



ADRP Conference Summary

2018/71 Certain Wire Rope Exported from the Republic of South Africa

Panel Member	Leora Blumberg
Date	2 August 2018
Participants	Leora Blumberg (Reviewing Member), Matthew Williams (ADC), Bora Akdeniz (ADC), Raoul Renard (ADC)
Time opened	11:00 am AEST
Time closed	12:00 pm AEST

Purpose

The purpose of this conference was to obtain further information in relation to the review before the Anti-Dumping Review Panel (“Review Panel”) in relation to Certain Wire Rope exported from the Republic of South Africa (“South Africa”).

In the course of this conference, the representative(s) of the Anti-Dumping Commission (“AR”) may have been asked to clarify an argument, calculation or specific detail contained in Report No. 401 (REP 401), related document or a submission. The conference was not a formal hearing of the review, and was not an opportunity for parties to argue their case before the Review Panel.

The Reviewing Member (RM) has only had regard to information provided at this conference as it relates to relevant information (within the meaning of section 269ZZK(6) of the *Customs Act 1901*). Any conclusions reached at this conference are based on that relevant information. Information that relates to some new argument not previously put in report, an application or submission is not something that the Review Panel has regard to, and is therefore not reflected in this conference summary.

Discussion

The specific information that the Review Panel in this conference related to the first ground of review of the joint application of Scaw South Africa (Pty) Ltd (“Scaw”) and Haggie Reid Pty Ltd (“Haggie Reid”), jointly referred to as “the Applicants”.

Applicants’ First Ground of Review: Material Injury and Causation

- 1. Ground 1(d)(5) concerning the Applicants’ challenge of the submission of Bekaert Wire Ropes Pty Ltd (“BBRG Australia”) to the Anti-Dumping Commission (“ADC”) of 28 July 2017 relating to the breakdown of sales:**



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- a. The RM requested clarification on the ADC's view of the correctness of each of the Applicants points (i) to (iv) refuting the dot points on the penultimate page of BBRG Australia's submission to the ADC of 28 July 2017.

The AR confirmed that with regard to each of the Applicants' points (i) to (iv), the ADC was satisfied, based on verified information, that the position as stated by BBRG Australia in its submission of 28 July 2017 was correct, and that the volume of wire rope sales lost to pricing competition from the Applicants supplying dumped wire rope in the POI amounted to some 1,100 tonnes. The AR addressed each of the Applicants points (i) to (iv) in detail, either fully during the conference or undertook to provide further information thereafter.¹ In this regard the AR referred to the following:

- Confidential Attachment 6 to REP 401, derived from the Applicants' submission of 19 July 2017, BBRG Australia's response submission of 28 July 2017, together with a number of attachments and appendices;
 - Confidential Attachment 3 to BBRG Australia's submission of 28 July 2017 providing extracts from email evidence referred to in Confidential Attachment 6;
 - Confidential Attachment 4 to REP 401 relating to email correspondence, notes and spreadsheets regarding "price negotiations".
 - Haggie Reid's verified sales listing during the POI, set out in Confidential Attachment 2 to REP 401 (at tab Haggie 2016 sales);
 - BBRG Australia's verified sales listing during the POI set out in Confidential Attachment 2 to REP 401 (at tab BBRG 2016 sales).
- b. The RM requested clarification as to why the amounts referred to in the dot points on the penultimate page of BBRG Australia's submission of 28 July 2016 did not add up to the specific amount claimed by BBRG Australia, that is, 1,121 tonnes.

The AR clarified that in the last (or ninth) dot point BBRG Australia had in its submission inadvertently omitted the amount of lost volume to Rio Tinto/ MTW, but confirmed that it was provided in the spreadsheet submitted by BBRG Australia and had been verified.

- c. The RM requested clarification on the evidence that led to the ADC's conclusion in REP 401 that when customers selected to switch to using Haggie Reid's wire ropes, the price of the imported wire rope was the main motivation.

¹ This information was subsequently provided to the Review Panel after the conference.



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In this regard, the AR referred the RM to Confidential Attachment 4 to REP 401 and Confidential Attachment 3 to BBRG's submission to the ADC of 28 July 2017, which was stated to provide very comprehensive evidence of price being the main motivation for switching. The AR also referred to particular examples.

- d. The RM requested clarification as to whether the parties are in agreement on the market contraction in the investigation period by means of parked machinery and mine shut-downs, being approximately 650 metric tonnes.

The AR confirmed that the parties were not in agreement on this issue. According to the AR this figure was the calculation by BBRG Australia which is evidenced in the Confidential Attachments referred to previously, whereas in Haggie Reid's estimation, almost all of the volume of lost sales during the POI could be attributed to parked machinery and mine-shut downs. The AR referred to Confidential Attachment 6 of REP 401 and reconfirmed that the verified evidence supported BBRG Australia's position.

2. Ground 1(e)(2) concerning price effect:

- a. In regard to the passage quoted from Section 7.6 of REP 401 (pages 48 – 49):
 - The RM requested clarification on the Applicants' statement that in its application for the investigation the Australian industry was unable to provide case studies of reduced prices in the investigation period, said to be caused by the Applicants.

The AR confirmed that there were instances of price reductions forced by customers of BBRG Australia and that there was compelling evidence available showing those negotiations and, in each case, the customer was referring to a lower price offered by Haggie Reid. The AR confirmed that this evidence was available in Confidential Attachments 3 and 4 of the Australian industry verification visit file, and further that the information in these attachments was verified and supported by correspondence and memoranda.

- The RM requested clarification on the Applicants' statement that REP 401 found that the Australian industry's prices were not reduced during the investigation period, and that in fact there appeared to have been a subtle price increase.

The AR confirmed that this was correct on a weighted average basis, but pointed out that, as indicated in REP 401, there had also been an increase in costs during the period, resulting in price suppression. The AR referred to Figure 6 in REP 401 which showed that unit cost to make and sell ("CTMS") increased substantially during the investigation period whereas the unit revenue for BBRG



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Australia did not increase to cover the cost. The AR clarified that while there may have been a marginal price increase on a weighted average basis, it was not to the extent of the increase in cost.

3. Ground 1 General relating to the Magnitude of the Dumping Margin:

- a. The RM referred to the ADC's s.269ZZJ submission with regard to Ground 1 and its particular reference to the size of the dumping margin and its consequential impact on selling prices in Australia.. The RM requested clarification as to the impact of the revised dumping margin as per the Reinvestigation Report, on this analysis (if the revision were to be accepted by the Review Panel).

The AR stated that it concluded that the impact would largely be the same. The AR undertook to provide the RM with a revised Confidential Attachment 3 demonstrating this.²

² This information was subsequently provided to the Review Panel after the conference.