



## **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:** 19 April 2021

**Return completed questionnaire to:** [investigations1@adcommission.gov.au](mailto:investigations1@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.

## **Australian Market**

**Please return your responses no later than 19 April 2021.**

### **A Products in the Australian market**

1. Generally describe the range of the goods offered for sale in the Australian market. Your description could include information about:

Molycop manufactures forged grinding balls for use in mineral processing ball mill operations. The grinding balls are designed for maximum abrasion resistance, with high hardness levels.

- quality differences;

Molycop maintains strategic relationships with long established customers to ensure grinding balls are manufactured to the highest quality and meet strict specifications. Molycop is recognised globally for its quality control standards for grinding balls.

- price differences;

Molycop manufactures and supplies grinding balls on a competitive basis. Pricing for grinding balls is determined on a competitive import parity basis.

Molycop observes that it has been undercut by imported Chinese grinding ball selling prices during the investigation period (refer to Molycop application).

- supply/availability differences;

Molycop manufactures and supplies grinding balls to its local customers on a timely and efficient basis. Molycop does not typically experience supply delays.

- technical support differences; and

Molycop offers and provides technical support to all of its customers, as well as for potential new customers. Product technical support is central to Molycop's supply arrangements.

- product segmentation.

Forged grinding balls are the predominant product used in SAG milling applications. Whereas forged grinding balls and cast chrome grinding balls can be used interchangeably in all ball milling mineral processing applications. Segmentation does exist for the various ores that are processed.

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

The key source of demand (approximately 90 per cent of demand) for grinding balls is the mining industry (i.e. Magnetite, copper and gold mines) with an approximate 10 per cent used in coal pulverizing for electricity production and the grinding of plaster and cement in the construction industry.

3. 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.

Purchasers generally have the following criteria in mind when purchasing grinding balls:

- Quality;
- Availability of supply;
- Reliability of supply;
- Flexibility to alter volume or timing of delivery;
- Price;
- Technical support.

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

There are no commercially significant substitutes to grinding balls.

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

There are no commercially significant market complements to the subject goods.

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.

Molycop does not consider that there have been any significant changes in market or consumer preferences for grinding balls over the last five years. Molycop, as a global manufacturer and supplier of grinding balls, has continued to deliver high quality forged balls for its customers at competitive prices.

In respect of high chrome and low chrome grinding balls, manufacturers of these goods market the products as longer-lasting (and hence a higher price), however, these compete directly with locally produced forged grinding balls with the longevity of the product very much debatable.

## **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;

The recent increase in mining activity in Australia has resulted in an increase in demand for grinding balls. Molycop has also observed an increase in market penetration from suppliers of high chrome cast balls (i.e. India and Thailand) at reducing prices. With the growth in the market, import volumes from China have also grown, whereas supply from the Australian industry has declined.

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

Please refer to A-2 above.

- (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;

Market demand for grinding balls is influenced by increased mining activity over the last three years, particularly in magnetite, copper and gold.

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

There are no distinct market segments in the grinding ball market in Australia.

It is possible to segment the market by end-use – whether mining or construction.

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

The imported and locally produced goods compete directly with each other and can be readily substituted.

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

Grinding balls are marketed and sold as being specified to the customer's unique requirements.

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

Molycop's customers require grinding balls of a high quality that are priced competitively, supported with technical assistance as required and supplied in a timely manner (without disruption or delay).

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.*

There are no entry restrictions for new participants on the Australian market. A proven track record for the supply of quality goods is required.

## **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].

The following ranking is considered by Molycop to apply:

*[Redacted – assessment of factors influencing pricing decisions].*