



**Magotteaux Australia (Pty) Ltd**

**Australian Market Questionnaire**

**Case number:** 569

**Product:** Grinding Balls

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

**Inquiry period:** 1 October 2019 to 30 September 2020

**Response due by:** 6 April 2021

**Return completed questionnaire to:** [investigations4@adcommission.gov.au](mailto:investigations4@adcommission.gov.au)

**Anti-Dumping Commission website:** [www.adcommission.gov.au](http://www.adcommission.gov.au)

## **Why you have been asked to complete this questionnaire**

The Anti-Dumping Commission (the Commission) is currently undertaking an inquiry into whether anti-dumping measures applying to exports of grinding balls from the People's Republic of China (China) should be continued.

Information about the inquiry can be found [here](#).

In its application, Commonwealth Steel Company Pty Ltd (trading as Molycop) submits that if the anti-dumping measures applicable to Chinese exports of grinding balls were allowed to expire on 9 September 2021, the Australian industry will suffer and be threatened with a recurrence of material injury that the measures were intended to prevent.

The Commission is seeking input from participants in the Australian market for grinding balls to inform its understanding of the dynamics of the Australian market and hence factors that may be impacting the economic condition of the Australian industry producing grinding balls.

Your company has been identified from Australian Border Force data as a significant importer of grinding media from Thailand. While exports from Thailand are not the subject of the current inquiry, the Commission is interested in obtaining your views on the Australian market, particularly as it relates to any changes in the composition of the market since measures were imposed in 2016 including changes in preferred grinding media (high chrome versus low chrome, cast versus forged etc).

## Australian Market

Please return your responses no later than **6 April 2021**.

### A Products in the Australian market

- Generally describe the range of the goods offered for sale in the Australian market. Your description could include information about:
  - quality differences;
  - price differences;
  - supply/availability differences;
  - technical support differences; and
  - product segmentation.

Response: Please refer to table 1 below which provides a summary of the products offered for sale in the Australian market, along with their relative differences against the listed factors.

Product	Quality differences	Price difference	Supply from	Market segments and end use	Technical support difference
High Chrome Cast Grinding media	Chrome content between 9 to 32% Available from 12mm to 100mm	[Average selling price: ██████ USD/t EXW]	Thailand, India, China - Capacity ██████████ [Confidential sourcing details]	Ball Mill Regrind Mill  Cannot be used in SAG mill!	- Average 30% less wear than steel forged - Average precious metal recovery increase by 1% for mining (huge additional revenue for the mining)
Steel forged grinding media	Carbon content from 0.6 to 1% Available from 25mm to 150mm	[Average selling price: ██████ USD/t]	China, South Africa ██████████ [Confidential sourcing details]	SAG mill Ball mill Regrind mill	Good impact resistance, good product for SAG mill. Not corrosive resistant.
Ceramic grinding media	Ceramic type, with Alumina, zirconia and silica. Available from 1mm to 50mm	[Average selling price: ██████ USD/t]	China	Ultrafine grinding (Isamill, SMD mill and HIG mill)	Main application for very small size (2-4mm range) in ultrafine grinding

**Table 1.**

- Describe the end uses of the goods in the Australian market from all sources.

**Response:** Please refer to table 1 above. It is noted that there has been segmentation of the market according to specific product type, and the different product types do not compete on the basis of price, as the product characteristics and yields are very different. There is no production of High Chrome Cast Grinding Media in Australia.

- Describe the key product attributes that influence purchasing decisions or purchaser preferences in the Australian market. Rank these preferences or purchasing influences in order of importance.

**Response:** Over the past 5 years, the Australian market has seen a clear and distinct preference for high chrome media for ball and regrind mills. It is understood that a large number of ball mills have converted from steel forged to high chrome media over that period, representing approximately 50,000 tons of grinding media. Below is a summary of the product attributes for each of the main types of grinding media offered for sale in the Australian market.

- High Chrome grinding media

- delivers an average 1% increase in precious metal recovery, which translates to substantial additional revenue for the local mine;
- provides an average of 30% less wear than steel forged grinding media, making it more cost effective for the end user;
- wide range of associated technical services offered, including mill optimization, alloy optimization, process modelling;
- greater reliability (on time delivery, conformity of the product);
- high quality standard for product and services;
- reduced supply chain risk with different plants in different countries;
- Price based competition amongst qualified supplier of High Chrome, , with direct competition among high chrome grinding media supplies rather than with forged media supplies.

b) Steel forged grinding media:

- suited to impact application such as SAG mill;
- not the preferred product for ball mill or regrind mill, as high chrome grinding media delivers greater overall benefits to the mine metallurgy;
- commoditised product with purchasing decisions based mostly on price and direct competition between forged media supplies.

c) Ceramic grinding media:

- used only for ultrafine grinding, as steel media of that size (1-6mm) cannot be manufactured.

4. Identify if there are any commercially significant market substitutes in the market for the goods in Australia.

**Response:** There are no commercially significant market substitutes in the market. However, we understand that direct competition takes place on a product-to-product basis (i.e., forged media with forged media) and not across products (i.e., high chrome, forged, and ceramic).

5. Identify if there are any commercially significant market complements in the market for the goods in Australia.

**Response:** There are no known commercially significant market complements in the market for steel forged media. In the specific case of High Chrome Cast balls, High Chrome Castings can be considered a significant market complement.

6. Have there been any changes in market or consumer preferences in the market for the goods in Australia in the last five years, particularly in respect of the use of low chrome grinding balls versus high chrome grinding balls? If yes, provide details including any relevant research or commentary on the industry/sector that supports your response.

**Response:** As noted earlier, high chrome grinding media is clearly becoming the reference for ball and regrind mill. At present, it is estimated that approximately 30,000 tons of steel forged media can still be converted to high chrome grinding media. This conversion has been based on performance and not price factors, as steel forged media and High Chrome media are different products (different raw materials, chemical composition, physical characteristics, production process, performance).

We note that the last “big” mine that converted to high chrome media was [REDACTED]

[Confidential customer details]

In the case of base metals, high chrome media allows for a better concentrated quality of the base metal, which correlates to increased demand for the higher quality base metal concentrate on the international market, ultimately leading to increased profitability for Australian miners.

Overall, high chrome grinding media is more cost effective than steel forged media, which assists the mining customer to be more competitive.

## B Prevailing conditions of competition in the Australian market

1. Describe the Australian market for grinding balls (the goods) and the prevailing conditions of competition within the market, including:
- (a) Provide an overall description of the market for the goods in Australia which explains its main characteristics and trends over the past five years;

**Response:** Refer to our earlier comments on the shift in market preference towards high chrome grinding media.

Further, we provide the following summary of key suppliers to the Australian market:

- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]

[Confidential estimated sales volumes from main suppliers].

- (b) Provide the sources of demand for the goods in Australia, including the categories of customers, users or consumers of the product;

**Response:**

- [Redacted]
- [Redacted]

[Confidential estimated purchase volumes of main customers].

- (c) Describe the factors that influence consumption/demand in Australia, such as seasonal fluctuations, factors contributing to overall market growth or decline, government regulation, and developments in technology affecting either demand or production;

**Response:** There is no real seasonality in the business. Demand is driven by activity within the mining sector.

- (d) Describe any market segmentations in Australia; such as geographic or product segmentations;

**Response:** The market is segmented according to the type of mill. This includes:

- SAG mill: high impact mill, steel forged application;
- Ball mill: low impact, high abrasion, high corrosion, high chrome media application;
- Regrind mill: low impact, high abrasion, high corrosion, high chrome media application;
- Ultra fine mill: low impact, high abrasion, high corrosion, ceramic media application.

- (e) Describe the way in which Australian manufactured and other imported goods compete in the Australian market;

**Response:** In our view, there is limited direct competition between different types of product. Molycop manufacture their steel forged grinding media in Newcastle (NSW), whilst at the same time, it is understood that they are importing high chrome media (believed to be sourced from India). The remaining suppliers (Vega, Sanfang and other Chinese manufacturers), import the grinding media.

- (f) Describe the ways that the goods are marketed and distributed in the Australian market; and

**Response:** After grinding media arrives at the main Australian port, [Redacted]

[Confidential terms of sale]

- (g) Describe any other factors that are relevant to characteristics or influences on the market for the goods in Australia.

**Response:** Not applicable.

2. Describe any entry restrictions for new participants into the market for the goods in Australia. Your response could include information on:

- patents and copyrights;
- licenses;
- barriers to entry;
- import restrictions; and
- government regulations (including the effect of those government regulations).

*In responding to question 3 ensure that relevant regulations are referenced.*

**Response:** There are no direct entry restrictions, apart from the high interim dumping and countervailing duties imposed on Chinese suppliers. Indirectly, the monopoly power held by Molycop provides a further barrier to entry into the Australian market.

In addition, the Australian grinding media market requires:

- need for capital investment (mostly working capital, to allow for stock holding due to the remoteness of the mines;
- as mines are very “risk averse”, suppliers must offer proper and extensive technical support and follow up for any kind of trial (usually 2 years process).

To that end, Magotteaux has both capital and technical services to promote changes and improve productivity of the Australian mines.

## **C Relationship between price and cost in Australia**

1. Rank the following factors in terms of their influence on your pricing decisions in the Australian market, with the most important factor ranked first and the least important factor ranked last:

- Competitors’ prices;
- Purchase price of raw materials;
- Cost to make and sell the goods;
- Level of inventory;
- Value of the order;
- Volume of the order;
- Value of forward orders;
- Volume of forward orders;
- Customer relationship management;
- Supplier relationship management;
- Desired profit;
- Brand attributes;
- Other [please define what this factor is in your response].

**Response:**

1. Volume of the order
2. Purchase of raw material
3. Customer relationship management
4. Competitor price