

4 March 2019

Ms Carina Oh
Case Manager
Investigations 2
Anti-Dumping Commission
Level 35
55 Collins Street
MELBOURNE VIC 3001

Email: investigations2@adcommission.gov.au

Public File

Dear Ms Oh

Re: Anti-Circumvention Investigation No. 483 – Wire Rope Exported from South Africa – Statement of Essential Facts

I. Introduction

BBRG Australia Pty Ltd (“BBRG Australia”) has reviewed Statement of Essential Facts No. 483 (“SEF 483”) concerning exports of certain wire ropes from South Africa to Australia.

BBRG Australia endorses the findings of the Anti-Dumping Commission (“the Commission”). BBRG Australia concurs with the Commissioner’s findings that:

- The circumvention goods (i.e 9 strand wire rope) have been exported to Australia from a foreign country in respect of which a notice applies, namely South Africa (as per Regulation 48(2)(a));
- Before that export, the circumvention goods were slightly modified (Regulation 48(2)(b)) by the adding of an extra strand to what would otherwise be the goods during production of the circumvention goods;
- The use or purpose of the circumvention goods is the same as before, and after, they are slightly modified (Regulation subsection 48(2)(c));
- Had the circumvention goods not been slightly modified, they would have been subject to the notice (Regulation, subsection 48(2)(d)); and
- Section of the Customs Tariff (Anti-Dumping) Act 1975 (Dumping Duty Act) does not apply to the export of circumvention goods to Australia (Regulation subsection 48(2)(e).

The Commission found that the patterns of trade, changes in export volumes and marketing by Scaw South Africa (Proprietary) Limited (Scaw) and Haggie Reid Pty Ltd (Haggie Reid) of interchangeable circumvention goods were, taken together, indicative of circumvention activity:

[Bridon-Bekaert Ropes Group](#)

- The exporter exported the goods (and none of the circumvention goods) up to and including the third quarter of 2017, the quarter in which measures took effect through a preliminary affirmative decision;
- The exporter exported the circumvention goods (and none of the goods the subject of the measures) from the fourth quarter of 2017 onwards; and
- The importer marketed and sold the circumvention goods to the same customers and for use on the same mining machinery as it had for the goods.

The Commissioner therefore is satisfied that a circumvention activity has occurred in relation to the notice under subsection 269ZDBB(6).

The Commissioner is proposing to recommend to the Minister that:

- The notice be altered to change the description of the goods covered by the notice to include wire ropes with no more than nine strands; and
- The alteration to the notice should apply from the date of initiation of this inquiry (6 July 2018).

BBRG Australia agrees with the Commissioner's findings and supports the proposed recommendation that the notice to the goods should extend to the circumvention goods.

II. Statement of Essential Facts

In addition to BBRG Australia's application for anti-circumvention, it has provided the Commission with submissions disputing the claims of the exporter and importer that the circumvention goods are not slightly modified goods (refer EPR documents 009, 013, 014, 019).

BBRG Australia affirms the representations in the submissions and does not consider it is necessary to repeat the information contained therein.

BBRG Australia provides the following comments in relation to certain assertions in SEF 483.

- (a) **Section 5.4.8 Evidence concerning customer preferences and expectations is inconclusive.**
Performance – claimed loading capacity.

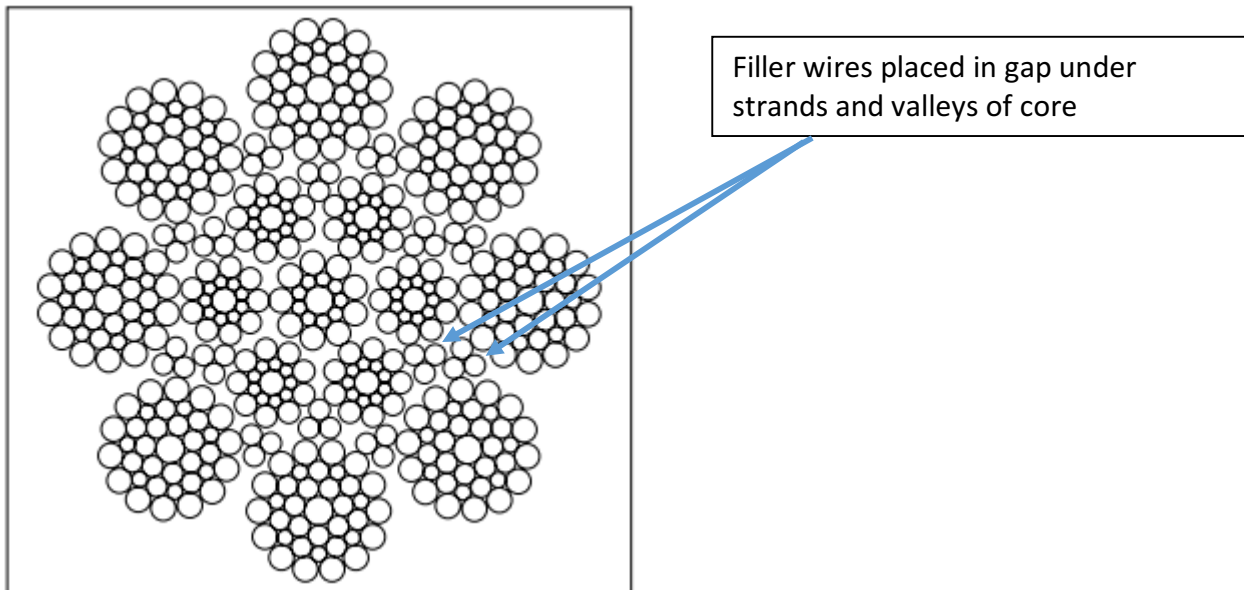
BBRG Australia considers it appropriate to comment on claims by the importer in relation to "fill factor". Haggie Reid claimed *"that the circumvention goods have higher "MBL" (Minimum Breaking Load) because of its greater "fill factor" than the goods. The term fill factor appears to be referring to the filler wires in the three of the six models of Inno 9 product"*.

The term fill factor is the percentage that the steel cross sectional area occupies of the overall rope diameter. The physical properties of Haggie 83 mm ropes are listed in the table below.

	83mm 8x36	83 mm 9x31
Rope Diameter	84.7 mm	84.6 mm
Metallic Cross Section Area	3501 mm ²	3540 mm ²
Fill Factor	$3501 / ((\pi / 4 \times 84.7^2) \times 100) = 62.1 \%$	$3540 / ((\pi / 4 \times 84.6^2) \times 100) = 63.0 \%$

These figures show there is less than 1 % difference in the fill factors of the ropes.

The filler wires are shown in diagram below, Source SCAW Surface Mining Brochure.



Note: None of the ropes BBRG have observed in Australia have had the filler wires in them, in addition, none of the rope designs in the Inno9 brochure show the filler wires.

BBRG-Australia has received orders where 9 strand rope is not performing at the same level as BBRG Australia’s 6 or 8 strand ropes nor meeting the performance expectation of the customer. Orders have been placed from [customer] mine and [customer] mine.

BBRG Australia has included at Non-Confidential Attachment 1 an extract from Australian Standard AS 3569-2010 Steel Wire Ropes that addresses the relationship between fill factor and MBL. Refer Non-Confidential Attachment 1.

The conclusion that may be drawn from this reference to AS 3569-2010 is that there exists a direct relationship between fill factor and minimum breaking force. The fact that the 9 strand fill factor is less than 1 per cent different than the Haggie Reid 8 strand would mean that there is little difference in breaking force.

(b) 5.4.12 – Changes in the pricing of the circumvention goods were not significant

It is stated that Haggie-Reid claims, “that the Australian industry has lowered the price of six and eight strand wire ropes since anti-dumping behaviour measures were imposed and they perceive this pricing behaviour indicated no injury to the Australian industry.”

This comment was addressed in BBRG Australia’s submission dated 30th January 2019 in response to the EPR document No 17. BBRG Australia affirms the representations in its 30th January 2019 submission.

(c) 5.4.15.2 Relationship of wire strength and strand metallic area

The Haggie-Reid 9 strand rope has virtually the same cross-sectional area (<1% different) as its 8 strand rope. The proportion of the total rope the core takes up is larger on the 9 strand rope by nature of the geometry of the rope (30% for 9 strand and 28% for 8 strand).

The extract below from AS3569 gives an insight to the contribution of the strands and core to the overall strength of the rope. While it does not list 9 strand the difference is not going to be overly significant.

7.4.4 Breaking force based on component tests

For six-strand rope (round or triangular strand) and eight-strand rope having a breaking force in excess of 1500 kN, the following method of test is allowed as an additional alternative to the methods of testing referred to above. Each of the component strands and, if applicable, the wire rope core from a sample of the completed rope is tested and the rope breaking force is calculated from the component strand and core tests as follows:

(a) For wire rope with either six or eight round strands:

$$\text{Rope breaking force} = \frac{\text{sum of the test breaking force of each strand} \times 0.925}{\text{IWRC test breaking force}} + \frac{\text{IWRC test breaking force}}{\times 0.45}$$

(b) For wire rope with six triangular strands:

$$\text{Rope breaking force} = \frac{\text{sum of the test breaking force of each strand} \times 0.95}{\text{IWRC test breaking force}} + \frac{\text{IWRC test breaking force}}{\times 0.45}$$

The calculated rope breaking force above is considered equivalent to the test breaking force of the complete rope.

NOTE: This method of calculation of rope breaking force is not considered appropriate for multi-strand rotation-resistant ropes.

Based on the equation in clause 7.4.4, if the strands make up a lower proportion of the rope, which is the case for 9 strand rope, the overall breaking force will be less, as the strands are the dominant contributor to the rope breaking force.

III. Scaw and Haggie Reid Submission dated 8 February 2019 (EPR Document 020)

BBRG Australia has reviewed the Scaw and Haggie Reid submission dated 8 February 2019. It is BBRG Australia’s view that the matters raised in the submission have been previously raised in earlier representations. BBRG Australia stands by its responses to those earlier representations.

BBRG Australia does offer the following comments concerning some matters in the 8 February 2019 submission.

In relation to BBRG Australia's inability to increase price, BBRG-Australia previously addressed this issue in its 30th January 2019 response to EPR document No 17. Nothing has changed from BBRG Australia's response in its 30th January 2019 response.

The Scaw/Haggie Reid submission makes an issue of "one customer" and it is acknowledged that the data provided is for one customer.

However, BBRG Australia's [*description of customers*], have each negotiated prices increases with BBRG-Australia although BBRG-Australia has been unable to recover its pre-injurious pricing position, including taking into account raw material cost increases since January 2016, due to the dumping of the circumvention goods.

In respect of Scaw/Haggie Reid's claims that the anti-circumvention criteria are not met, the findings in SEF 483 dispute these claims.

IV. Conclusions

BBRG Australia welcomes the Commissioner's findings as detailed in SEF 483. BBRG Australia considers the Commissioner has correctly concluded that the notice requires amendment to include the circumvention goods, with effect from the date of initiation of the anti-circumvention inquiry (i.e. 6 July 2018).

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