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Ms Kathryn Marnell
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Investigations 1
Anti-Dumping Commission
Wurundjeri Country
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By email

Dear Kathryn

Continuation Inquiry 595 - Wire ropes from South Africa Confidentiality sale information and modification of MCC

As you know we act for Scaw South Africa (Pty) Ltd (“Scaw”) and its subsidiary Haggie Reid Pty Ltd (“Haggie Reid”) in this inquiry.

As requested, this submission provides the Commission with further explanation regarding Scaw’s proposed modification of the Model Control Code (“MCC”), and additional reasons for treating the list of MCCs of the goods sold in Section C of Scaw’s exporter questionnaire response as confidential information.

A MCC - differences between “mining types” of wire rope

Firstly, regarding the proposed modification of MCC by inclusion of a “mining type” category, we refer to the explanation included in Section C of Scaw’s response to the exporter questionnaire, specifically:

Wire rope products that fall within the description of the goods under consideration are primarily used in excavator machines operating at “surface” mines (also known as “open cut” or “strip” mines). At surface mines the top earth layer of the mine is removed, and excavator machines are used to extract the mining material at the surface level. The excavator machines require wire rope to operate.

A surface mine can be contrasted with “shaft” and “offshore” mines. Shaft mines operate underground, with the excavation operating through underground shafts. Offshore mines are similar, operating from the top of the water to the ground. Both shaft and offshore excavator

machines also require wire rope, however, these wire rope products have substantially different construction to the wire rope used for surface mining and are at different price levels.

To further assist the Commission's understanding of the physical differences between the surface, shaft and offshore ropes, Scaw provides the technical information pertaining to each type in **Confidential Attachment A** to this submission. In summary, the key features of and the differences between each type of steel wire ropes are:

- **Surface mining ropes:** as the name suggest, surface mining ropes are designed to be used on open cut or "surface" mines. This usage requires the ropes to be abrasion resistant and have large outer wires and medium tensile grades [CONFIDENTIAL TEXT DELETED – performance requirements]. The surface mining ropes are made from round strands. The steel rod used in the production of surfacing mining ropes has a medium carbon range [CONFIDENTIAL TEXT DELETED – range], and not [CONFIDENTIAL TEXT DELETED – production methodology]. The steel wires are produced by [CONFIDENTIAL TEXT DELETED – production methodology], with a relatively straight forward closing process. The tensile grade of surface mining ropes is between [CONFIDENTIAL TEXT DELETED – range]. The core of the rope is made up of an Independent Wire Rope Core ("IWRC"). Surface mining ropes range in length from between 20 metres (dump ropes) to 338 metres (hoist ropes) and in the diameter range of 56mm to 128mm, with the most common rope diameters between 70mm and 95mm. Surface mining ropes are generally considered a consumable and last a relatively short term [CONFIDENTIAL TEXT DELETED – period].
- **Shaft mining ropes:** these are specially designed wire ropes used on a mine winder and run in a mine shaft to the depths of up to 3100m below ground level. Typically, shaft mining ropes produced by Scaw in South Africa require [CONFIDENTIAL TEXT DELETED – production methodology]. The tensile grade of shaft mining winding ropes is typically between [CONFIDENTIAL TEXT DELETED – range]. In most cases, the rod used to make the wire is [CONFIDENTIAL TEXT DELETED – production methodology], which is different to surface mining ropes. The typical diameter for shaft mining ropes range between 20mm and 63mm, with the most common being between 32mm and 54mm. Shaft mining ropes are always of one single continuous length ranging between several hundred meters up to 3500 metres for permanent hoisting systems. The core of Scaw's shaft mining ropes is a high [CONFIDENTIAL TEXT DELETED – production methodology]. This is different to the steel IWRC core used for surface mining ropes, which are made of steel. Overall, shaft mining ropes require higher quality standards and [CONFIDENTIAL TEXT DELETED – production methodology]. This reflects the safety critical nature of such ropes – which can be used to lift people. Shaft mining ropes last between one to five years on average depending on the winder duty. The different and more complex production process for shaft mining ropes attract higher cost of production than surface mining ropes, and higher prices.
- **Offshore ropes:** these are used on the winch systems of offshore mines to lower mining equipment to the sea floor. Due to the use in the oceanic environment, the offshore ropes are always made from [CONFIDENTIAL TEXT DELETED – production methodology] to reduce corrosion from the ocean. The steel rod used to make wire has a high carbon content exceeding [CONFIDENTIAL TEXT DELETED – threshold]. Like shaft mining ropes, the tensile grade of offshore ropes is typically between [CONFIDENTIAL TEXT DELETED – range]. Offshore ropes are also supplied in longer lengths unlike surface mining ropes.

B Confidential treatment of sales information

In relation to the confidential treatment of the list of MCCs sold during the inquiry period, Scaw advises such information is commercially in confidence for Scaw for the following reasons:

- 1 The MCC structure in this inquiry requires the exact diameters of the ropes to be identified. This requirement, together with the other MCC categories, would lead to disclosure of detailed product information that identify the specific kind of products sold by Scaw and Haggie Reid. Such detailed level commercial sales information is not publicly available.
- 2 The steel wire rope market is highly specialised with very limited number of customers and suppliers. The MCC based product identification would allow Scaw/Haggie Reid's competitors as well as both ongoing and potential customers to identify the specific kind of solution that Scaw and Haggie Reid offer to the customers' sites, as well as the technical information of the customers being supplied.
- 3 In relation to diameter information:
 - (a) Draglines and shovels have specific diameters tailored to specific customers at specific sites. As such, the diameter information disclosed through MCC can reveal the customer's identity and the characteristics of the rope that Scaw and Haggie Reid were able to supply in meeting the requirements of the customers' machines. These characteristics are the outcome of Scaw's technical research and development, forming part of the technical know-how of Scaw and Haggie Reid. Such information is also the customer's commercially confidential information. Such information is not publicly available.
 - (b) From time to time, **[CONFIDENTIAL TEXT DELETED – commercial practices and solutions]**. Disclosure of the detailed rope specification and the diameter information can alert Scaw's competitors to such commercial arrangements and strategies, which are also confidential to Scaw and Haggie Reid.
 - (c) In relation to the number of strands in MCC, this information can be used in conjunction with other rope construction information to identify the particular site using such rope. This is particularly the case for Scaw and Haggie Reid's sales in Australia, which are made to a very small number of customers. As such, disclosing such Australian sales details in the form of MCC could lead to disclosure of **[CONFIDENTIAL TEXT DELETED – commercial implications]**. Such information is obviously also confidential to Scaw and Haggie Reid and the Australian customers.
 - (d) The MCC based actual sales listing provide valuable commercial insights to customers' demand and market conditions. Disclosing such information could allow Scaw and Haggie Reid's competitors to gain an unfair advantage by saving on research and product development costs. For instance, **[CONFIDENTIAL TEXT DELETED – commercial implications]**. Such information is a valuable part of Scaw's intellectual property for its products and is commercially confidential.
- 4 The MCC based sales listing in relation to Scaw's exports to Australia during the inquiry period could also highlight **[CONFIDENTIAL TEXT DELETED – commercial implications]**. This could have material commercial implications, because:
 - (a) **[CONFIDENTIAL TEXT DELETED – commercial implications]**; and

(b) [CONFIDENTIAL TEXT DELETED – commercial implications].

As such, Scaw respectfully submits that the product MCC based sales information during the inquiry period, in the form of the product technical details required by the Commission, is not suitable for the public record of the inquiry and should be considered confidential under Section 269ZJ of the *Customs Act 1901*.

Yours sincerely



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