

9 November 2018

Ms Carina Oh
Case Manager
Investigations 2
Anti-Dumping Commission
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MELBOURNE VIC 3001

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Public File

Dear Ms Oh

Re: Anti-Circumvention Investigation No. 483 – Wire Rope Exported from South Africa – Submission by Scaw South Africa and Haggie Reid of 1 October 2018

I. Introduction

I refer to the submission of 1 October 2018 made on behalf of Scaw South Africa ("Scaw") and its Australian importer Haggie Reid Pty Ltd ("Haggie Reid") ("Respondents").

This further submission by the Respondents states that it is in response to a request by the Anti-Dumping Commission ("the Commission") for information about "the need for innovation and new solutions in the resources industry". The Respondents infer that its newly-introduced 9 strand wire rope is a "technological innovation" that is part of a "continuous improvement" and that it "can improve throughput and reduce costs, thereby saving money and improving profitability".

BBRG Australia Pty Ltd ("BBRG Australia") submits that the claims and assertions of the Respondents are misleading and a disingenuous attempt to circumvent the central issue – that exports by Scaw have been at significant margins of dumping and that the introduction of a 9 strand wire rope was intended purely to circumvent the anti-dumping measures.

II. Claim of New Development

The Respondents' submission states, "the conception of the 9 strand wire rope can be traced back to the early 2000s".

The 9 strand wire ropes are not a "new" invention, innovation or concept and have been used in a number of rope applications for many years in lifting applications whether on cranes or in Underground Mining hoisting applications.

Bridon-Bekaert Ropes Group

In relation to the development of 9 strand wire ropes for the Surface Mining Industry, a search of “Linked In” details the development of the 9 strand rope for surface mining by Scaw Metals/Haggie Reid commenced in May 2017, which was after the anti-dumping claim was made in March 2017 for 6 and 8 stranded ropes.

The referred statements are reproduced hereunder:

Development of 9 stranded steel wire rope for the Surface Mining industry

May 2017 – Present

New development to explore the benefits of a 9 stranded rope with wire sizes to suit both Drag & Hoist rope applications, this means the best fit relationship between fatigue life and wear resistance without compromising on toughness.

The Respondents also make mention that they have developed a compacted 8 strand wire rope with a cushion core. It is unclear what relevance that this statement has to the 9 strand wire rope, which is central to the circumvention claim.

BBRG Australia acknowledges that the market continually changes and BBRG Australia works with its customers to develop products that add value to our customers. In this case, however, the goods that are the subject of investigation, 9 strand wire ropes, perform exactly the same task, function and are used in the same end-use as the 6 to 8 strand wire ropes.

Furthermore, analysis of data gained by BBRG Australia indicate that the results of 9 strand drag and hoist rope performance is counter to the claim of delivering “the best fit relationship between fatigue life and wear resistance without compromising on toughness”.

It must be noted that what the Respondents are doing, with regard to rope development, is no different to any other rope business which has the capability of producing surface mining ropes as detailed by Scaw Metals/Haggie Reid, that is, developing a rope that will last longer whether it has compacted strands and/or a cushion core. This process is not unique to the Respondents as it is part of rope development.

There are many examples where ropes have “evolved” over time in Surface Mining, but, they still do the same task of dragging, lifting and emptying a dragline bucket.

III. Claim of customer not proceeding with 9 strand wire ropes

It is acknowledged that customers, at times, work with suppliers to develop not only products, but, also processes to improve rope life, however, this is not unique to a 9 strand wire rope.

In such cases, there will be some “wins”, but, also some “failures” and customers may elect not to continue with the development. This is part of normal business and is not specific to a 9 strand wire rope. The choice of a customer not to continue with a trial is common whether it is a 6, 8 or 9 strand, plasticated or non-plasticated wire rope.

IV. Explanation of “end for ending”

The development of products to eliminate the “end for end” of ropes is not unique and on some machines, such as BE (CAT) machines, there is not a need to “end for end” hoist ropes. This process happens no matter what rope construction is used whether 6, 8 or even 9 strand. It is also not unique to geographies as, in some mining markets, customers will have a policy, at times, not to “end for end” their ropes. BBRG Australia also has a range of products in the Surface Mining market where customers elect not to end for end their ropes whether it is from a safety, cost or alignment with mine operations perspective.

Below are case studies that detail where the Scaw/Haggie Reid 9 strand wire rope in a drag and hoist application have not reached the target whether end for ended or not. Information supplied is based on data that BBRG Australia has been able to compile.

Case Study 1: [Name] Mine

Observations and comments on the Scaw/Haggie 9 strand wire rope by BBRG Australia at [customer name] mine site details that on [rope end-use] achieved a good life but was **end for ended**.

[Further commercially sensitive details of application and performance of ropes]

Therefore, the ropes failed to be end for ended due to their condition.

In further reviewing the 1 October 2018 submission, it is noted that the Respondent's claim that the 9 strand rope's improved performance saves the customer money by not having to end for end the rope (although this claim has not been established).

BBRG Australia submits the following Total Cost of Ownership (TCO) analysis, which has been endorsed by mine owners in identifying the lowest TCO taking into account not only the cost of the rope, but, also the downtime associated with managing the ropes.

[Detailed TCO calculations – commercially sensitive to BBRG Australia].

[Further detailed financial analysis of the goods the subject of measures and the circumvention goods – commercially sensitive financial estimates to BBRG Australia].

Case Study 2 – [customer name] mine

[Commercially sensitive performance information].

From the evidence collected and in accordance to the mine policy re end for ending hoist ropes, all ropes in the above chart have not been end for ended. The [no.] set of 9 strand ropes achieved xxxx M bcm. The conclusion being that 9 strand wire rope **does not** deliver a benefit in drag or hoist application on this machine.

Case Study 3 – [customer name]

At [customer name], the 9 strand wire rope has failed to achieve the average rope life for a hoist rope without end for ending.

[Commercially sensitive detailed performance information]

The [no.] sets of 9 strand wire ropes at [customer name] mines have failed and fallen well short of the wire rope life achieved by BBRG's 6 strand wire ropes. *[Current status of ropes used at customer]*.

V. Conclusions

In summary, based on the data available to BBRG Australia, 9 strand wire ropes have **not** outperformed existing ropes without end for ending.

The Respondents have suggested that the "9 strand proposition presents [CONFIDENTIAL TEXT DELETED - customer details] significant annual cost savings". This is not BBRG Australia's understanding and is not supported by the examples detailed above.

The 9 strand wire ropes offer no extended life to the 6 and 8 strand wire ropes, do not outperform and, according to BBRG Australia's understanding of production costs, are slightly more expensive to manufacture (i.e. less than 5 per cent) than 8 strand wire rope.

BBRG Australia reiterates its position that the Respondents have introduced the 9 strand wire rope into the Australian market for the purposes of circumventing the applicable anti-dumping measures imposed from 16 August 2017. The timing of the introduction of the 9 strand wire rope was not coincidental. The timing was intended to ensure that the exporter would not lose sales on the Australian market due its exports being at dumped prices.

BBRG Australia requests that the Commission not be influenced by the Respondents' disingenuous attempts to portray the 9 strand wire ropes as a new innovation for the mining industry when, in fact, 9 strand wire ropes have been supplied and used in various applications including cranes and in underground mining applications for many years.

BBRG Australia again requests the Commission to find that the 9 strand wire rope is a slightly modified circumvention good that has displaced 6 and 8 strand wire ropes, the subject of the measures.

If you have any questions concerning this submission, please do not hesitate to contact me on (02) 4968 5000 or BBRG Australia's representative, Mr John O'Connor on (07) 3342 1921.

Yours sincerely



Stuart Callender
Vice President – Oceania