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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.

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.

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

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".

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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:	Commonwealth Steel Company Pty Limited (trading as Moly-Cop)
Contact:	
Address:	2 Maud Street, Waratah, NSW 2285
Telephone:	
Facsimile number:	
E-mail address of contact person:	

PART B – Response to exemption application

B.1

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

Moly-Cop opposes the request for exemption on the basis that like and directly competitive goods are manufactured and supplied in Australia.

PART C – Additional Comments

C.1

Provide any additional comments including any other information that will assist Commission in reaching a recommendation to the Parliamentary Secretary regarding this application for exemption.

Following extraction of the valuable mineral during the mineral process, and in advance of any concentration processes, comminution is typically required. Comminution, also known as grinding, is the process of reducing material to a fine size to enable the liberation of the desired element from the gangue (waste material) further downstream. The grinding of the ore is generally performed using large and capital intensive mills. As such, it is important to maximize throughput of the mill.

In practice, the relative value in use of one type of media compared with the other varies, which is why both types of media remain in use as not all mines are alike. The specific characteristics of the rock being ground determine the wear rate and the wear rate differential will vary from one ore to the next. Reagent use and mill recoveries will also vary.

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There are a number of different wear (consumption) mechanisms that affect grinding media during use. The prevalent wear mechanism depends on a number of factors, such as the type of mill (i.e. size of the mill), corrosiveness of the feed (in wet milling), hardness of the ore etc. In SAG balls for instance, which expose the media to higher impact forces, breakage of grinding balls is more common while in fine grinding abrasion (and corrosion in wet grinding) can become the dominant mechanism for wear. Consequently, different grinding balls and alloy compositions are used to suit the operating environment. For instance, forged grinding media typically have greater toughness and resistance relative to cast balls, which in turn provides greater performance in SAG mills. Overall, the four main factors affecting grinding media consumption are as follows:

- surface wear factor; the gradual removal of surface area from the media;
- Spalling; typically observed in SAG mills. Occurs when metal on metal impact conditions are more rigorous than the ball can tolerate;
- Breakage; breakage (media splitting) occurs as a result of weakness in the microstructure of the ball. The consumption of media increases significantly when breakage occurs in a mill;
- Discharge size from the mill; grinding media which is used in mill eventually leaves the mill either as small micro particles or balls that have lost their shape.

Lower wear rates, or energy consumption, translate into lower ongoing operating costs, but it is important to consider the total cost to the miner, which needs to balance the higher cost for balls with the lower wear rates. Prices for grinding media can, as a result of such differences, vary significantly between suppliers.

Grinding media used in these applications is typically manufactured from ferrous based materials, to provide material characteristics amenable to the process of grinding ores etc. Grinding media can be produced using a variety of manufacturing techniques, with the most common processes being forging of high carbon alloy steels, or casting white iron (often with high chromium content to enhance the wear properties of the product).

Regardless of the manufacturing process, the end purpose of the grinding media remains same; that is, to grind down mineral ores to facilitate the recovery of the target mineral. The wear properties of forged steel grinding media and high chrome cast media will differ due to the inherent difference in chemistry, and manufacturing process, which will ultimately affect the microstructure of the finished product. High chrome cast media will typically yield a lower consumption rate in low wear speed/higher corrosion environments than forged steel media. This consumption differential will be reduced in highly abrasive (high wear speed)/low corrosion environments.

The ultimate competitiveness of each product is determined by the combination of overall consumption (dependent on grinding environment) and price. Due to the high chromium content of the cast product, this product generally attracts a premium price which then often negates the benefits of lower consumption rate.

Moly-Cop manufactures and supplies forged steel grinding media in the size range 25mm to 140mm (including products of numerous nominal diameters within the 25mm – 50mm range specified by the applicant). High-chromium and low-chromium grinding balls for the mining industry contain 10-35% chromium and range in

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diameter from 12 to 100 mm. Grinding media manufactured by Moly-Cop could be considered for all applications that may currently use high chrome cast media, and is a like good to the imported cast white iron grinding balls containing chromium.

PART D – Declaration

I hereby declare that Moly-Cop (Commonwealth Steel Company Pty Limited) 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 : Commonwealth Steel Company Pty Limited

Signature : 

Position in Company : Manager Finance & Commercial Services

Date : 20 February 2017