

Meeting with Anti-Dumping Commission, 10am Wednesday 13 November 2019

Discussion: Investigation 520 - Exporter Briefing – Changshu Longte Grinding Ball Co., Ltd

Topics Discussed:

- Changshu Longte Grinding Ball Co., Ltd (“Longte”) is the predominant exporter of grinding balls to Australia following the imposition of measures in Case 316;
- Longte is an integrated producer, however, its EQR confirms that it has purchased some grinding balls from third parties;
- Molycop anticipates that normal values will again be determined for Chinese exporters of grinding balls due to ‘particular market situation’
 - Production costs are a focus of the ADC’s verification visit;
- Raw material steel costs have increased approximately 20-25 per cent per tonne ex China (FOB basis) since investigation period in Case 316 (i.e. Oct 14 to Sept 15);
- Alloy costs, labour costs and energy costs have also increased;
- Gas costs cannot be completely offset for a blast furnace BOS producer – potential for up to approximately 60 per cent of gas costs being offset only;
- Longte is an approximate 2 million tonne p.a. steel producer with significant fixed costs and site costs requiring allocation
 - Important that ADC validate all site service costs including common utilities, technical support, laboratories, warehousing, etc;
- level of profit to be determined upon domestic profit achieved by Longte for like goods;
- raw material steel costs and conversion cost estimates discussed;
- Molycop noted the apparent increase in cast media imports from China following the imposition of measures. Cast media is typically of a lower quality albeit they remain like goods;

Meeting closed. 11am.