

Grinding Balls exported to Australia from the People's Republic of China

Reasons for decision on Continuation Inquiry No. 569

The Commissioner of the Anti-Dumping Commission (the Commissioner) has after conducting an inquiry, which commenced on 14 December 2020, given me a report (REP 569) into whether anti-dumping measures in the form of a dumping duty notice and a countervailing duty notice applying to grinding balls (the goods) exported to Australia from the People's Republic of China (China) should be continued.

I, CHRISTIAN PORTER, the Minister for Industry, Science and Technology, have considered REP 569 and decided **not** to accept the recommendations made by the Commissioner.

I do **not** agree with the Commissioner's findings of fact, evidence and reasons for the Commissioner's recommendations in REP 569 that the expiration of the anti-dumping measures in respect of exports of the goods from China would not lead or be likely to lead, to a continuation of, or a recurrence of, the dumping and subsidisation and the material injury that those measures are intended to prevent.

I am not satisfied that the Commissioner's selection of benchmarks used in the assessment in REP 569 of whether the Chinese exporters were dumping were the appropriate benchmarks. I am not satisfied that the Commissioner's conclusions about dumping by Chinese exporters are correct.

After considering REP 569 I am not satisfied that there is evidence in support of not continuing the dumping and countervailing measures on the goods.

In REP 569 the Commissioner adopted benchmarks without giving sufficient reason in REP 569 and without giving sufficient consideration to other benchmarks that might be more appropriate for selection. I am not satisfied that REP 569 evidenced a thorough analysis of available benchmarks for the goods. I consider on balance that dumping would be likely to continue if the measures are allowed to expire.

In REP 569 the Commissioner adopted a Latin American export steel billet price benchmark (Latin American benchmark) without a full consideration of other benchmarks that might be more appropriate for selection and may have resulted in a materially different finding in relation to whether dumping was continuing.

I note submissions made by Commonwealth Steel Company Pty Ltd (Molycop) that the Latin American benchmark does not represent the best available information for determining competitive market costs for steel billet, and the alternative methodology proposed by Molycop for constructing a competitive grinding bar benchmark on the basis of competitive market prices for grinding bar.

I note that steel billet is converted into grinding bar which is then further converted into grinding balls. Grinding bar is therefore closer in the production chain to the goods under consideration, and I am satisfied it is a more appropriate benchmark to use than steel billet where both benchmarks are available.

I am not satisfied that the Commissioner conducted a thorough analysis of available benchmarks for steel billet in REP 569, in light of the submission by Molycop. I am not satisfied that the Latin American benchmark is the most appropriate benchmark.

I am satisfied that Molycop's evidence demonstrated that the Latin American benchmark was not reflective of actual purchase prices faced by grinding ball manufacturers and that this warranted further investigation by the Commissioner and consideration of grinding bar as an appropriate benchmark, rather than steel billet.

The Commissioner did not sufficiently analyse the accuracy of the Molycop submission or the issues raised in the Molycop submissions.

The analysis of material injury in REP 569 was premised on the conclusion of the Commissioner that the exporters were not dumping. That conclusion was based on the use of benchmarks that I am not satisfied were appropriate.

I have considered the finding of the Commissioner in relation to the countervailing measures that grinding balls exported by uncooperative and all other exporters from China (other than the two cooperative exporters and other exempt exporters) are subsidised at a rate of 6.2 per cent. I am not satisfied that this finding is consistent with the Commissioner's finding that subsidisation and material injury is not likely to recur in respect of future exports should the countervailing duties be allowed to expire. I am satisfied that material injury is likely to recur in respect of future exports should the countervailing duties be allowed to expire.

I have considered the finding of the Commissioner that if measures were allowed to expire, it is not likely that exports at dumped and/or subsidised prices would recur and cause material injury to the Australian industry. I consider that the goods are likely to be dumped, and that the goods exported by many Chinese exporters are subsidised. I consider that such dumping and subsidisation is likely to continue and the cumulative effect of this is likely to result in the recurrence of material injury that the measures are intended to prevent if the measures were removed.

I am not satisfied that the Commissioner's analysis concerning subsidies received by Chinese exporters is correct and I do not agree with the Commissioner's findings in relation to countervailing duty in REP 569.

I am satisfied that the anti-dumping measures the subject of REP 569 should be continued because the expiration of measures would lead, or would likely lead, to a continuation of, or a recurrence of, the dumping and subsidisation and the material injury that the anti-dumping measures are intended to prevent.