

RESPONSE TO APPLICATIONS FOR EXEMPTION FROM DUTY UNDER THE CUSTOMS TARIFF (ANTI-DUMPING) ACT 1975

Exemption inquiry EX0052 – response requested by 21 February 2017

1 Introduction

The Anti-Dumping Commission (the Commission) requests your response to applications for exemption from anti-dumping and countervailing measures under the *Customs Tariff (Anti-Dumping) Act 1975* (the Dumping Duty Act).

Sections 8(7) and 10(8) of the Dumping Duty Act allow the Minister to exercise discretion to exempt goods from measures, where he or she is satisfied that like or directly competitive goods are not offered for sale in Australia to all purchasers on equal terms under like conditions having regard to the custom and usage of trade.

The Commission has received an application for exemption from anti-dumping and countervailing measures in respect of grinding balls for the goods described at section 5 of this form ('the exemption goods').

You have been identified from the Commission's investigation in respect of grinding balls as an Australian producer of the goods.

The Commission seeks your assistance in this exemption inquiry by responding to the questions in this form. The Commission will use the information you provide in its assessment as to whether an exemption from dumping and countervailing duty may be recommended to the Parliamentary Secretary to the Minister for Industry and Science (as the relevant delegate of the Minister).

2 Measures on Grinding Balls

Anti-dumping measures, in the form of dumping duty notice and a countervailing duty notice, were initially imposed on grinding balls by public notice on 9 September 2016 by the Parliamentary Secretary following consideration of the Anti-Dumping Commission Report No. 316 (REP 316). The dumping duty notice is applicable to all exporters from China and the countervailing duty notice is applicable to all exporters from China except for the exporters identified in the Anti-Dumping Notice No. 2016/58 (ADN 2016/58), being:

- Jiangsu Yute Grinding International Co., Ltd
- Changsu Longte Grinding Ball Co., Ltd
- Jiangsu CP Xingcheng Special Steel Co., Ltd; and
- Hebei Goldpro New Materials Co., Ltd.

3 Application for Exemption from Measures

On 6 January 2017, Anhui Sanfang New Material Technology Co., Ltd, an exporter of grinding balls from China wrote to the Commission requesting an exemption from measures in relation to its exports of grinding balls to Australia.

The Commission has accepted the application and will now undertake an examination of the applications to determine whether it should recommend the requested exemption.

4 Exemption Provisions

The Dumping Duty Act allows the Minister to exercise his or her discretion to exempt goods from dumping and/or countervailing duties.

The exemption category being sought is under subsections 8(7)(a) and 10(8)(a) of the *Customs Tariff (Anti-Dumping) Act 1975* (Dumping Duty Act). Under these provisions the Assistant Minister for Industry, Innovation and Science and the Parliamentary Secretary to the Minister for Industry, Innovation and Science (the Parliamentary Secretary)¹ may exempt goods from dumping and countervailing duties where satisfied:

‘that like or directly competitive goods are not offered for sale in Australia to all purchasers on equal terms under like conditions having regard to the custom and usage of trade.’

We note that these exemption provisions are subject to the discretion of the Minister and are not automatically granted where the criterion set out in the provision are met.

5 The goods subject to the exemption application (‘the exemption goods’)

The goods the subject of the exemption inquiry are cast grinding balls with:

1. chromium content equal or above 15%; and
2. diameters between 25 mm and 50 mm (inclusive).

The exemption goods are classified to the following tariff subheadings of Schedule 3 to the *Customs Tariff Act 1995*:

- 7325.91.00 [statistical code 26] - These goods are subject to 4% Customs duty.
- 7326.11.00 [statistical code 29] - These goods are subject to 4% Customs duty.
- 7326.90.90 [statistical code 59] - These goods are subject to 5% Customs duty.

Goods produced in Australia

The applicant claims that like or directly competitive goods are not offered for sale in Australia to all purchasers on equal terms under like conditions having regard to the custom and usage of trade.

In particular, the applicant claims that Australian Industry do not produce cast grinding balls, including the exemption goods.

¹ On 19 July 2016, the Prime Minister appointed the Parliamentary Secretary to the Minister for Industry, Innovation and Science as the Assistant Minister for Industry, Innovation and Science. For the purposes of this inquiry the Minister is the Parliamentary Secretary to the Minister for Industry, Innovation and Science.

6 Instructions on completing this ‘Response to the Exemption Application’

The Commission’s original investigation identified your company as an Australian producer of grinding balls.

Consequently, the Commission has forwarded you this ‘response to exemption application’ (the response) to provide you with the opportunity to participate in this exemption inquiry.

The Commission will use the information provided by Australian producers to determine Australian industry’s views on whether like or directly competitive goods are not offered for sale in Australia to all purchasers on equal terms under like conditions having regard to the custom and usage of trade.

Due date for the response

We request that you complete your response and return it to the Commission by no later than the close of business on **21 February 2017**.

Responses may be lodged either by mail or by email to the following.

Director Operations 5
Anti-Dumping Commission
Level 4 SAP House
224 Bunda Street
Canberra ACT 2601
Australia

or

Email: operations5@adcommission.gov.au

Verification of the information that you supply

The Commission may seek to verify some all of the information supplied in the response. The Commission may request evidence to support the claims such as quotations and offers of sale.

An onsite visit by the Commission may be required in some cases. A report will be prepared of visits conducted and a non-confidential version will be placed on the public record.

There is no legislative timeframe for completion of an exemption inquiry, however a recommendation to the Parliamentary Secretary will be made as soon as practicable after obtaining all relevant information.

Confidential and non-confidential submissions

We request that you also lodge a non-confidential version of your response suitable for placement on the public record. The Commission puts greater weight on submissions that are available to other interested parties for comment.

Please ensure that each page of information you provide is clearly marked either “FOR OFFICIAL USE ONLY” or “PUBLIC RECORD”.

All information provided to the Commission in confidence will be treated accordingly. The non-confidential version of your submission will be placed on the public record.

Outline of information required by the response

Please provide separate responses to Parts B – D as applicable.

Part A	Company contact information
Part B	Response to exemption application
Part C	Additional comments
Part D	Your declaration

Response to Exemption Application

PART A – Company contact information

A.1 Please provide the following company contact information;

Name:	Donhad Pty Ltd
Address:	18/22 Jackson Street Bassendean
Telephone:	+61892700100
Facsimile number:	
E-mail address of contact person:	www.donhad.com.au

PART B – Response to exemption application

B.1

Does your company oppose or not consent to the request for an exemption?

Donhad opposes the request for exemption on the basis that the goods are like or directly competitive goods and are offered for sale in Australia to all purchasers on equal terms under like conditions having regard for usage.

PART C – Additional Comments

C.1

The information below is provided in order to show that cast media and forged media are competing products and might be considered like goods in all circumstances. The customer makes the choice between the two product types based on a cost benefit analysis.

Cost Benefit decisions for grinding media

FOR PUBLIC USE

Given the grinding media considerations and the many suppliers' formulae for how to choose grinding media the customer is faced with choice. The decision becomes an economic one, forged steel ball vs. cast white iron vs. cylpeb. The economic considerations in play are;

1. Initial cost
2. Energy cost
3. Downstream benefit

The initial cost between forged steel and white iron/cylpeb in today's market is significantly lower for steel vs. considerably higher for white irons. For a project consuming 20,000 tpa the cost difference can be millions of dollars. As the ball size gets smaller (and production rates drop) the cost gap closes. A 27mm forged ball is sold at a price closer to a cast ball for example. This initial cost gap has a big bearing on the market. By way of specific example, a world renowned cast ball provider has put a lot of energy into demonstrating scientifically that whole of life benefits close the initial large cost gap. In situations where impact, abrasive and corrosive wear are lower, the white iron product can be economical. Combine this with situations where the feed size is small and it is easy to see why white iron and cylpeb becomes a preferred product (cement industry for example). Compare this with metals mineral processing where feed size is large, impact and abrasive wear is high and ball size is typically bigger (& cheaper per tonne), forged steel balls dominate.

The spherical shape is proven to have the better energy performance. Cylpebs dimensions and density give rise to power consumption. The trend for cylpeb suppliers is to suggest a smaller product size to compensate for this. By way of example, some years ago the Phosphate Hill mine trialled cylpebs of 65mm x 65mm. This was calculated to deliver a better fines output for that mine. After completion of the trials the mine now has returned to large forged balls, seeing no real gain to them for the cost of the cast product.

In some circumstances the downstream processes affect the economic decision on the media product. By way of example magnetite is an iron material so steel balls wearing as part of the grinding process actually add to the recovery of iron from the process. In other cases iron from steel balls can 'pollute' the downstream processes or make these more costly as iron has to be removed. By way of example the following appeared in a grinding discussion paper. "Oxidation of steel grinding media causes iron hydroxide coatings on mineral surfaces. This reduces flotation selectivity in all sizes, but particularly for fine particles. This is even evident at the coarse sizes of autogenous grinding. The impact is more significant in secondary and regrinds mills, as more fines are created and steel consumption is much higher.... A much better solution is to address the root cause of the problem - keep all mineral surfaces clean by using inert media. While the benefits of high chrome media over forged steel media have been well documented, ceramic media has a much greater impact."

PART D – Declaration

I hereby declare that DONHAD PTY LTD has completed the attached response to application for exemption and, having made due inquiry, certify

that the information contained in this submission is complete and correct to the best of my knowledge and belief.

Name : Donhad Pty Ltd

Date : February 2017