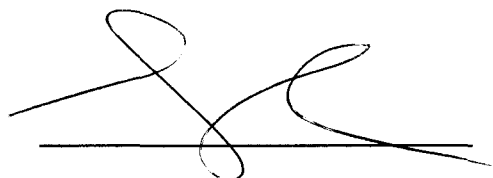


Report No. 236

Interim review of the anti-dumping duties on stranded wire ropes of iron or steel, not electrically insulated, originating in or imported from Bridon International Ltd in the United Kingdom: Final determination

The International Trade Administration Commission of South Africa herewith presents its **Report No. 236: INTERIM REVIEW OF ANTI-DUMPING DUTIES ON STRANDED WIRE ROPES OF IRON OR STEEL, NOT ELECTRICALLY INSULATED (WIRE ROPES) ORIGINATING IN OR IMPORTED FROM BRIDON INTERNATIONAL LTD IN THE UNITED KINGDOM: FINAL DETERMINATION**

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke at the end.

Itumeleng Masege
ACTING CHIEF COMMISSIONER

PRETORIA

14/05/ 2007

REPUBLIC OF SOUTH AFRICA
INTERNATIONAL TRADE ADMINISTRATION COMMISSION
REPORT NO. 236

1. APPLICATION AND PROCEDURE

- 1.1.** This investigation was conducted in accordance with the International Trade Administration Act, 2002, the World Trade Organization Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade, 1994 (the Anti-Dumping Agreement) and the International Trade Administration Commission Anti-Dumping Regulations (ADR).
- 1.2.** The application was lodged by Bridon International Ltd (the Applicant), being the manufacturer of the subject product in the exporting country, the United Kingdom. The Applicant stated that there has been significant change in circumstances to warrant the review of the anti-dumping duties imposed on its exports of wire ropes classifiable under tariff subheadings 7312.10.25 and 7312.10.40, to the SACU market due to the following factors:
- That the SACU producer has reduced their production range of ropes (to the detriment of the SACU customers); and
 - That no dumping is presently taking place in respect of the imports of various types of ropes into the SACU area.

In this investigation the Commission did not address causal link but rather investigated two pertinent issues, namely the alleged non-dumping of the exported subject products by the Applicant and the alleged reduction of the product range by the SACU manufacturer.

1.3 The submission contains information with regard to dumping and change in product range for the period 1 April 2005 to 31 March 2006.

1.4 On 4 August 2006, the International Trade Administration Commission of South Africa (the Commission) formally initiated an interim review into the anti-dumping duties on wire ropes imported from Bridon International in the United Kingdom (UK). Notice of the initiation of the review was published in Notice No. 1042 of *Government Gazette* No. 29078 dated 4 August 2006.

The non-confidential version of the relevant application was forwarded to interested parties and comments on the application were received on 16 September 2006. The information submitted by the Applicant was verified from 3 to 6 September 2006. Information submitted by the importer was verified on 29 September 2006. The information received from the SACU manufacturer of the subject product was verified on 26 and 31 October 2007, and on 01 November 2006.

After considering all parties' comments in its meeting of 27 January 2007, the Commission made a final determination that the interim review be terminated. The essential facts letter was sent to interested parties on 07 February 2007.

The non-confidential versions of the comments on the essential facts letter were subsequently placed on the public file.

At its meeting of 26 April 2007, the Commission considered the comments to the essential facts letter and made a final determination that;

- the SACU industry did not reduce its product range as alleged by the Applicant and
- although the Applicant did not dump the subject product classifiable under tariff subheading 7312.10.40, it could not prove whether the

product classifiable under tariff subheading 7312.10.25 was dumped or not, as there were no exports of the subject product to SACU during the investigation period.

1.5 The following importers were identified as interested parties and responded to the Commission's questionnaires:

- (a) Nu-Quip CC
- (b) African Maritime

1.6 The Commission, therefore, decided to recommend to the Minister of Trade and Industry, to terminate the relevant interim review.

2. PRODUCTS, TARIFF CLASSIFICATION AND DUTIES

2.1 Imported Products

2.1.1 Description

The subject products are described as stranded wire, ropes and cables, of iron or steel, not electrically insulated, excluding brass plaited tyre reinforcing cord and conveyer belt cord. The ropes and cable are referred to as rope or wire rope that is either not plated, coated or clad (referred to as uncoated or ungalvanized), or is plated, coated or clad with zinc (referred to as coated or galvanized).

2.1.2 Country of origin/export

The subject product originates in and is imported from the UK.

2.2 SACU Product

2.2.1 Description

The subject products are described as, stranded wire, ropes and cables, of iron or steel, not electrically insulated, excluding brass plaited tyre reinforcing cord and conveyer belt cord. The ropes and cable are referred to as rope or wire rope that is either not plated, coated or clad (referred to as uncoated or ungalvanized), or is plated, coated or clad with zinc (referred to as coated or galvanized).

2.2.2 SACU Industry

Scaw Metals Group is the main manufacturer of stranded wire ropes and cables in

SACU.

2.3 Tariff classification

The subject product is classifiable as follows:

Table 2.1.3(a)

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

The subject product from the UK is subjected to the following anti-dumping duties:

Table 2.1.3(b)

Tariff subheading	Product description	Unit	Bridon International Ltd
73120.10.25 and 7312.10.40	Ropes and cables of iron or steel, not electrically insulated (excluding those of wire of stainless steel, brass plaited tyre reinforcing cord, conveyer belt cord, those of wire plated, coated or clad with copper and those of a diameter of 8 mm and less)	Kg	42.1%

2.4 Raw Material

Raw steel rod is the main raw material in manufacturing the stranded wire.

2.5 Production Process

Stranded Wire:

The raw steel rod is heat treated by passing it through the patenting line, which is made up of a gas furnace, molten lead bath, water quench and take-up frame. The patenting process refines the micro-structure of the steel, making it ready for the drawing process. The patenting process hardens and strengthens the steel rod. The rod is then cleaned and coated through the pickling process. It is cleaned of scale and dirt by being dipped into hydrochloric acid, and coated by either phosphate and borax, or lime, depending on the end lubrication. The rod is then die-drawn into a thinner wire through the wire drawing process. Before the stranding process can take place, the wire has to be wound onto the correct bobbins. During this process the wire is accurately measured, so that the required strand length can be made. Bobbins of wound wire are then loaded into the stranding machines to form strands, this process is known as stranding. The wire used can be uncoated (ungalvanized) or coated with zinc (galvanized).

Ropes and Cables:

Stranded wire is loaded into a closing machine and twisted together. After the bobbins are loaded, strands are brought forward to a closing point. At the closing head the strands are finally twisted around a core of sisa, manila, man-made fibre or steel to produce a finished steel wire rope. The rope is then lubricated and wound onto either a wooden or steel drum.

2.6 Application/ end-use

The wire ropes have two basic engineering applications, namely, fishing and industrial.

After considering all the above information, the Commission made a final determination that the SACU product and the imported products are “like products”,

for purposes of comparison in this investigation, in terms of Article 2.6 of the Anti-Dumping Agreement.

3. CHANGED CIRCUMSTANCES

The Applicant stated that it has brought the application for the interim review of the anti-dumping duties on the subject product because it believes that there have been significant changed circumstances resulting from the following factors:

- That the SACU producer has reduced their production range of ropes (to the detriment of the SACU customers); and
- That no dumping is presently taking place in respect of the imports of various types of ropes into the SACU area.

According to the Applicant, interim reviews are provided for in Article 11.2 of the WTO Anti-Dumping Agreement where the standard is to examine whether the continued imposition of the duty is necessary to offset dumping, whether the injury would be likely to recur if the duty were removed or varied, or both. In this instance the Applicant argued that it showed that certain changed circumstances were evident to justify the revocation of the present anti-dumping duties on ropes and cables originating from the UK. The anti-dumping duty, according to the Applicant, could not remain to counteract non-existent dumping.

3.1 PRODUCT RANGE

The Applicant alleged that the SACU industry reduced its product range by approximately 72% to the detriment of the SACU customers during the investigation period. The Applicant based its argument on Scaw's Metals (Scaw) price list, which according to the Applicant reflects a significant reduction in the SACU industry's product range. The Applicant also argued that Scaw is importing most of its products from Chinese suppliers.

The Commission determined that Scaw's production figures of for 2005 and 2006 did not reflect a 72% or a significant reduction in production range as alleged by the Applicant. Scaw also demonstrated that it manufactures an extensive range of ropes and cables classifiable under both tariff subheadings being 7312.10.25 and 7312.10.40. Scaw has demonstrated to the Commission that it still manufactures the products not shown in the relevant price list and those it manufactured before the imposition of the antidumping duties.

During the verification, Scaw reconciled the relevant invoices to the management accounts and financial statements and it was determined that its imports for the subject products is less than 1% and most products which Bridon alleged were imported are those of diameters less than 8mm which are not covered by the anti-dumping duties and accordingly beyond the scope of this investigation.

SUMMARY – CHANGE IN PRODUCT RANGE

Based on the information supplied, the Commission made a final determination that the Applicant did not submit sufficient information to indicate that the SACU producer has reduced its product range of the subject product since the imposition of the anti-dumping duties.

3.2 DUMPING

For the purpose of dumping determination, the Applicant submitted information on only one tariff subheading (7312.10.40), even though it applied for an interim review of the antidumping duties on tariff subheading 7312.10.25 as well.

Normal Value

Type of economy

The UK is considered to be a country with a free market economy and therefore the definition of section 32 (2)(b)(i) of the ITA Act applies.

3.1.1. Normal Value

A verified weighted average normal value for the subject product was calculated using the Applicant's sales in the UK and to a third country namely, Spain. A comparable sale to Spain was provided to the sale made to SACU. The comparison was made on the basis of similarities regarding the construction of the products.

The Applicant claimed the following adjustments to the normal value:

Local haulage

Reels and packaging costs

Payment term costs

3.1.3. Export Price

A verified weighted average export price for the subject product was calculated using the Applicant's sales to the SACU market. The Applicant the subject product to two of its SACU distributors, namely, African Maritime and Nu-Quip respectively. The

Applicant claimed the following adjustments to the export price:

Sea freight

Reels and packaging costs

Payment terms costs

3.1.5. Margin of dumping

The weighted dumping margins for the various product codes of the subject product were calculated to be negative –28.60% and were based on the subject product classifiable under tariff subheading 7312.10.40.

The Commission found that despite the Applicant not having dumped the subject product classifiable under tariff subheading 7312.10.40, the volume of the exports made by the Applicant during the period of investigation were far lower compared to the volume of exports by the Applicant prior to the imposition of the current anti-dumping duties. The Commission decided that, on the basis of the low volumes exported by the Applicant it could not determine or not whether the Applicant, would resume dumping in future, once the current anti-dumping duties are withdrawn.

SUMMARY - DUMPING

Based on the information supplied, the Commission made a final determination that although the Applicant did not dump the subject product classifiable under tariff subheading 7312.10.40, it could not prove whether the product classifiable under the tariff subheading 7312.10.25 was dumped or not, as there were no exports of the subject product to SACU during the period of investigation.

4. SUMMARY OF FINDINGS

4.1 Product Range

The Commission determined that the SACU industry's production figures during the investigation period did not reflect a 72% or a significant reduction in production range as alleged by the Applicant. Scaw also demonstrated that it manufactures an extensive range of ropes and cables classifiable under both tariff subheadings 7312.10.25 and 7312.10.40. Scaw reconciled invoices to the management accounts and financial statements and the investigators verified that its imports for the subject products is less than 1% of the total sales and that most of the products which the Applicant alleged were imported are those of diameters less than 8mm which are not covered by the anti-dumping duties.

4.2 Dumping

It was determined that the Applicant did not dump the subject product classifiable under tariff subheading 7312.10.40 but that it could not be proved whether the products classifiable under tariff subheading 7312.10.25 were dumped or not as there were no exports of these products to SACU during the investigation period.

5. FINAL DETERMINATION

The Commission made a final determination that:

- the SACU industry did not reduce its product range as alleged by the Applicant and
- although the Applicant did not dump the subject product classifiable under tariff subheading 7312.10.40, it could not prove whether the product classifiable under tariff subheading 7312.10.25 was dumped or not, as there were no exports of the subject products to SACU during the investigation period.

The Commission made a final determination to recommend to the Minister of Trade and Industry to terminate the relevant interim review investigation.