BRIDON · BEKAERT
THE ROPES GROUP

8 April 2019

Ms Carina Oh
Case Manager
Investigations 2
Anti-Dumping Commission
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Public File

Dear Ms Oh

Re: Anti-Circumvention Investigation No. 483 – Wire Rope Exported from South Africa – Scaw/Haggie submission of 12 March 2019

I. Introduction

We refer to the submission on behalf of the South Africa exporter Scaw SA and the Australian importer Haggie Reid Pty Ltd ("Scaw/Haggie submission") dated 12 March 2019 in response to Statement of Essential Facts No. 483 ("SEF 483").

The Scaw/Haggie submission rejects the Anti-Dumping Commission's ("the Commission") finding in SEF 483 that nine strand wire ropes exported to Australia are slightly modified circumvention goods. It is argued by Scaw/Haggie that the Commission's findings are based upon "misunderstood important facts" and given "*relevant evidence…..no weight*" in the findings.

BBRG Australia Pty Ltd ("BBRG Australia") disagrees. Scaw/Haggie Reid has sought to criticize the Commission's analysis of the available evidence, over-state the value of the costs associated with the production of nine strand wire rope, attempted to distract from relevant technical aspects of rope design and dispute relevant considerations as to whether the circumvention goods are slightly modified.

II. Fill Factor

The Scaw/Haggie submission is critical of the Commission's analysis of the *fill factor* of a wire rope.

We view the commentary in the Scaw/Haggie submission as a distraction from the facts. BBRG Australia's reverse engineering of the 6, 8 and 9 strand imported goods from Scaw S A (refer BBRG Australia submission of 9 October 2018 – EPR Document 009) confirmed that 6 strand wire rope contained the highest fill factor, followed by 8 and then 9 strand wire rope. The difference between the

three size ropes is less than 3 per cent and is considered not significant to cause a material difference in rope strength. These findings are consistent with actual breaking forces quoted by Haggie Reid (refer SEF 483 Figure 2 Page 21).

Differing fill factors between the goods the subject of the dumping notice (6 to 8 strand wire ropes) and the circumvention goods (9 strand wire rope) are not substantial and do not detract from the Commission's finding that the circumvention goods are slightly modified.

III. Strand metallic area

It is argued by Scaw/Haggie that the Commission has "misunderstood the concept of strand metallic area". This is not the case. A review of SEF 483 confirms the Commission has understood was it meant by *strand metallic area*. The disagreement by Scaw/Haggie is what contribution the strand and core make to the overall strength of the wire rope.

Scaw S A has produced a wire rope of the same diameter of the goods with only a slight difference in breaking force. The breaking force increase quoted by Scaw/Haggie (i.e. 2-3 per cent) is not enough for an end user to change how it would operate the equipment to benefit from the increased strength. The Commission is therefore correct in disregarding the outlier (Figure 2 of SEF 483) in the breaking force chart provided by Scaw/Haggie (P. 11 & 12) as not being in line with other diameter wire ropes.

We highlight a relevance that the Commission clearly understands. There are a number of factors that impact the breaking force of wire rope. These include the grade of the wire, whether the strands are compacted and the testing method (i.e. whether tested in grips or socket). As previously referenced by BBRG Australia, wire rope strength is only one of the parameters that impacts rope working life.

IV. Non-rotation properties

We have sufficiently addressed this matter in our submission of 9 October 2018 (EPR Document 009). It is not considered necessary to repeat our comments.

V. Patent

We draw to the Commission's attention that Scaw S A's patent application has <u>not</u> been examined by the relevant authority. The application has only been submitted and is subject to full assessment.

The patent application for Scaw S A's 9 strand wire rope has five claims:

1. *A dragline rope including an independent core and at least nine outer strands wound around the independent core*

   This claim is not novel or inventive. Nine strand wire ropes have existed for a long period of time in hoisting applications such as mine winders, elevators and similar applications.

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Dragline hoist ropes, whilst in a different industry, have similar applications to hoisting a load.

2. *The dragline rope as per Claim 1, wherein the core is an independent wire rope core laid up in the opposite direction to the outer strands*

   This is the basis of all the rotation resistant ropes sold around the world today. This concept is not new, novel or inventive. This also contradicts Scaw/Haggie's position in its 12th March 2019 submission. Having a claim in the innovation patent, but not using it in the manufactured product, clearly shows the applicant is misleading in claims of how innovative the product is.

3. The dragline rope as claimed in Claim 1 & 2 above wherein the whole rope is plasticated.

   Plasticated dragline and shovel rope have been used in Australia since prior to 2006. Simply plasticating the rope is not new, novel or inventive.

4. The dragline rope as claimed in any one of Claims 1 to 3, including wormings placed between the independent core strands and each of the outer strands

   Wormings have been placed in ropes for many years and several patents reference this. (See *US 7,389,633 Misrachi* and *Iwakura JP2003 268685A* plus other citations available). This is not novel or inventive.

5. The dragline rope as claimed in any one of Claims 1, 2, 3 or 4 wherein the core is plasticated

   Plastic coating of the core, or cushion core ropes, have been around for approximately 20 years in all industry and 10 years in dragline and shovel rope. Just because the rope has 9 strands does not make the plastication of the core novel or inventive.

VI. Commissioned Report

We are concerned with the Mining Electrical and Mining Mechanical Engineering Society ("MEMMES") Report commissioned to assist with technical understanding of wire ropes in the current investigation.

We are aware of the author and understand the author's primary coal industry experience was at [*Company and mine*] in the [*location*]. [*Company and mine*] is an underground longwall mine. The author's experience in respect of wire rope is applicable to 26mm to 56mm triangular strand mine winder rope in an underground mine application (wire ropes that are not within the scope of the applicable measures). The author is currently an engineering consultant.

There are several inaccuracies in the MEMMES report which suggest the author is not an expert with substantial Dragline and Shovel wire rope experience (ropes that are the subject of the dumping measures). These include:

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- Page 4 – drag rope change out time is typically 4-6 hours of direct downtime to the machine. The off-line work, with the reference to 22 hours is irrelevant in the cost assessment made at a mine level. Open cut mines will value downtime of their machines at values between [*value*] and [*value*] per hour. Similarly, for hoist ropes. *Source [confidential source details].*

- Page 5 – dump rope life ranges from 7 to 21 days, not the 5 to 8 weeks quoted in the MEMMES report. The failure mode of a dump rope is fatigue due to an unfavorable sheave diameter ratio (called D/d). This can be elaborated in depth if required.

- Page 5 – cost comment rope is quoted at 10-15% of maintenance budget. From conversations with Maintenance Superintendents in major open cut mines in Australia, ropes typically account for approximately 2- 4% of their maintenance budget.

- Corrosion – there are several references to corrosion in the document. The 9 strand ropes are made from the same high carbon wire as 6 and 8 strand. Typical rope life is 8 – 16 weeks. During this time the rope does not corrode and corrosion does not play a part in the failure mode of the rope. While the ropes are in transport and storage, the lubricant is sufficient to protect them from corrosion.

- Wire size – the MEMMES report states the 9 strand rope will have smaller wires and lead to less wear and crush resistance. Below is a table of the number and sizes of wires measured from 6, 8 and 9 strand Scaw S A ropes. Scaw S A has maintained similar wire sizes in designing the 9 strand rope; with less of them in the strand. The aim of this is to give similar wear characteristics as the 8 strand rope. See table below.

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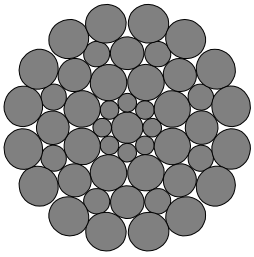
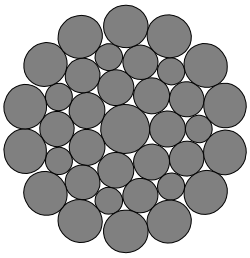
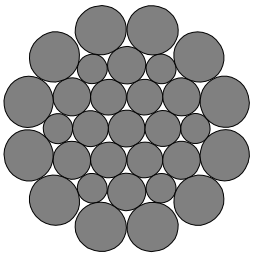
Approximate strand details of Scaw/Haggie 83 mm rope:

	6 Strand	8 Strand	9 Strand
Strand Details			
Strand Diameter	27 mm	21.8 mm	20.3 mm
Strand Wire Arrangement	49 wires 1,8,8,8+8,16	36 wires 1,7,7+7,14	31 wires 1,6,6+6,12
Layer 1 Diameter (centre wire)	3.4	4.2	2.9
Layer 2 Diameter	2	3.1	2.8
Layer 3 Diameter	3.9	2.95	2.95
Layer 4 Diameter	3.6	2.3	2.3
Layer 5 Diameter	2.75	3.65	3.87
Layer 6 Diameter	4.2		

The above table demonstrates that the wire sizes are similar for all 3 rope constructions. Scaw S A has achieved the change by putting less number of wires into the strand. Scaw S A has maintained the outer wire diameter similar to the 6 and 8 strand to provide a similar wear characteristic.

From these observations of the MEMMES report we do not believe the author is expert in open cut mining rope technology. Underground mining ropes have a very different applications and failure modes. Hence the author's experience in underground mining does not support his ability to be an expert advisor in the open cut mining market. Additionally, the author is not positioned to provide an estimate of the likely cost of production of the circumvention goods versus the goods the subject of the dumping notice. The errors in the report are significant and we support the Commission's decision to not use the report.

VII. Regulation 48(3) factors

The Commission has addressed the legislative criteria and whether the circumvention goods are slightly modified (Section 5 of SEF 483). We have previously addressed the legislative requirements (refer submission 19 November 2018, EPR Document 014 having regard to factors included in Regulation 48(3)) and do not consider it necessary to re-state its comments here.

The Commission has correctly assessed that the circumvention goods have met the criteria in subsection 48(2) and concluded that the circumvention goods have been slightly modified.

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VIII. Conclusions

The Scaw/Haggie submission of 12 March 2019 is an attempt to discredit the Commission's findings concerning Scaw S A's exports of circumvention goods to Australia.

Scaw/Haggie has sought to distract from the facts by arguing that factors such as *fill factor* and *strand metallic strength* are factors that the Commission does not sufficiently understand and has relied upon in SEF 483. Further, Scaw/Haggie have contended that the MEMMES Report is a reliable independent source in support of its claims that the circumvention goods cannot be considered slightly modified goods. This is not the case. Further, the pending consideration of the patent for the circumvention goods cannot be relied upon, as assessment of the patent has not been considered.

BBRG Australia **does not** consider that the Scaw/Haggie submission has presented any conclusive additional information that can be relied upon for the Commission to reconsider its findings as detailed in SEF 483. We request that the Commission consider BBRG Australia's comments in this submission and confirm in its final report and recommendations to the Minister that the goods exported by Scaw S A are circumvention goods that have been slightly modified. 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 6539 or BBRG Australia's representative, Mr John O'Connor on (07) 3342 1921.

Yours sincerely

Brad Reed

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