



Continuation Inquiry 569

Grinding balls exported from China

File Note: Meeting with Molycop – 15 June 2021

Present:

Anti-Dumping Commission (the Commission): Rhys Piper, Ben Merlin, Reuben McGovern, Evan Schnell, Lachlan Kelley and Estelita Cuizon

Molycop: John O'Connor (Consultant), Michael Parker (President Molycop Australia), Matthew Voigt (VP Sales and Marketing Australia) and Alex Watkiss (General Manager, Finance)

Background

The Commission received a meeting request from the Australian industry member, Molycop. At a meeting held on 15 June 2021, Molycop spoke to the details of its submission dated 7 June 2021.

Major points of discussion

1. Benchmark in SEF 569

- Molycop asserted that it disagreed since the original investigation 316, with the benchmark the Commission has selected, which is the FOB Latin America price index for semi-finished steel billet. Molycop stated that it is not the appropriate benchmark and does not represent the fully absorbed cost to make a grinding bar.
- Molycop stated that it has maintained stringent position that a selection of the steel input benchmark is critical in establishing the extent of the GOC's influence in the distortion of the domestic prices for grinding balls.
- Molycop claimed that the FOB Latin America Export Price is not multi-country and is influenced by China. To support this claim, Molycop has obtained information and research from external consultants.

2. Input Costs of Steel

- Molycop provided an explanation on how it arrived with a cost to produce a steel bar from a billet and the rationale of the calculation for the weighted average costs outlined in Tables 2 to 4 (confidential version of submission).
- Molycop stated that the Commission's selected benchmark input steel 'SBB's A36', is a steel billet price for a Merchant Bar Quality (MBQ) and not an appropriate steel for grinding media. Molycop asserts that the material is of low carbon content and a whole range of quality

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issues could arise if it were to use this steel grade. Molycop further stated that the material can be rolled into grinding media, however it requires further processing: such as ensuring that there are no steel defects; the porosity of the steel is closed up; removal of hydrogen, nozzle casting, etc. The additional processing steps entail additional costs which the Commission should take into account in its benchmark analysis.

- Molycop stated that the loss yield ratio to convert a billet into a bar is higher for lower size billet compared to a larger size billet. Molycop stated that the SBB billet is of the smaller size 120x120mm.

3. Turning's Brazil Price Index for scrap

- Molycop asserted that Turning's Brazil is a price index for scrap at a low grade steel i.e. shavings from machining. Molycop stated that the material is of sub-standard grade with high metallurgical deficiencies, make it impossible to be an input material for making grinding media. Molycop further stated that using Turning's Brazil as a benchmark undervalues the true input cost to make a cast grinding ball.

Action Item

Molycop to provide supporting evidence for '*Confidential Attachment 2 - Constructed Cost Model - Billet-Bar-Grinding Balls*'