



Australian Government
Department of Industry, Science,
Energy and Resources

Anti-Dumping
Commission

Australian Industry Questionnaire

Product: Certain Grinding Balls

From: The People's Republic of China (China)

By: Changshu Longte Grinding Ball Co.,Ltd, Jiangsu Yute Grinding International Co Ltd (Yute) and Anhui Sanfang New Material Technology Co., Ltd.

Inquiry Period: 1 October 2019 to 30 September 2020

Response due by: 20 January 2021

Important note: The timeliness of your response is important. Please refer below for more information.

Case manager: Ben Merlin

Phone: 03 8539 2408

Fax: 03 8539 2499

E-mail: investigations1@adcommission.gov.au

Anti-Dumping Commission website: www.adcommission.gov.au

Return completed questionnaire to: investigations1@adcommission.gov.au

OR

Anti-Dumping Commission
GPO 2013
Canberra ACT 2601
Australia

DECLARATION

I believe that the information contained in this response is complete and correct.

Signature:

Name:	[Name]
Position:	[Position]
Company:	Commonwealth Steel Company Pty Ltd
ABN:	58 000 007 698
Date	20 January 2021

A-1 Identity and communication.

Please nominate a person in your company for contact about the response:

Contact Name:	Keith Ritchie
Company and position:	General Manager, Operations Molycop
Address:	2 Maude Street, Waratah, NSW 2298
Telephone:	+61 2 4974 0414
Facsimile:	
E-mail address:	Keith.ritchie@molycop.com
ABN:	58 000 007 698

Alternative contact

Name:	
Position in company:	
Address:	
Telephone:	
Facsimile:	
E-mail address:	

If you have appointed a representative to assist with your response, provide the following details and complete Appendix A8 (Representation).

Name:	John O'Connor
Business name:	John O'Connor and Associates Pty Ltd
Address:	P.O. Box 329, Coorparoo QLD 4151
Telephone:	(07) 3342 1921
Facsimile:	
E-mail address:	jmoconnor@optusnet.com.au
ABN:	3909 865 0241

A-2 Company information.

1. **State the legal name of your business and its type (e.g. company, partnership, sole trader, joint venture). Please provide details of any other business names you use to manufacture/produce/sell the goods that are the subject of the investigation.**

Commonwealth Steel Company Pty Ltd (“Comsteel”) trading as “Molycop”.

2. **Provide your company’s internal organisation chart. Describe the functions performed by each group within the organisation.**

A copy of the Molycop internal organisation chart is attached at Confidential Attachment A-2.2.

3. **List the major shareholders of your company. Provide the shareholding percentages for joint owners and/or major shareholders.**

Comsteel is owned by American Industrial Partners, a private equity investment firm.

4. **If your company is a subsidiary of another company list the major shareholders of that company.**

Commonwealth Steel Company Limited (“Comsteel”) is xxxx per cent owned by Molycop Chile S.A. and xxxx per cent by Grinding Media (Australia) Pty Ltd. Refer Confidential Attachment A-2.4.

5. **If your parent company is a subsidiary of another company, list the major shareholders of that company.**

Refer Confidential Attachment A-2.4.

6. **Provide an outline diagram showing major associated or affiliated companies and your company’s place within that structure (include the ABNs of each company).**

Refer Confidential Attachment A-2.4.

7. **Are any management fees/corporate allocations charged to your company by your parent or related company?**

[Statement re corporate charges].

8. **Identify and provide details of any relationship you have with an exporter to Australia or Australian importer of the goods.**

Comsteel does not have a relationship with the Chinese exporters of grinding balls.

9. **Provide a copy of all annual reports applicable to the data supplied in appendix A3 (Sales Turnover). Any relevant brochures or pamphlets on your business activities should also be supplied.**

Please refer to **Confidential Attachment A-2.9**.

10. **Provide details of any relevant industry association.**

Comsteel is a member of the Australian Steel Institute.

A-3 The imported and locally produced goods.

1. Fully describe your product(s) that are 'like' to the imported product:

- **Include physical, technical or other properties.**
- **List this information for each make and model in the range.**
- **Supply technical documentation where appropriate.**
- **Indicate which of your product types or models are comparable to each of the imported product types or models. If appropriate, the comparison can be done in a table.**

The goods that are 'alike' to the imported goods are ferrous grinding balls, whether or not containing alloy, cast or forged, with diameters in the range 22 mm to 170 mm (inclusive).

In Report No. 316 the Commissioner concluded that the Australian industry manufactures goods that are 'like' to the goods under consideration as:

- the primary physical characteristics of the goods and locally produced goods are similar;
- the goods and locally produced goods are commercially alike as they are sold to common users, and directly compete in the same market;
- the goods and locally produced goods are functionally alike as they have a similar range of end-uses; and
- the goods and locally produced goods are manufactured in a similar manner.

Molycop submits that the above considerations as to why the Australian industry manufactures 'like' goods to the imported goods continues to apply.

2. Provide a summary and a diagram of your production process.

Molycop's manufacturing process begins with the steelmaking production process (Confidential Figure 1), which takes ferrous scrap as the key raw material and produces steel billet through the Electric Arc Furnace. The billets are then rolled through the bar mill into feed bars (Confidential Figure 2). The feed bars are then use as the input into the grinding media manufacturing process. There are two main grinding media manufacturing processes (refer Confidential Figures 3 and 4). The first is the roll former, which is used for processing ball sizes 25mm – 80mm. The second is the upset forge line, which is used for producing SAG balls 94mm and above.

3. If your product is manufactured from both Australian and imported inputs:

- **describe the use of the imported inputs; and**
- **identify that at least one substantial process of manufacture occurs in Australia (for example by reference to the value added, complexity of process, or investment in capital).**

Grinding balls are manufactured from recycled steel that is heated, melted, cast into grinding bar to which alloys are added and forged into grinding balls. This process is considered a substantial process of manufacture that occurs at Molycop's Waratah, NSW production facility.

A-4 The Australian market.

1. Describe the end uses of both your product and the imported goods.

Grinding balls are used in the mining, coal, construction and other industries for the grinding of materials by impact, abrasion and crushing.

2. Generally describe the Australian market for the Australian and imported product and the conditions of competition within the overall market. Your description could include information about:

- **sources of product demand;**
- **marketing and distribution arrangements;**
- **typical customers/users/consumers of the product;**
- **the presence of market segmentation, such as geographic or product segmentation;**
- **causes of demand variability, such as seasonal fluctuations, factors contributing to overall market growth or decline, government regulation, and developments in technology affecting either demand or production;**
- **the way in which the imported and Australian product compete; and**
- **any other factors influencing the market.**

The Australian market for grinding balls is supplied by Molycop as the sole Australian manufacturer and from imports primarily from China, India and Thailand.

The key source of demand is the mining industry (i.e. magnetite, copper and gold mines, with coal also a key source of demand) although the construction industry (i.e. cement) is also a key industry.

The typical Australian-based grinding ball consumers value the source of grinding media on the basis of “total-cost-ownership”, that is, they will generally assess the total value of product taking into consideration price, consumption rate and supply chain costs. Supply security and technical support may also be taken into consideration.

The grinding balls supplied to the Australian market are forged, cast and high-chrome balls. The Australian industry manufactures forged grinding balls, with imports comprising forged, cast and high-chrome balls.

Forged steel balls are generally consumed at a higher rate than high chrome balls and importers typically set their resale prices into the market lower to compensate for the higher consumption rate that will most likely arise.

The high chrome cast balls will typically result in a lower consumption rate than forged steel grinding balls, due to the more wear resistant microstructure of the product, however the significant component of chromium in the product inflates the manufacturing cost, and hence high chrome balls are more expensive.

Demand for grinding balls is driven primarily by the mining sector and growth in the construction industry.

3. Identify if there are any commercially significant market substitutes for the Australian and imported product.

There are no substitutes to grinding balls (whether forged, cast or high-chrome).

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4. Complete appendix A1 (Australian production).

This information was provided with Molycop's application.

5. Complete appendix A2 (Australian market).

This information was provided with Molycop's application.

A-5 Company sales.

1. Complete appendix A3 (sales turnover).

This information was provided with Molycop's application.

2. Complete appendix A4 (domestic sales).

- If any of the customers listed at appendix A4 (domestic sales) are associated with your business, provide details of the association. Describe the price effect of the association.

This information was provided with Molycop's application.

3. Complete appendix A5 (sales of other production) if you have made any:

- internal transfers; or
- domestic sales of like goods that you have not produced, for example if you have imported the product or on-sold purchases from another Australian manufacturer.

This information was provided with Molycop's application.

4. Attach a copy of distributor or agency agreements/contracts.

Molycop does not have any distributor arrangements in place for the supply of grinding balls.

5. Provide copies of any price lists.

Molycop does not utilise price lists for the sale and supply of grinding balls.

6. If any price reductions (for example commissions, discounts, rebates, allowances and credit notes) have been made on your Australian sales of like goods provide a description and explain the terms and conditions that must be met by the customer to qualify.

- Where the reduction is not identified on the sales invoice, explain how you calculated the amounts shown in appendix A4 (domestic sales).
- If you have issued credit notes (directly or indirectly) provide details if the credited amount has **not** been reported appendix A4 (domestic sales) as a discount or rebate.

Please refer to Confidential Appendix A4 provided with Molycop's application.

7. Select two domestic sales in each quarter of the data supplied in appendix A4 (domestic sales). Provide a complete set of commercial documentation for these sales. Include, for example, purchase order, order acceptance, commercial invoice, discounts or rebates applicable, credit/debit notes, long or short term contract of sale, inland freight contract, and bank documentation showing proof of payment.

To be provided for two sales during each quarter during period 1 October 2019 to 30 September 2020.

A-6 General accounting/administration information.

1. Specify your accounting period.

1 July to 30 June financial year.

2. Provide details of the address(es) where your financial records are held.

Maud Street, Waratah, NSW 2298.

3. To the extent relevant to the application, please provide the following financial documents for the two most recently completed financial years plus any subsequent statements:

- chart of accounts;
Comsteel's chart of accounts are attached.
- audited consolidated and unconsolidated financial statements (including all footnotes and the auditor's opinion);
Comsteel's accounts are included in the audit report of its parent AIP MC Holdings, LLC. Following the purchase of the Moly-Cop group (including Comsteel) by American Industrial Partners, Comsteel's accounts are consolidated into the accounts of the ultimate parent company, AIP MC Holdings LLC.
- internal financial statements, income statements (profit and loss reports), or management accounts, that are prepared and maintained in the normal course of business for the goods.

These documents should relate to:

1. the division or section/s of your business responsible for the production and sale of the goods covered by the application, and
2. the company overall.

Comsteel has included a copy of the September 2020 monthly management report at Confidential Attachment A-6.3.

4. If your accounts are not audited, provide the unaudited financial statements for the two most recently completed financial years, together with your taxation returns. Any subsequent monthly, quarterly or half yearly statements should also be provided.

Comsteel's accounts are audited as part of the audit process for its parent Moly-Cop (as a subsidiary of AIP MC Holdings, LLC Group). Please refer to Confidential Attachment A-2.9 for the audited accounts for the periods 2019 and 2020.

5. If your accounting practices, or aspects of your practices, differ from Australian generally accepted accounting principles, provide details.

The accounting practices of Comsteel (and its Australian parent, Grinding Media Pty Ltd) currently are maintained in accordance with Australia's generally accepted accounting practices.

6. Describe your accounting methodology, where applicable, for:

- **The recognition/timing of income, and the impact of discounts, rebates, sales returns warranty claims and intercompany transfers;**

Income from the sale of goods is recognised when Comsteel has passed control of the goods to the buyer.

- **provisions for bad or doubtful debts;**

Trade debtors are reviewed on an ongoing basis. Debts which are known to be uncollectible are

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written off. A provision for doubtful debts is raised when some doubt as to collection exists.

- **the accounting treatment of general expenses and/or interest and the extent to which these are allocated to the cost of goods;**

Cost is comprised of materials, labour and appropriate proportion of fixed and variable overheads, on an absorption cost basis.

- **costing methods (eg by tonnes, units, revenue, activity, direct costs etc) and allocation of costs shared with other goods or processes;**

Costing methodology is by production/sales tonnes.

- **the method of valuation for inventories of raw material, work-in-process, and finished goods (eg FIFO, weighted average cost);**

Raw materials, stores, work in progress and manufactured stocks are valued at the lower of cost and net realisable value. The methods used to assign costs to inventories are actual invoiced cost or standard cost.

- **valuation methods for scrap, by-products, or joint products;**

Lower of cost and net realisable value.

- **valuation methods for damaged or sub-standard goods generated at the various stages of production;**

Lower of cost and net realisable value.

- **valuation and revaluation of fixed assets;**

Subsequent to initial recognition, assets are valued at fair value. Revaluations are reviewed with sufficient regularity.

- **average useful life for each class of production equipment, the depreciation method and depreciation rate used for each;**

Buildings: 10-40 years.

Plant and equipment: 3-20 years.

Equipment under finance lease: 3-5 years.

- **treatment of foreign exchange gains and losses arising from transactions and from the translation of balance sheet items; and**

Foreign exchange gains and losses are brought to account using the rate of exchange applicable at the date of the transaction.

- **restructuring costs, costs of plant closure, expenses for idle equipment and/or plant shut-downs.**

Provisions for restructuring represents best estimate of the costs directly and necessarily incurred for restructuring and not associated with ongoing activities.

7. **If the accounting methods used by your company have changed over the period covered by your application please provide an explanation of the changes, the date of change, and the reasons.**

Accounting methods have not altered over the periods for which financial data has been prepared for this application, unless required by the relevant accounting standard.

A-7 Cost information

1. Complete appendices A6.1 and A6.2 (cost to make and sell) for domestic and export sales.

This information was provided with Molycop's application.

A-8 Upwards sales and costs reconciliation

1. Reconciliation templates for upwards sales and costs are available at appendices B1 and B2. Please complete where applicable.

A-9 Other Factors

1. Complete appendix A7 (other factors).

This information was provided with Molycop's application.

A-10 Injury Claims

1. Please provide a statement setting out whether you support or oppose an investigation of the anti-dumping measures and your reasons for doing so. If you support an investigation of the anti-dumping measures, provide evidence addressing whether dumped or subsidised imports have caused, are causing and/or will cause material injury to the local industry producing like goods.

Your response should consider:

1. Information on market trends for the goods in question for the last three years, addressing in particular, in the absence of the measures, the:
 - i. Effects on volume and value of imports and sources of imports
 - ii. Effects on price
 - iii. Effects on sales and market shares
 - iv. Effects on key performance indicators such as:
 - a. profits,
 - b. price trends,
 - c. investment, and;
 - d. employment.
2. Information addressing the likelihood of material injury occurring to the Australian industry in the absence of the anti-dumping measures. Alternative sources of export supply that may arise following the potential imposition of dumping duty, or production capacity in the country concerned, may be relevant.
3. Discuss factors other than dumped imports that may have caused injury to the industry. This may be relevant to the investigation in that an industry weakened by other events may be more susceptible to injury from dumping.

Responses should be made as accurately and as comprehensively as possible. Supporting evidence should be attached wherever possible. It will not be sufficient to simply assert that the measure should remain in force.

Molycop has detailed in its application for the continuation of the anti-dumping measures the reasons that it considers are relevant to the Minister taking steps to secure the continuation of anti-dumping measures on grinding balls exported from China.

APPENDICES

Appendix A1	Australian Production
Appendix A2	Australian Market
Appendix A3	Sales Turnover
Appendix A4	Domestic Sales
Appendix A5	Sales of Other Production
Appendix A6.1	Cost to Make and Sell (& profit) Domestic Sales
Appendix A6.2	Cost to Make and Sell (& profit) Export Sales
Appendix 7	Other Factors
Appendix A8	Authority to Deal With Representative
Appendix B1	Upward Sales Reconciliation Template
Appendix B2	Upward Costs Reconciliation Template