.2 Approach to injury analysis

An assessment as to whether the expiration of 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. To assist with that assessment, this chapter considers the economic condition of the Australian industry from 1 January 2017.

The verification team has assessed the economic condition of BWR from 1 January 2017 using the information provided by BWR. The analysis in this chapter is based on verified financial information submitted by BWR, and data from the ABF import database.

The verification team has compiled the figures presented on an annual basis for years ending 31 December.

9.3 Volume effects

9.3.1 Sales volume

⁹ https://www.industry.gov.au/sites/default/files/adc/public-record/483-031_-_final_report_-_rep_483.pdf

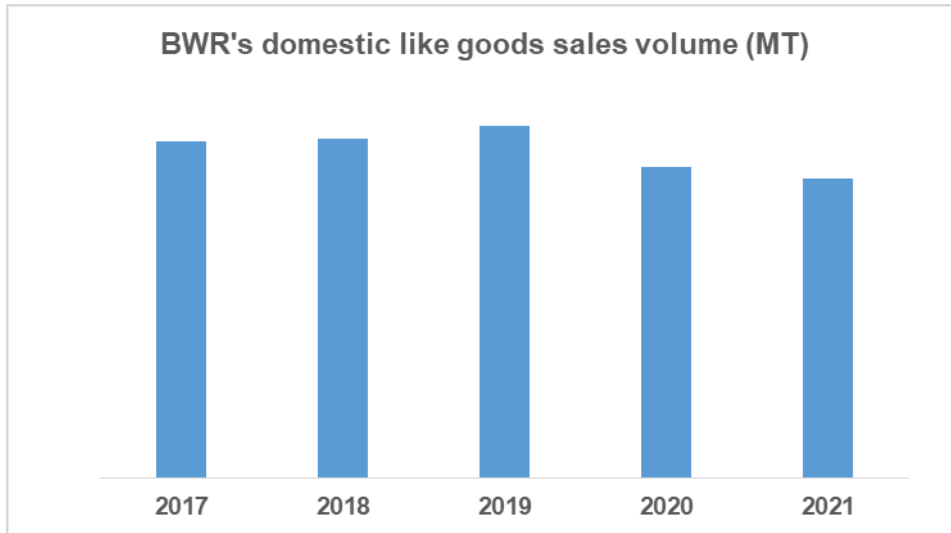


Figure 2: BWR's sales volume trend (MT)

Figure 2 captures BWR's domestic sales volume trend since the measures were imposed in the end of 2017. After the imposition of measures, BWR's sales volumes remained stable year-on-year before declining in 2020 and 2021.

9.3.2 Production volume

Figure 3 charts BWR's production of like goods by volume across the period of analysis.

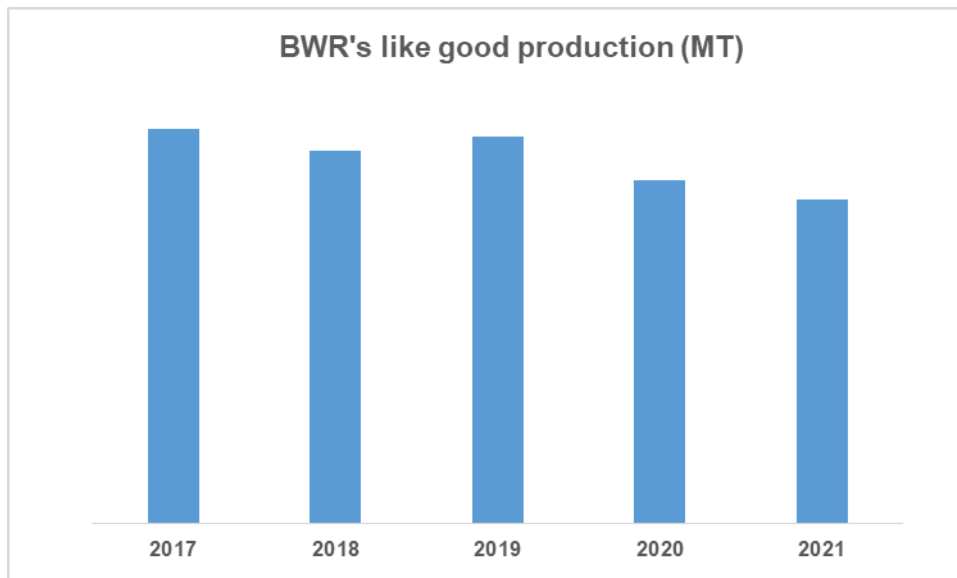


Figure 3: BWR's production volume trend (MT)

Figure 3: BWR's production volume trend (MT) indicates that domestic production volume has fluctuated, but with a broad declining trend over the period from 2017 to 2021.

9.3.3 Market share

The verification team assessed the market share trend of various suppliers in the Australian domestic market based on the ABF import database. As shown in Figure 4, BWR's market share remained relatively stable over the years to 2021.

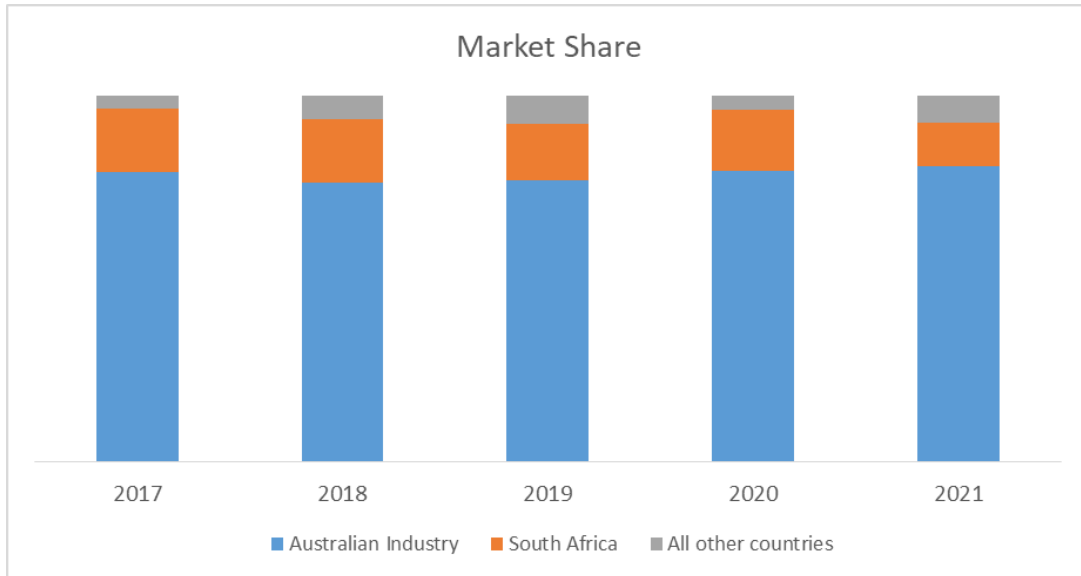


Figure 4: Australian market share (MT)

9.3.4 Conclusion – volume effects

Based on the available information, the verification team observes that BWR’s domestic sales volumes of wire ropes declined in 2020 and 2021. Sales volumes did not increase immediately following the imposition of measures, although market share has been maintained / increased in a shrinking market.

9.4 Price effects

BWR was not able to provide the unit CTM for the entire 2017 year due to a rollout of a new production and accounting system in March 2017. The verification team has therefore been unable to compare the CTM and sales price data for 2017 due to an absence of complete information. The figure below therefore only considers information obtained from 1 January 2018.

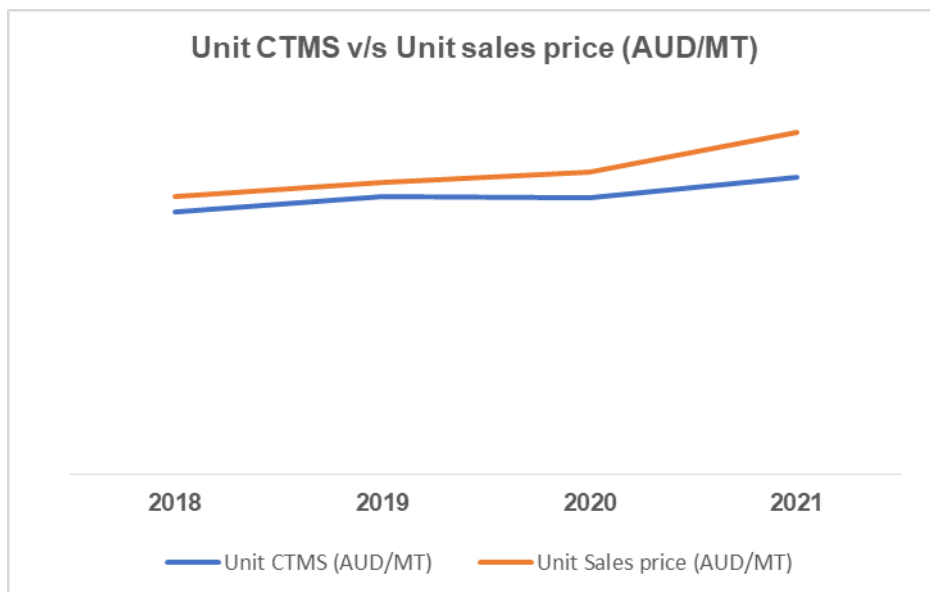


Figure 5: Unit CTMS v/s Unit sales price

Figure 5 indicates that:

- BWR's unit selling prices have increased since the imposition of measures.
- The increases in unit selling prices have been higher than increases in unit CTMS since 2018.

9.5 Profit and profitability

The verification team also performed the profit and profitability trend analysis over the injury analysis period. As Figure 6: Profit & profitability trend of like goods indicates, profit and profitability have both improved since the imposition of measures.

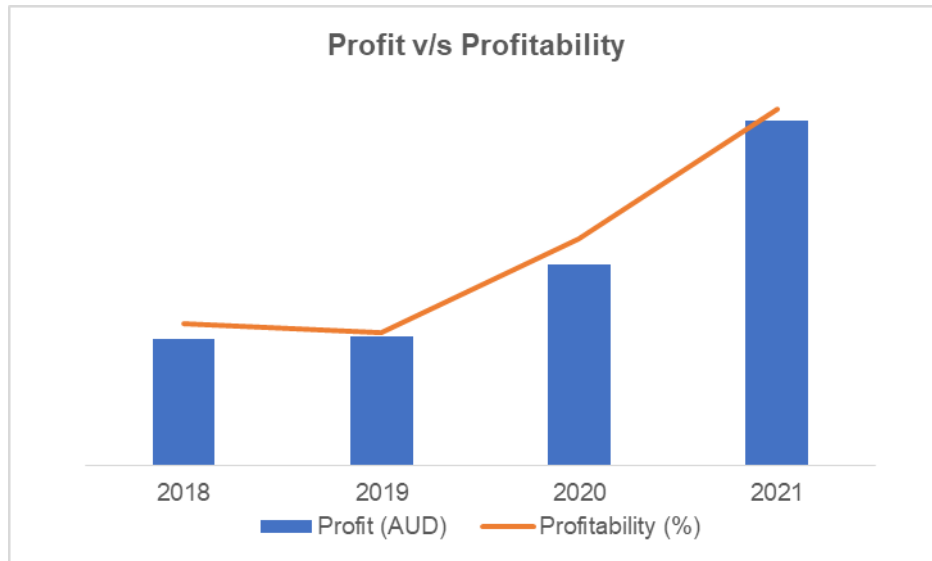


Figure 6: Profit & profitability trend of like goods

9.6 Other economic factors

As part of its application BWR provided data in relation to a range of other economic factors that may also be indicative of injury to the Australian industry. BWR provided data relating to the production and sale of like goods for the period 2017 to 2021 for the following factors:

- Assets
- Capital investments
- Revenue
- Return on investment (ROI)
- Total production capacity
- Employment
- Wages
- Closing stock
- Inventory turnover
- Accounting receivable turnover

9.6.1 Assets

Table 6 shows the change¹⁰ in the value of BWR's total assets used in the production of like goods:

	2017	2018	2019	2020	2021
Asset for production of like goods	100	93	99	107	111

Table 6: Index - Value of assets (2017 = 100)

Table 7 indicates that BWR's assets used in the production of like goods has fluctuated. However, the asset base witnessed a significant increase in 2021.

9.6.2 Capital investment

Table 6 shows the change in BWR's capital investment in the like goods.

	2017	2018	2019	2020	2021
Capital investment in the like goods	100	95	83	51	194

Table 7: Index - Capital investment (2017 = 100)

9.6.3 Revenue

Table 8 shows the trend in BWR's revenue from the sales of like goods in the domestic market.

	2017	2018	2019	2020	2021
Revenue of like goods (domestic)	100	109	121	108	117

Table 8: Index – Revenue (2017 = 100)

9.6.4 Return on investment (ROI)

Table 9 shows the trend in BWR's return on investment. The ROI figures in the table below relate to the total operation of BWR.

	2017	2018	2019	2020	2021
Like goods ROI	100	152	216	278	307

Table 9: Index – Return on investments (2017 = 100)

9.6.5 Production volume

Table 10 indicates the trend in BWR's aggregate production capacity.

	2017	2018	2019	2020	2021
Total Capacity	100	97	101	89	84

Table 10: Index – Production Capacity (2017 = 100)

9.6.6 Capacity utilisation

Table 11 indicates the trend in capacity utilisation. The verification team notes that BWR has claimed that like goods and goods not the subject of this inquiry can be produced interchangeably and therefore, the capacity utilisation rates have included the actual production of all goods.

¹⁰ A value index is a measure (ratio) that describes change in a value relative to its value in the base year. The base year is FY 2017.

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	2017	2018	2019	2020	2021
Capacity utilisation all goods	100	98	89	79	92

Table 11: Index – Capacity utilisation (2017 = 100)

9.6.7 Employment

Table 12 shows the trend in total employment as well as that dedicated to like goods.

	2017	2018	2019	2020	2021
Total employment	100	99	101	102	105
Like good domestic employment	100	95	109	103	103

Table 12: Index – Employment (2017 = 100)

9.6.8 Wages

Table 13 shows the trend in BWR's wage relating to the production of like goods.

	2017	2018	2019	2020	2021
Wage bill for like goods	100	107	108	109	114

Table 13: Index – Wages (2017 = 100)

9.6.9 Cash flow measures

Table 14 depicts the trend in BWR's cash flow measures.

	2017	2018	2019	2020	2021
Account receivable (like goods)	100	75	81	55	163
Receivables turnover	100	145	149	195	101
Inventory turnover	100	114	129	105	140

Table 14: Index – Various cash flow measures (2017 = 100)

10 IMPACT OF EXPIRY OF MEASURES

10.1 Background and approach to assessment

Under the terms of section 269ZHF(2), in order to recommend that the Minister take steps to secure the continuation of the anti-dumping measures, the Commissioner must be satisfied that the expiration of measures would lead, or would be likely to lead, to a continuation or recurrence of the dumping **and** the material injury that the anti-dumping measures are intended to prevent.

Accordingly the verification team sought BWR's views on these matters, and collected evidence to support those claims. The commission will consider this evidence further during the course of the inquiry.

10.2 Causal link claims

BWR claimed that its economic condition is affected by the dumped wire ropes subject to measure in two ways.

BWR advised that it has suffered price suppression or a general inability to fully effect a price revision to reflect the general underlying market condition due to the competitive pricing from the goods subject to measures. BWR considers that the prices it can achieve in the Australian market continue to be influenced by imported goods subject to measures. BWR provided evidence of price negotiations where large buyers referenced pricing of imported products.

In addition, BWR also indicated that it suffered a loss of sales volume through the loss of tenders to imported products.

BWR referred to supply from South Africa as well as supply from countries not subject to measures. BWR advised that supply from other countries not subject to measures was small and maintained a steady market share in the Australian wire ropes market.

BWR claimed the price suppression and volume loss it suffered during the injury analysis period was specifically from the goods subject to measures.

10.3 Economic condition claims

BWR stated that its unit selling price was fairly stable until more substantial price rises occurred in 2021.

This has resulted in margin growth between sales prices and CTMS.

This outcome is inline with price increases only occurring post the 9 strand circumvention measures were notified. In 2020 longer term contracts were renewed which enabled prices to be reset. Other key contracts were renewed in 2021. Prices in 2021 were also impacted by significant increase in steel prices based on international steel indices as well as customers shifting to premium products with higher average prices and margins.

During the year 2021 cost to make and sell was materially impacted by temporary exports to intercompany customers to cover a permanent group restructure.

11 APPENDICES AND ATTACHMENTS

Confidential Attachment 1	Verification work program
Confidential Appendix 1	Australian market
Confidential Appendix 2	Economic condition