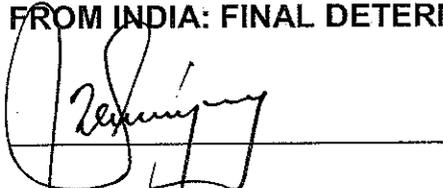


**REPORT NO. 288**

**SUNSET REVIEW OF THE ANTI-DUMPING DUTIES ON STRANDED WIRE, ROPES AND CABLES ORIGINATING IN OR IMPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA, GERMANY, KOREA AND THE UNITED KINGDOM AND COUNTERVAILING DUTIES ON STRANDED WIRE, ROPES AND CABLES ORIGINATING IN OR IMPORTED FROM INDIA**

The International Trade Administration Commission of South Africa herewith presents its **Report No. 288 SUNSET REVIEW OF THE ANTI-DUMPING DUTIES ON STRANDED WIRE, ROPES AND CABLES ORIGINATING IN OR IMPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA (PRC), GERMANY, KOREA AND THE UNITED KINGDOM AND COUNTERVAILING DUTIES ON STRANDED WIRE, ROPES AND CABLES ORIGINATING IN OR IMPORTED FROM INDIA: FINAL DETERMINATION**



**Siyabulela Tsengiwe**  
**CHIEF COMMISSIONER**

**PRETORIA**  
**15 / 01 / 2009**

## **1. APPLICATION AND PROCEDURE**

- 1.1 This investigation was conducted in accordance with the International Trade Administration Act, 2002 (ITA Act), the World Trade Organization Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade, 1994 (the Anti-Dumping Agreement), Agreement on Subsidies and Countervailing Measures (SCM), the International Trade Administration Commission's Anti-Dumping Regulations (ADR) and the International Trade Administration Commission's Countervailing Regulations (CVR).
- 1.2 The application was lodged by Haggie Steel Wire Ropes, a Division of Scaw South Africa (Pty) Ltd (the Applicant) which manufactures 89% of the total domestic production of stranded wire, ropes and cables in the Southern African Customs Union.
- 1.3 On 26 May 2006, the Commission notified the SACU industry through Notice No.673 in Government Gazette No.28847, that unless a substantiated request is made that the expiry of the anti-dumping duties on the subject product originating in or imported from the People's Republic of China (PRC), Germany, Republic of Korea, and United Kingdom and the countervailing duties on the subject product originating in or imported from India would likely lead to the continuation or recurrence of dumping and injury, the relevant anti-dumping and countervailing duties on the subject product originating in or imported from the PRC, Germany, Korea, UK and India would expire on 14 August 2007.
- 1.4 A response to the review questionnaire was received from the Applicant on 19 February 2007. After all the deficiencies were addressed, an updated final application was received on 13 April 2007.
- 1.5 The information submitted by the Applicant was verified on 06 and 07 June 2007.
- 1.6 The investigation period for dumping was 1 January 2006 to 30 December 2006. The injury investigation involved the evaluation of information for the period 1 January 2004 to 30 December 2006, with an estimate for 2007 should the anti-dumping duties expire.
- 1.7 The investigation was initiated through notice No. 985 in Government Gazette No.30164 dated 17 August 2007.
- 1.8 Subsequent to initiation, exporters and importers questionnaires were sent to various known interested parties for completion.

1.9 The following importers responded to the Commission's questionnaires:

- African Maritime Services (Pty) Ltd
- Nu Quip CC
- Rope Construction (Pty) Ltd
- Elephant Lifting (Pty) Ltd
- Commercial Mining Wearparts (Pty) Ltd

1.10 The following exporters/manufacturers responded to the Commission's questionnaires:

- Usha Martin Ltd (India)
- Apar Industries Ltd (India)
- Casar Drahtseilwerk Saar GmbH (Germany)
- Pfeifer Drako (Germany)
- Bridon International GmbH (Germany)
- Bridon International Ltd (United Kingdom)

1.11 A response from Usha Martin Ltd (Usha Martin) was received on 09 October 2007. On 15 October 2007, a deficiency letter was sent to Usha Martin Ltd. The identified deficiencies were not addressed by the set deadline, which was 22 October 2007.

1.12 A response from Casar Drahtseilwerk Saar GmbH was received on 23 November 2007. On 04 December 2007, a deficiency letter was sent to Casar Drahtseilwerk Saar GmbH. The identified deficiencies were not addressed by the set deadline, which was 11 December 2007.

1.13 No responses were received from exporters in Korea.

1.14 A response was received on 07 February 2008 from Jiangsu Langshan Wire Rope (formerly Nantong Steel). The information was not considered for the final determination as it was received after the deadline.

## **2. PRODUCTS, TARIFF CLASSIFICATION AND DUTIES**

### **2.1 SUBJECT PRODUCTS**

#### **2.1.1 Description**

Stranded wire, ropes and cables, of iron or steel, not electrically insulated, of a diameter exceeding 8 mm (excluding that of wire of stainless steel, that of wire, plated, coated or clad with copper and that identifiable as conveyor belt cord)

#### **2.1.2 Raw Materials**

High carbon steel rod, sisal, polypropylene and rope lubricants, which are bitumen or resin based.

#### **2.1.3 Technical Characteristics**

A steel wire rope is a high strength lifting or securing component. It can be flexible to allow it to run over pulleys, sheaves and drums or relatively stiff for static applications like stays or bridge applications. Applications range from mining, offshore mooring and towing, and all industrial and building applications.

#### **2.1.4 Production Process**

High carbon steel rod is received from the supplier in diameters ranging from 5.5mm to 14mm. High carbon rod is patented to allow for drawing. The rod is then pickled (cleaned and treated) prior to wire drawing. Where needed, the rod is then galvanized. The rod is then drawn into wire of the correct size, length and tensile strength.

The wire is then twisted together in a stranding machine to make a strand. Where a strand is required, this is the final form. In the case of rope, however, strands are then twisted together in a rope-closing machine to make the final rope. Strand or rope lubricants are normally applied from the stranding process onwards.

#### **2.1.5 Application/ End-use**

Underground mine applications, marine applications, industrial, building, civil and other applications, mining houses, builders, electricity utilities and municipalities.

## 2.2 Tariff classification

The subject products are classifiable as follows:

Tariff subheading	Product description	Unit	General	EFTA	EU	SADC
73.12	Stranded wire, ropes, cables, plaited bands, slings and the like of iron or steel, not electrically insulated:					
7312.10	Stranded wire, ropes and cables					
7312.10.15	Stranded wire, of wire which is plated, coated or clad with tin	Kg	free	free	free	free
7312.10.20	Other stranded wire	Kg	5%	free	free	free
7312.10.25	Ropes and cables, of wire which is not plated, coated or clad	Kg	5%	free	free	free
7312.10.40	Ropes and cables, of wire which is plated, coated or clad with zinc	Kg	5%	free	free	free
7312.10.90	Other	Kg	free	free	free	free

An importer of the subject product from the PRC, Korea, UK, Germany and India is liable for the following anti-dumping and countervailing duties:

Country	Anti-dumping duties	Countervailing duties
China	28%	
Republic of Korea	10.4%	
United Kingdom	72.45%	
Bridon UK	42.1%	
Germany	12.9%	
India		17%

## 2.3 LIKE PRODUCT ANALYSIS

In the original investigation, the Commission decided that the SACU product and the imported products were "like products", for purposes of comparison, in terms of Article 2.6 of the Anti-Dumping Agreement and Article 15.1 of the Subsidies and Countervailing Measures Agreement.

### **3. INDUSTRY STANDING**

The application was lodged by Haggie Steel Wire Ropes, a Division of Scaw South Africa (Pty) Ltd on behalf of the SACU industry. Haggie Steel Wire ropes manufactures 89% of the total domestic production.

The following table details the production of wire, ropes and cables and the support for the application.

<b>Manufacturer</b>	<b>Production volume and support for the application</b>
Applicant	89%
Other SACU manufacturers(supported)	11%
Total SACU	100%

The Commission decided that the application can be regarded as being made "by or on behalf of the domestic industry".

## 4. CONTINUATION OR RECURRENCE OF DUMPING

### 4.1 METHODOLOGY USED IN THIS INVESTIGATION FOR BRIDON INTERNATIONAL LTD IN GERMANY

#### Offshore winch ropes

##### Normal Value

Bridon International Ltd (Bridon Germany), a manufacturer of the subject product in Germany, exported to the SACU market off-shore winch ropes (galvanised) and surface mining ropes (ungalvanised). There were no sales for the galvanised offshore winch ropes in Germany's domestic market. Bridon Germany provided sales to third countries, namely Norway and UK, of a similar product range. For normal value determination, the SACU sales were compared to UK sales, because of the similarity in the cost of the steel wires and the total manufacturing costs. Bridon Germany did not export stranded wire to the SACU market during the period of investigation.

##### Adjustments to normal value

The following adjustments, which were verified, were made to the normal value:

- a) **Cost of payments** – the adjustment was based on the terms of trade offered by the exporter to the importer of the subject product, calculated based on the interest rate and the period of credit offered.
- b) **Packaging costs** – the packaging costs depend on the size of steel or wooden reel.
- c) **Delivery charges** – the adjustment was calculated based on the delivery charges incurred for transportation of the subject product from the manufacturer to the importer.

##### Export price

The export price was determined based on total export sales for the off-shore winch ropes made to the SACU market.

##### Adjustments to export price

The following adjustments which were verified were made to the export price:

- a) **Cost of payments** – the adjustment was based on the terms of trade offered by the exporter to the importer of the subject product, calculated based on the interest rate and the period of credit offered.
- b) **Packaging costs** – the packaging costs depend on the size of steel or wooden reel.

- c) **Delivery charges** – the adjustment was calculated based on the delivery charges incurred for transportation of the subject product from the manufacturer to the importer.

#### **Margin of dumping**

The margin of dumping was calculated by deducting the export price from the normal value after allowing for adjustments. The margin of dumping was found to be negative.

#### **Surface mining ropes**

##### **Normal value**

There were no sales for the ungalvanised surface mining ropes in the German domestic market. Bridon Germany provided third country sales to the United States of America (USA), Australia and Canada for the comparable product codes sold to SACU. The SACU sales were compared to the USA sales for the purpose of determining normal value as the product codes were the same.

The following adjustments which were verified were made to the normal value:

- a) **Delivery Charges** – the adjustment was calculated based on the delivery charges incurred for transportation of the subject product from the manufacturer to the importer.
- b) **Cost of payments** – the adjustment was based on the terms of trade offered by the exporter to the importer of the subject product, calculated based on the interest rate and the period of credit offered.
- c) **Packaging costs** – the packaging cost was determined based on the size of the reel.

##### **Export price**

The export price was determined based on total export sales made to the SACU market of surface mining ropes.

The following adjustments which were verified were made to the export price:

- a) **Delivery Charges** – the adjustment was calculated based on the delivery charges incurred for transportation of the subject product from the manufacturer to the importer.
- b) **Cost of payments** – the adjustment was based on the terms of trade offered by the exporter to the importer of the subject product, calculated based on the interest rate and the period of credit offered.
- c) **Packaging costs** – the packaging cost was determined based on the size of the reel.

#### **Margin of dumping**

The margin of dumping was calculated by deducting the export price from the normal value after allowing for adjustments. The margin of dumping was

found to be negative. The total weighted average margin of dumping for the offshore winch ropes and surface mining ropes was found to be negative.

## 4.2 METHODOLOGY USED IN THIS INVESTIGATION FOR PFEIFER DRAKO IN GERMANY

### Normal Value

Pfeifer Drako Drahtseilerei GmbH & Co. (Pfeifer Drako), a manufacturer of the subject product in Germany, exported elevator ropes to the SACU market. Actual domestic selling prices of elevator ropes of Pfeiffer Drako were used in determining the normal value.

The following adjustments which were verified were made to the normal value:

- a) **Cost of payments** – the adjustment was based on the terms of trade offered by the exporter to the domestic purchaser of the subject product, calculated based on the interest rate and the period of credit offered.
- b) **Packaging costs** – the packaging cost included the cost of the wooden reel, certification, and the pallet.
- c) **Discounts** – the adjustment was for the discount given to the customers that settled their accounts within the stipulated time frame, which is in accordance with the discount policy of the manufacturer.

### Export price

The export price was determined based on total export sales made to the SACU market of elevator ropes.

The following adjustments which were verified were made to the export price:

- a) **Cost of payments** – the adjustment was based on the terms of trade offered by the exporter to the importer of the subject product, calculated based on the interest rate and the period of credit offered.
- b) **Packaging costs** – the packaging cost included the cost of the wooden reel, certification, and the pallet.

### Margin of dumping

The margin of dumping was calculated by deducting the export price from the normal value after allowing for adjustments. The margin of dumping was found to be negative.

## 4.3 MARGIN OF DUMPING FOR ALL OTHER MANUFACTURERS AND/OR EXPORTERS OF ROPE AND CABLE IN GERMANY (RESIDUAL DUMPING MARGIN).

### **Rope and cable**

The residual dumping margin for other manufacturers of rope and cable in Germany who did not co-operate in the investigation was calculated by comparing the verified highest normal value of the cooperating exporter before adjustments and the lowest export price after adjustments. The residual dumping margin for wire rope and cable was therefore determined to be 93 per cent.

### **Stranded wire**

#### **Normal Value**

There were no exporters of stranded wire from Germany who co-operated in the investigation. The normal value for stranded wire was based on facts available as supplied by the Applicant. The normal value supplied was based on the European Commission's Statistics Service which showed that the country that rendered the highest export price for exports of stranded wire was the United States of America.

The following adjustments which were verified were made to the export price

- a) **Terms of trade** – the adjustment was based on the verified terms of trade of the cooperating exporter
- b) **Cost to FOB** – the adjustment was based on the delivery and handling costs of the verified information of the cooperating exporter.

#### **Export price**

The Applicant calculated the export price based on South African Revenue Service statistics. In calculating the export price, imports of tyre cords by known manufacturers of tyres in the SACU market, were excluded. The average net export price was calculated based on the export statistics, volumes, and prices for both the galvanised and ungalvanised wire ropes.

The Commission considered the following adjustments in order to calculate the export price:

- a) **Terms of trade** – the adjustment was based on the verified terms of trade of the cooperating exporter
- b) **Cost to FOB** – the adjustment was based on the delivery and handling costs of the verified information of the cooperating exporter.

#### **Margin of dumping**

The margin of dumping was calculated to be 243.54 per cent.

## **4.4 METHODOLOGY USED IN THIS INVESTIGATION FOR BRIDON INTERNATIONAL LTD IN THE UNITED KINGDOM \***

\*In terms of a High Court Interdict (Gauteng North Provincial Divison: Case

number: 48829/2008) handed down on the 5<sup>th</sup> of January 2009, ITAC is interdicted from forwarding its recommendations regarding the anti-dumping duty applicable to Bridon International (Bridon UK) to the Minister of Trade and Industry. Accordingly the current duty applicable to Bridon UK must remain 42.1%, pending the finalization of a High Court review application on the recommendations of ITAC regarding the anti-dumping duties on the products from Bridon UK.

#### **4.5 MARGIN OF DUMPING FOR ALL OTHER MANUFACTURERS AND/OR EXPORTERS OF ROPE AND CABLE IN THE UK (RESIDUAL DUMPING MARGIN).**

The calculation of the residual dumping margin for rope and cable was based on the information of the co-operating exporter from UK, namely, Bridon UK. Since there are other manufacturers and/or exporters of rope and cable in the UK, the Commission calculated the residual dumping margin by comparing the highest verified normal value before adjustments and the lowest export price after adjustments. The residual dumping margin for wire ropes and cables was therefore determined to be 76.17 per cent.

##### **Stranded wire**

###### **Normal value**

Since no exporter of stranded wire from the UK responded to the Commission's questionnaire, the normal value for stranded wire was based on facts available as supplied by the Applicant. The normal value for the UK was determined on the basis of section 32(2)(b)(ii)(bb) of the ITA Act which provides that the normal value may be determined on the basis of the highest comparable export price to a third country where domestic sales information is not available. In this case, the European Commission Statistics Service, Euro Statistics, showed that the country that rendered the highest export price was Switzerland.

The Commission considered the following adjustments in order to calculate normal value:

- a) **Terms of trade** – the adjustment was based on the verified terms of trade of the cooperating exporter
- b) **Cost to FOB** – the adjustment was based on the delivery and handling costs of the verified information of the cooperating exporter.

###### **Export price**

The Applicant calculated the export price based on the South African Revenue Service statistics. In calculating the export price, imports of tyre cords by known manufacturers of tyres in the SACU market, were excluded. The average net export price was calculated based on the export statistics, volumes and prices for both the galvanised and ungalvanised wire ropes.

The Commission considered the following adjustments in order to calculate export price:

- a) **Terms of trade** – the adjustment was based on the verified terms of trade of the cooperating exporter
- b) **Cost to FOB** – the adjustment was based on the delivery and handling costs of the verified information of the cooperating exporter.

#### **Margin of Dumping**

The margin of dumping was calculated to be 141.11 per cent.

### **4.6 METHODOLOGY USED IN THIS INVESTIGATION FOR KOREA**

#### **Rope and cable**

##### **Normal Value**

There were no exporters who responded from Korea. The normal value was determined based on the facts available as stipulated in Article 6.8 of the Anti-Dumping Agreement, being the information submitted by the Applicant.

The Commission considered the following adjustments in order to calculate normal value:

- a) **Freight and FOB charges** – the adjustment was for inland freight charges including the cost to place products on board cleared for export.
- b) **Bank charges** – the adjustment was for bank charges.

##### **Export price**

The Applicant calculated the export price based on the South African Revenue Service statistics. In calculating the export price, imports of tyre cords by known manufacturers of tyres in the SACU market, were excluded. The average net export price was calculated based on the export statistics, volumes and prices for both the galvanised and ungalvanised wire ropes.

The Commission considered the following adjustments in order to calculate export price:

- a) **Terms of trade** - the adjustment was based on the estimated terms and interest rate.
- b) **Freight charges** – the adjustment was for inland freight charges including the cost to place products on board cleared for export.
- c) **Bank charges** – the adjustment was for bank charges.

#### **Margin of Dumping**

The margin of dumping was calculated to be 79.76 per cent.

#### **Stranded wire**

##### **Normal Value**

The normal value was determined based on facts available, being the information submitted by the Applicant, as no exporter of stranded wire

responded from Korea. The Applicant stated that the statistics of the subject product in respect of Korea did not distinguish between stranded wire, rope and cable for the different sizes and whether they were galvanized or ungalvanized and thus the Applicant determined the normal value using a cost-build up.

### **Export price**

The Applicant calculated the export price based on the South African Revenue Service statistics. In calculating the export price, imports of tyre cords by known manufacturers of tyres in the SACU market, were excluded. The average net export price was calculated based on the export statistics, volumes, and prices for both the galvanized and ungalvanized wire ropes.

The Commission considered the following adjustments in order to calculate export price:

- a) **Terms of trade** - the adjustment was based on the estimated terms and interest rate.
- b) **Freight charges** – the adjustment was for inland freight charges including the cost to place products on board cleared for export.
- c) **Bank charges** – the adjustment was for bank charges.

### **Margin of Dumping**

The margin of dumping was calculated to be 50.33 per cent.

## **4.7 METHODOLOGY USED IN THIS INVESTIGATION FOR THE PRC**

### **Rope and cable**

#### **Normal Value**

The only exporter from the PRC, namely, Jiangsu Langshan Wire Rope (formerly Nantong Steel) responded to the Commission's questionnaire. However, the information was submitted after the deadline and therefore this information was not verified. Based on the fact that no verifiable normal value information of the subject imports from the PRC was submitted, the normal value was based on the facts available as stipulated in Article 6.8 of the Anti-Dumping Agreement, being information submitted by the Applicant. The Applicant stated that the normal value for the PRC was based on the third country approach. Korea was used as the third country for the PRC.

The Applicant stated that both countries produce similar products, that is, emphasis is placed on general purpose or industrial rope. The production processes followed in both countries would also be similar, indicating that the industries in the PRC and in Korea are at the same level of development and that they also compete in each other's domestic markets and internationally.

### **Export price**

The Applicant calculated the export price based on the South African Revenue Service statistics. In calculating the export price, imports of tyre cords by known manufacturers of tyres in the SACU market, were excluded. The average net export price was calculated based on the export statistics, volumes, and prices for both the galvanised and ungalvanised wire ropes.

The Commission considered the following adjustments in order to calculate export price:

- a) **Terms of trade** - the adjustment was based on the estimated terms and interest rate.
- b) **Freight charges** – the adjustment was for inland freight charges including the cost to place products on board cleared for export.
- c) **Bank charges** – the adjustment was for bank charges.

### **Margin of Dumping**

The margin of dumping was calculated to be 133.65 percent.

### **Stranded wire**

#### **Normal Value**

The only exporter from the PRC, namely, Jiangsu Langshan Wire Rope (formerly Nantong Steel) responded to the Commission's questionnaire. However the information was submitted after the deadline and therefore this information was not verified. Based on the fact that no verifiable normal value information of the subject imports from the PRC was submitted, the normal value was based on the facts available as stipulated in Article 6.8 of the Anti-Dumping Agreement, being information submitted by the Applicant. The Applicant stated that the normal value for the PRC was based on the third country approach. The Republic of Korea was used as the third country for the PRC.

### **Export price**

The only exporter from the PRC, namely, Jiangsu Langshan Wire Rope (formerly Nantong Steel) responded to the Commission's questionnaire. However the information was submitted after the deadline and therefore this information was not verified. Based on the fact that no verifiable export price information of the subject imports from the PRC was submitted, the export price was based on the facts available as stipulated in Article 6.8 of the Anti-Dumping Agreement, being information submitted by the Applicant.

The Applicant calculated the export price based on the South African Revenue Service statistics. In calculating the export price, imports of tyre cords by known manufacturers of tyres in the SACU market, were excluded. The average net export price was calculated based on the export statistics, volumes and prices for both the galvanised and ungalvanised wire ropes.

The Commission considered the following adjustments in order to calculate export price:

- a) **Terms of trade** - the adjustment was based on the estimated terms and interest rate.
- b) **Freight charges** – the adjustment was for inland freight charges including the cost to place products on board cleared for export.
- c) **Bank charges** – the adjustment was for bank charges.

**Margin of Dumping**

The margin of dumping was calculated to be 113.25 per cent.

**4.8 METHODOLOGY USED IN THIS INVESTIGATION FOR APAR INDUSTRIES LTD**

**Subsidies**

**India**

One exporter, Apar Industries Ltd (Apar), was verified for the review of the subsidies provided in India. The exporters provided information on two programs, namely, the Income Tax Exemption Scheme and the Duty Entitlement Passbook Scheme.

The Commission found that the income tax exemption scheme was discontinued and the effective benefit of the duty entitlement passbook scheme for Apar Industries was found to be 1.03% which is *de minimis*.

**RESIDUAL MARGIN OF SUBSIDIZATION**

For all other manufacturers and/or exporters of the subject product in India, the duty entitlement passbook scheme was found to be 2.76 per cent for rope and cable and 2.87 per cent for stranded wire, based on facts available, being the verified information of Usha Martin during the interim review concluded recently by the Commission.

**4.9 SUMMARY - DUMPING**

The following margins were calculated:

**Dumping margins**

COUNTRY	ROPE AND CABLE	STRANDED WIRE
GERMANY: Bridon Pfeifer Drako Other Exporters	negative negative 93%	negative negative 243.54%
UK: Bridon UK * Other Exporters	76.17%	141.11%

<b>KOREA</b>	<b>79.76%</b>	<b>50.33%</b>
<b>PRC</b>	<b>133.65%</b>	<b>113.25%</b>

\*In terms of a High Court Interdict (Gauteng North Provincial Divison: Case number: 48829/2008) handed down on the 5<sup>th</sup> of January 2009, ITAC is interdicted from forwarding its recommendations regarding the anti-dumping duty applicable to Bridon International (Bridon UK) to the Minister of Trade and Industry. Accordingly the current duty applicable to Bridon UK must remain 42.1%, pending the finalization of a High Court review application on the recommendations of ITAC regarding the anti-dumping duties on the products from Bridon UK.

### **Subsidy margins**

<b>INDIA</b>	<b>ROPE AND CABLE</b>	<b>STRANDED WIRE</b>
Apar Industries	n/a	negative
All other manufacturers	2.76%	2.87%

## **5. CONTINUATION OR RECURRENCE OF MATERIAL INJURY**

### **5.1 DOMESTIC INDUSTRY-MAJOR PROPORTION OF PRODUCTION**

The following injury analysis relates to Haggie Steel Wire Ropes, a Division of Scaw South Africa (Pty) Ltd, the Applicant, which constitutes 89% of the total domestic production of stranded wire, ropes and cables in SACU.

The Commission decided that the Applicant's production volume constitutes "a major proportion" of the total domestic production, in accordance with Article 4.1 of the Anti-Dumping Agreement. The information in this section is based on an analysis supplied by the Applicant.

### **5.2 Cumulative Assessment**

It was found in section 4 of this submission that the margin of dumping from each of the countries subject to this investigation is more than *de minimis*. It was further found in paragraph 5.3.1 of this submission that the volume of imports from each country is not negligible.

The stranded wire, ropes and cables imported from the PRC, UK, Korea, Germany and India compete directly with the other imported products and with the SACU manufactured product.

In light of the above, the Commission decided to cumulatively assess the effect of the subject products.

### **5.3 IMPORT VOLUMES AND EFFECT ON PRICES**

#### **5.3.1 Import volumes**

The import volumes below are based on the SARS import statistics. They do not differentiate on the basis of the diameter of the subject product. The non-subject product having a diameter equal to or less than 8mm is also included. This, as also argued by the Applicant, is not expected to significantly detract from the usefulness of the import statistics as the majority of the imports exceed 8mm. The statistics exclude the imports of tyre cords by known importers of such products. The estimates should the duties expire were provided by the Applicant.

**TABLE 5.3.1: IMPORT STATISTICS**

Stranded wire(tons)	Country	2004	2005	2006	Estimate if the duty expires
	PRC	622 146	890 161	863 459	2 000 000
	Germany	5 208	59 276	39 082	100 000
	UK	89 808	13 228	23 622	150 000
	Korea	250 829	337 645	1 107 072	2 800 000
	India	0	0	0	200 000
<b>Total alleged dumped</b>		<b>967 991</b>	<b>1 300 310</b>	<b>2 033 235</b>	<b>5 250 000</b>
	Other	4 261	74 643	59 040	21 060 736
<b>Totals</b>		<b>972 252</b>	<b>1 374 953</b>	<b>2 092 275</b>	<b>26 310 736</b>
<b>Ropes and Cables</b>	PRC	2 236 980	3 682 932	5 121 258	8 000 000
	Germany	1 513 841	1 742 325	1 527 148	1 800 000
	UK	132 394	120 488	206 531	1 105 000
	Korea	457 049	600 110	782 877	1 105 000
	India	0	0	0	1 501 000
<b>Total alleged dumped</b>		<b>4 340 265</b>	<b>6 145 855</b>	<b>7 637 814</b>	<b>13 556 000</b>
	Other	1 778 454	2 310 138	2 123 194	2 229 857
<b>Totals</b>		<b>6 118 718</b>	<b>8 455 993</b>	<b>9 761 008</b>	<b>15 785 857</b>

The import statistics show that the allegedly dumped imports of stranded wire, ropes and cables to SACU have increased between 2004 and 2006 by 82.18%. The Applicant provided the estimates of the volume of imports if the duties are removed. The Applicant maintains that this reflects the likelihood that injurious dumping would recur if anti-dumping duties were removed.

#### **5.4 Effect on Domestic Prices**

##### **5.4.1 Price undercutting**

The following information compares the Applicant's ex-factory prices with the estimated landed cost of stranded wire, ropes and cable originating in or imported from the PRC, India, Korea and Germany and the estimates should the duties expire.

According to the Applicant, if the price for India is based on the export prices of India to SACU as obtained from the South African Iron and Steel Institute (SAISI) for the first 8 months of 2006, an export price of R8 363.90/ ton can be determined. To this 20% for ocean freight, insurance, customs duty and clearance charges must be added, for the export price to add up to R10 036.68/ton. This applies to both galvanized and ungalvanised product. This price is lower than the Applicant's average price of R11 796/ton, therefore showing undercutting as follows:

### India

Table 5.4.1.1

Ropes and Cables	Estimate: India
Applicant(SACU selling price)	100
Imported product	85
Price undercutting	15

Due to confidentiality this table has been indexed using the applicant's price as base and 2006 as base year

### PRC

Table 5.4.1.2

Ropes and cables	Estimate: PRC
Applicant(SACU selling price)	100
Imported Product	89
Price Undercutting	11

Due to confidentiality this table has been indexed using the applicant's price as base and 2006 as base year

### Korea

The estimates reflect a mix of galvanized and ungalvanised product.

Table 5.4.1.3

Ropes and cables	Estimate: Korea
Applicant(SACU Selling price)	100
Imported product	83
Price undercutting	17

Due to confidentiality this table has been indexed using the applicant's price as base and 2006 as base year

If the German prices are considered on a product sub-category basis, that is high-tech rope, the following margins of undercutting can be shown. For the high-tech ropes, the same export price for Germany was used as the export price in 2006, to which was added 20% to land the product. The price of the largest volume of imports in any one month in 2006 was used to determine the likely export price if the duties were to be removed, to which was added 20% to land the product, on the same basis as indicated above.

**Germany**  
**Table 5.4.1.4**

<b>Ropes and cables</b>	<b>Estimate: Germany</b>
Applicant(SACU Selling price)	100
Imported product	88
Price undercutting	12

Due to confidentiality this table has been indexed using the applicant's price as base and 2006 as base year

#### 5.4.2 Price depression

Price depression takes place where the SACU industry's ex-factory selling price decreases during the investigation period. The table below shows the domestic industry's domestic selling price for the stranded wire, ropes and cables for the investigation period and the estimates if the duty expires.

**Table 5.4.2.1**

<b>Selling price per unit</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>Estimate if the duty expires</b>
Stranded wire	100	111	110	104
Ropes and cables	100	110	112	97
<b>Year on year change in price</b>				
Stranded wire (%)		11%	-1%	-5%
Ropes and Cables (%)		10%	2%	-13%

Due to confidentiality this table has been indexed using the applicant's price as base and 2006 as base year

The estimates are based on the anticipated margin by which Scaw would have to decrease prices in an attempt to meet at least some of the imported products' prices into the SACU market. The Applicant argues that it would have the option of either decreasing prices and retain volumes, retaining prices and losing volume, or a combination thereof, i.e. decreasing prices to some extent and losing some volume. The Applicant maintains that it will have no option but to decrease prices in an attempt to protect at least a part of its volume of sales, as the product price is volume-sensitive.

### 5.4.3 Price suppression

Price suppression is the extent to which increases in the total cost of production of the product concerned cannot be recovered in selling prices. The following tables show the Applicant's cost of production and its actual selling prices for stranded wire, ropes and cables during the investigation period and the estimate if the duty expires.

**Table 5.4.3.1: Price suppression: Ropes and Cables**

Ropes and cables	2004	2005	2006	Estimate if the duty expires
Unit price	100	110	112	97
Unit cost (production)	100	105	107	111
Net profit per unit (SACU sales)	100	161	151	-56
Production cost as % of price	100	95	96	114
Total cost as % of selling price	100	95	96	117

Note: The information in this table has been indexed using 2004 as the base year

**Table 5.4.3.2: Price suppression: Stranded Wire**

Stranded wire	2004	2005	2006	Estimate if the duty expires
Unit price	100	111	110	104
Unit cost (production)	100	102	126	136
Total cost as % of selling price	100	92	94	107

Note: The information in this table has been indexed using 2004 as the base year

## 5.5. CONSEQUENT IMPACT OF THE DUMPED AND SUBSIDISED IMPORTS ON THE INDUSTRY

### 5.5.1 Actual and potential decline in sales

The following table shows the Applicant's sales volume of stranded wire, ropes and cables during the period of investigation:

**Table 5.5.1.1: Sales Volumes**

Applicant's sales volume (Tons)	2004	2005	2006	Estimate if the duty expires
Stranded wire	100	90	171	121
Rope and Cable	100	93	99	69

Note: The information in this table has been indexed using 2004 as the base year

The following table shows the Applicant's sales value of stranded wire, ropes and cables during the period of investigation:

**Table 5.5.1.2: Sales Value (in South African Rands)**

Applicant's sales value	2004	2005	2006	Estimate if the duty expire
Stranded wire	100	99	188	126
Rope and Cable	100	102	110	67

Note: The information in this table has been indexed using 2004 as the base year

The total size of the market in 2006 was determined by adding total imports to the Applicant's domestic sales. The estimate was determined by deducting the estimated volume of imports if the duties were to be removed. The result of this calculation renders the volume of sales available to the Applicant. The Applicant argues that in most instances it has managed to maintain volumes, although it has lost sales to industrial rope imported from the PRC. If the duties on dumped and subsidized imports were to be removed, the Applicant argues that it will lose significant volumes to imports from all five countries. The Applicant argues that it has managed to increase turnover over the past three years, although growth has been relatively slow. However, it is expected that turnover will decrease as regards each product group if the duties are to be removed.

#### **5.5.2 Profit**

The information provided by the Applicant shows that the net profit for stranded wire, increased between 2004 and 2006 and that the net profit for ropes and cables also increased between 2004 and 2006. The profit estimate is based on the change in the volume of production, sales, prices and costs.

#### **5.5.3 Actual and potential decline in output**

The following table shows the output information for stranded wire, ropes and cables during the investigation period. The estimates are based on the expected decreased sales volumes. In addition, the Applicant is of the opinion that it would be able to increase export sales, especially as regards mining rope (and particularly ungalvanized mining rope), which will lessen the injurious effect on overall output and capacity utilization. The Applicant maintains that the output estimates are based on the change in the volume of production, sales, price and costs due to the increase in allegedly dumped imports if the duties are removed.

**Table 5.5.3: Output**

Applicant's output (tons)	2004	2005	2006	Estimate if the duty expires
Stranded wire	100	101	105	92
Rope and cable	100	94	97	90

Note: The information in this table is indexed using 2004 as the base year

#### 5.5.4 Actual and potential decline in market share

The following table shows the market share for stranded wire, ropes and cables for the investigation period and an estimate in the event of the expiry of the anti-dumping and countervailing duties.

**Table 5.5.4.1 Market share - Stranded wire**

Stranded Wire (tons)	2004	2005	2006	Estimate if the duty expires
SACU Producers% (market share)	100	93	96	26
Allegedly Dumped and subsidized imports market share %	100	139	119	117
Other imports market share %	100	212	92	1240

Note: The information in this table has been indexed using 2004 as the base year

The following table shows that the market share of the allegedly dumped wire ropes and cables, increased during the period of investigation. The estimates for the subject product are based on the expected increase in imports and decrease in the Applicant's sales, combined with an estimated change in the size of the market.

**Table 5.5.4.2: Market share - Ropes and Cables**

Ropes and cables (tons)	2004	2005	2006	Estimate if the duty expires
SACU Producers % (market share)	100	90	88	62
Alleged Dumped/ subsidized Imports (market share) %	100	137	156	280
Other imports market share %	100	126	106	113

Note: The information in this table has been indexed using 2004 as the base year

### 5.5.5 Productivity

The following table shows the productivity for the investigation period and an estimate in the event of the expiry of the anti-dumping duties.

**Table 5.5.5.1: Productivity – Ropes and Cables**

Ropes and Cables (Tons)	2005	2004	2006	Estimate if the duty expires
Total production volume	100	94	97	90
Number of employees (Manufacturing only)	100	96	89	82
Units per employee	100	97	111	111

Note: The information in this table is indexed using 2004 as the base year

The productivity measured in units per employee increased in 2006 compared to 2004 in both cases of stranded wire and ropes and cables.

**Table 5.5.5.2: Productivity – Stranded Wire**

Stranded Wire (tons)	2004	2005	2006	Estimate if the duty expires
Total production volume	100	101	105	92
Number of employees (Manufacturing only)	100	98	101	101
Units per employee	100	103	104	91

Note: The information in this table is indexed using 2004 as the base year

The estimates on productivity are based on the projected decrease in production at both the stranded wire and ropes plants and the projected decrease in employment associated with decreased production volumes at the Applicant's wire and rope plant. According to the Applicant, the trends indicate that it has been able to increase productivity over the past several years, but that productivity will remain stable ( in the case of ropes and cables) or decrease ( in the case of stranded wire) if the duties were to be removed.

### 5.5.6 Return on investment

The Applicant indicated that the return on investment in 2004 was negative but improved in 2005 and 2006 to show a small positive return. It estimates that it will again return to the same negative level as in 2004, should the duties expire.

The return on investment on stranded wire and ropes and cables increased from 2004 to 2006. The Applicant argues that it was able to increase its return on net assets over the past several years, but that its return will decrease in the case of ropes and cables and become negative if the duties were to be removed. The Applicant's estimates are based on the expected

decrease in profit as a result of reduced prices, reduced selling price and production volumes, and increased costs.

### 5.5.7 Utilization of production capacity

The following table provides the Applicant's capacity and production for stranded wire, ropes and cables for the investigation period and the estimate if the duty expires.

**Table 5.5.7.1: Production capacity - Ropes and cables**

Ropes and Cables	2004	2005	2006	Estimate if the duty expires
Capacity	100	100	100	100
Actual production	100	94	97	87
% Utilization of capacity	100	94	97	89

Note: The information in this table is indexed using 2004 as the base year

**Table 5.5.7.2: Production capacity - Stranded wire**

Stranded Wire	2004	2005	2006	Estimate if the duty expires
Capacity	100	100	100	100
Actual production	100	101	105	92
% Utilization of capacity	100	101	105	92

Note: The information in this table is indexed using 2004 as the base year

The production capacity for ropes and cables decreased between 2004 and 2006. The production of stranded wire increased between 2004 and 2006. The Applicant based its estimates on the anticipated decreased production volumes for the different products.

### 5.5.8 Actual and potential negative effects on cash flow

The following table provides the Applicant's cash flow for stranded wire, ropes and cables for the investigation period and the estimate if the duty expires.

**Table 5.5.8: Cash flow**

	2004	2005	2006	Estimate if the duty expires
<b>Rope and Cable</b>	100	396	0	-73
<b>Stranded Wire</b>	100	136	147	66

Note: The information in this table is indexed using 2004 as the base year

### 5.5.9 Inventories

The following table shows the information on inventories for stranded wire, ropes and cables for the investigation period and the estimate if the duty expires.

**Table 5.5.9: Inventories**

Inventories	2004	2005	2006	Estimate if the duty expires
Rope and Cable	100	104	148	116
Stranded wire	100	96	188	178

Note: The information in this table is indexed using 2004 as the base year

According to the Applicant, the information on inventory relates to total inventories, including work in progress and raw materials. Accordingly, the volume of inventories could not be furnished as the units of measurement differ. According to the Applicant, lower production and sales volumes will mean that lower inventories will need to be kept. This is especially true in respect of general-purpose (flex) rope, which, according to the Applicant, is produced for stock, whereas mining rope is produced to order. Inventories at the wire rope plant will decrease, as argued by the Applicant, in line with the decrease in overall production. The Applicant maintains that the anticipated lower inventories are the result of decreased production volumes and therefore reflect the trends established in respect of lower output and sales volumes.

### 5.5.10 Employment

The following table provides the Applicant's employment figures for the investigation period and an estimate if the duty expires.

**Table 5.5.10.1: Employment – Ropes and Cables**

Rope and Cable	2004	2005	2006	Estimate if the duty expires
Labour units: production	100	96	89	82
Labour units: SGA	100	100	91	91
Total labour units: All	100	97	89	83

Note: The information in this table is indexed using 2004 as the base year

**Table 5.5.10.2: Employment – Stranded Wire**

Stranded Wire	2004	2005	2006	Estimate if the duty expires
Labour units: production	100	98	101	101
Labour units: SGA	100	100	101	101
Total labour units: All	100	99	101	101

Note: The information in this table is indexed using 2004 as the base year

The information in the table above shows a decrease in employment in the case of stranded wire. The total labour units for ropes and cables decreased. The estimated decrease in production will, according to the Applicant, inevitably lead to a decrease in rope and cable employment, as fewer workers will be required to operate the machines. No decrease is anticipated as regards wire, as all workers are required to operate the machines. The information shows that there will be an overall reduction in the number of workers employed if the duties are to be removed.

**Table 5.5.11.1: Wages - Ropes and Cables**

<b>Ropes and Cables</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>Estimate if the duty expires</b>
Number of workers	100	96	89	82
Total wages & salaries: Production	100	92	103	99
Wages & salaries per employee per annum: Production	100	96	115	122
Number of workers: SGA	100	100	91	91
Total wages & salaries per annum: SGA	100	97	100	105
Wage & salaries per employee per annum: SGA	100	97	109	115
Total employees	100	97	89	83

Note: The information in this table is indexed using 2004 as the base year

The above data shows that total wages and salaries have increased during the investigation period.

**Table 5.5.11.2: Wages – Stranded Wire**

<b>Stranded Wire</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>Estimate if the duty expires</b>
Number of workers	100	98	101	101
Total wages & salaries: Production	100	102	123	131
Wages & salaries per employee per annum: Production	100	104	123	130
Number of workers: SGA	100	100	101	101
Total wages & salaries per employee per annum: SGA	100	140	121	128
Wage & salaries per employee per annum: SGA	100	140	119	127
Total employees	100	99	101	101

Note: The information in this table is indexed using 2004 as the base year

The information above shows that total wages and salaries have increased during the investigation period. The Applicant indicated that wages for wire will increase in line with wage increases granted in the steel industry.

## 5.5.12 Growth

The following table provides the Applicant's growth information for the investigation period and the estimate should the duties expire.

### 5.5.12.1 Actual and potential negative effects of growth: Ropes and Cables

<b>Ropes and Cables</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>Estimate if the duty expires</b>
Total SACU market (tons)	100	107	111	108
% growth from base year	0%	7%	11%	8%
SACU industry market (tons)	100	93	99	69
SACU industry growth %	0%	7%	1%	-31 %
Allegedly dumped/subsidized imports (tons)	100	167	162	278
Allegedly dumped/subsidized imports growth %	0%	67%	62%	178%
Other imports (tons)	100	91	105	105
Other imports growth%	0	-9	5	5

Total imports (tons)	100	150	148	231
Total imports growth%	0	50	48	131

Note: The information in this table is indexed using 2004 as the base year

The estimates supplied by the Applicant indicates that the SACU industry would experience significant negative growth as regards both stranded wire and ropes and cables if the duties were to be removed, while the alleged dumped and subsidized exports would experience significant growth.

#### **5.5.13 Ability to raise capital or investment**

The Applicant stated that its ability to attract capital or investments is not currently inhibited, but estimated that it would drop should the duties be removed.

#### **5.5.14 SUMMARY – MATERIAL INJURY**

The Commission made a final determination that the Applicant is likely to suffer material injury in the form of price undercutting, price suppression, decrease in net profit, decline in market share, decline in capacity utilisation, and a negative cash flow, in the event of the removal of the anti-dumping and countervailing duties.

## **6. FINAL DETERMINATION**

The Commission made a final determination that:

### **GERMANY**

- the expiry of the anti-dumping duties is unlikely to lead to the continuation or recurrence of dumping of rope, cable and stranded wire exported by Bridon (Germany) and Pfeifer Drako ;
- the expiry of the anti-dumping duties would likely lead to the continuation or recurrence of dumping of rope, cable and stranded wire by other manufacturers or exporters in Germany; and
- the expiry of the anti-dumping duty would likely lead to the continuation or recurrence of material injury.

### **UNITED KINGDOM**

- Bridon UK\*
- the expiry of the anti-dumping duties would likely lead to the continuation or recurrence of dumping of rope, cable and stranded wire by other manufacturers or exporters in the UK ; and
- the expiry of the anti-dumping duties would likely lead to the continuation or recurrence of material injury.

\*In terms of a High Court Interdict (Gauteng North Provincial Divison: Case number: 48829/2008) handed down on the 5<sup>th</sup> of January 2009, ITAC is interdicted from forwarding its recommendations regarding the anti-dumping duty applicable to Bridon International (Bridon UK) to the Minister of Trade and Industry. Accordingly the current duty applicable to Bridon UK must remain 42.1%, pending the finalization of a High Court review application on the recommendations of ITAC regarding the anti-dumping duties on the products from Bridon UK.

### **KOREA**

- the expiry of the anti-dumping duties would likely lead to the continuation or recurrence of dumping; and
- the expiry of the anti-dumping would likely lead to the continuation or recurrence of material injury.

### **THE PEOPLE'S REPUBLIC OF CHINA**

- the expiry of the anti-dumping duties would likely lead to the continuation or recurrence of dumping; and
- the expiry of the anti-dumping would likely lead to the continuation or

recurrence of material injury.

## INDIA

- the expiry of the countervailing duties is unlikely to lead to the continuation or recurrence of subsidized imports from Apar Industries Ltd; and
- the expiry of the countervailing duties would likely lead to the continuation or recurrence of subsidized imports from other manufacturers in India; and
- the expiry of the countervailing duties would likely lead to the continuation or recurrence of material injury.

The Commission, therefore, decided to recommend that levels of the existing anti-dumping duties on stranded wire, rope and cables, of iron or steel, not electrically insulated, of a diameter exceeding 8 mm (excluding that of wire of stainless steel, that of wire, plated, coated or clad with copper, and that identifiable as conveyor belt cord) originating in or imported from the PRC, Korea, Germany and the United Kingdom and countervailing duties on stranded wire, rope and cable originating in or imported from India of tariff sub-heading 7312.10.25, 7312.10.40 and 7312.10.90 be amended as indicated in the tables below in respect of ropes and cables of iron or steel, not electrically insulated, (excluding those of wire of stainless steel, brass plaited tyre reinforcing cord, conveyor belt cord, those of wire plated, coated or clad with copper and those of a diameter of 8 mm and less)

	<b>Rope and cable</b>
<b>GERMANY</b>	
Bridon International	No anti-dumping duty
Pfeifer Drako	No anti-dumping duty
All other manufacturers	93%
<b>UK</b>	
Bridon UK *	
All other manufacturers	76.17%
<b>KOREA</b>	79.76%
<b>THE PRC</b>	133.65%
<b>INDIA</b>	
Apar Industries	No countervailing duty
All other manufacturers	2.76%

\*In terms of a High Court Interdict (Gauteng North Provincial Division: Case number: 48829/2008) handed down on the 5<sup>th</sup> of January 2009, ITAC is interdicted from forwarding its recommendations regarding the anti-dumping duty applicable to Bridon International (Bridon UK) to the Minister of Trade and Industry. Accordingly the current duty applicable to Bridon UK must remain 42.1%, pending the finalization of a High Court review application on the recommendations of ITAC regarding the anti-dumping duties on the products from Bridon UK.

In respect of stranded wire of tariff sub-heading 7312.10.15 and 7312.10.20.

	<b>Stranded wire</b>
<b>GERMANY</b>	
Bridon International	No anti-dumping duty
Pfeifer Drako	No anti-dumping duty
All other manufacturers	243.54%
<b>UK</b>	
Bridon UK *	
All other manufacturers	141.11%
<b>KOREA</b>	50.33%
<b>THE PRC</b>	113.25%
<b>INDIA</b>	
Apar Industries	No countervailing duty
All other manufacturers	2.87%

\*In terms of a High Court Interdict (Gauteng North Provincial Divison: Case number: 48829/2008) handed down on the 5<sup>th</sup> of January 2009, ITAC is interdicted from forwarding its recommendations regarding the anti-dumping duty applicable to Bridon International (Bridon UK) to the Minister of Trade and Industry. Accordingly the current duty applicable to Bridon UK must remain 42.1%, pending the finalization of a High Court review application on the recommendations of ITAC regarding the anti-dumping duties on the products from Bridon UK.