

NON-CONFIDENTIAL



Australian Government
Department of Industry,
Innovation and Science

Anti-Dumping
Commission

Anti-Dumping Commission
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Ms. Leora Blumberg
Anti-Dumping Review Panel
C/- ADRP Secretariat, Legal Services Branch
Department of Industry, Innovation and Science
10 Binara Street
CANBERRA CITY ACT 2601

**ANTI-DUMPING REVIEW PANEL – REVIEW NO. 71
WIRE ROPE FROM THE REPUBLIC OF SOUTH AFRICA**

Dear Leora

I write with regard to the notice published under section 269ZZI of the *Customs Act 1901* (the Act)¹ on the Anti-Dumping Review Panel (ADRP) website on 5 February 2018. The notice advises of your intention to review the decision (the Reviewable Decision) by the then Assistant Minister for Industry, Innovation and Science and Parliamentary Secretary to the Minister for Industry, Innovation and Science (Parliamentary Secretary) to publish notices under subsection 269TG(1) and (2) in relation to wire rope exported to Australia from the Republic of South Africa (South Africa).

The findings relating to the Reviewable Decisions were published on the Anti-Dumping Commission (the Commission) website on 18 December 2017.²

The following submission at Appendix A is for your consideration.

I and the Commission remain at your disposal to assist in this matter.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Dale Seymour'.

Dale Seymour
Commissioner, Anti-Dumping Commission
2 March 2018

¹ All legislative references are to the *Customs Act 1901* unless otherwise specified.

² Anti-Dumping Notice No. 2017/172

APPENDIX A

Ground 1: the evidence did not establish, and it was unreasonable to conclude, that material injury was caused by exports from South Africa

The evidence relied upon to address whether material injury was caused by exports of dumped wire rope from South Africa is summarised at chapter 7 of *Report No. 401* (REP 401). Rather than repeat what was outlined in REP 401, I highlight the following points:

- At page 8 of the application, the applicant does not attribute any of the Australian industry's injury to dumping. The applicant claims that the Australian industry's injury was solely caused by machine shutdown, declining rope usage and declining demand. The Commission's took those factors into account in its assessment of BBRG Australia's lost sales volumes and corresponding causes at **Confidential Attachment 6** to REP 401.
- The applicant maintains that, because it did not change its selling prices in Australia leading up to, during, or after the investigation period, its prices could not have injured or undercut the Australian industry. On this basis, the applicant maintains that any injury to the Australian industry was due to other factors. It should be remembered that the main input for wire rope is wire strand which is made from steel. Steel prices fluctuate. The applicant did not change its prices of the goods in Australia, despite those fluctuations and despite making losses in Australia from year to year. I remain satisfied that the Australian industry, prior to the investigation period may have been able to shrug off the effects of the presence of dumped imports, but at another time, e.g. the investigation period, weakened by other events, could not.
- The application does not address the size of the dumping margin (39.7 per cent), as per subsection 269TAE(1)(aa) of the Act, and its consequential impact on its selling prices in Australia. **Confidential Attachment 3** to REP 401 at the tab called 'Price Undercutting Shovel' demonstrates the impact of the dumping margin on shovel ropes.

Ground 2: the Minister failed to establish corresponding normal value for comparison with the export prices of the goods

The applicant's claims are addressed at section 5.4 of REP 401. The applicant does not agree with these explanations and speculates that the model matching criteria adopted by the Commission "*caused significant distortions and a significant exaggeration of the dumping margin...*". There is no evidence to support the applicant's claims regarding the dumping margin.

The applicant considers that its internal product code system ought to be used for model matching. Using the internal product code system for model matching is unlikely to bring about a materially different result. The applicant's internal product code system includes the same key attributes as the Commission's model matching criteria. However, it also includes other attributes which don't influence the price

comparability. In effect, this increases the number of models and makes the matching exercise unnecessarily complex.³

The applicant highlights cost differences between various internal product codes. As explained in section 5.4.3 of REP 401, the Commission analysed Scaw's domestic and export CTMS values during the course of the investigation and noted that, for models that are identified to be identical by Scaw in its exporter questionnaire response, there were significant cost differences between the domestic CTMS and export CTMS. The Commission then found that Scaw incorporated export rebates it received from its domestic steel rod producer in relation to export sales in the calculation of its export CTMS. In contrast, no such rebate is given to Scaw in relation to its domestic sales, therefore Scaw's domestic CTMS did not include such rebates. As a result, the cost differential between the domestic CTMS and export CTMS that Scaw highlight in its submission is explainable in the most part by these rebates.

More importantly, it should be remembered that the Commission's model matching criteria had the sole objective of taking into account the main factors which influenced selling prices, not costs. As referred to above in relation to ground 1, the applicant's pricing decisions do not necessarily follow costs. Consequently, I am of the view that the Commission's approach to model matching was correct and preferable.

Ground 3: adjustments were not made to the normal value so as to not affect the comparison, and to ensure a proper comparison, with the export price

The applicant's claims in relation to adjustments do not raise anything new. These issues are addressed at sections 5.5.5 and 5.5.6 of REP 401.

Ground 4: the export price was incorrectly ascertained

The applicant's claims in relation to export prices do not raise anything new. These issues are addressed at sections 5.5.1 to 5.5.3 of REP 401.

³ It is also noted that the exporter, importer and Australian industry all use different internal product codes. The Commission's model matching criteria provides a practical way to compare the models of different parties.