



ANTI-DUMPING NOTICE NO. 2020/146

Customs Act 1901 – Part XVB

Grinding balls exported from the People’s Republic of China

Initiation of Continuation Inquiry No. 569 into Anti-Dumping Measures

Notice under section 269ZHD(4) of the Customs Act 1901

I, Dale Seymour, the Commissioner of the Anti-Dumping Commission (Commissioner), have initiated an inquiry into whether the continuation of anti-dumping measures, in the form of a dumping duty notice and a countervailing duty notice, in respect of certain grinding balls (or “the goods”) exported to Australia from the People’s Republic of China (China), is justified. The anti-dumping measures are due to expire on 9 September 2021 (the specified expiry day).¹

The Anti-Dumping Commission (Commission) has assisted me in initiating this continuation inquiry and will assist me in undertaking the continuation inquiry, pursuant to the Commission’s function specified in section 269SMD of the *Customs Act 1901*.²

1. The goods

The goods subject to the anti-dumping measures and this inquiry are:

Ferrous grinding balls, whether or not containing alloys, cast or forged, with diameters in the range 22 mm to 170 mm (inclusive).

The goods covered include all ferrous grinding balls, typically used for the comminution of metalliferous ores, meeting the above description of the goods, regardless of the particular grade or alloy content.

Goods that are excluded include stainless steel balls, precision balls that have been machined and/or polished, and ball bearings.

The goods are generally, but not exclusively, classified to the following tariff subheadings of Schedule 3 to the *Customs Tariff Act 1995*:³

¹ On and from 10 September 2021, if not continued, the anti-dumping measures would no longer apply.

² All legislative references in this notice are to the *Customs Act 1901*, unless otherwise stated.

³ These tariff classifications and statistical codes may include goods that are both subject and not subject to the anti-dumping measures. The listing of these tariff classifications and statistical codes are for convenience or reference only and do not form part of the goods description. Please refer to the goods description for authoritative detail regarding goods subject to the anti-dumping measures.

Tariff Subheading	Statistical Code	Description
7325.91.00	26	Grinding balls and similar articles for mills
7326.11.00	29	Grinding balls and similar articles for mills
7326.90.90	60 ⁴	Other

Table 1: Tariff classification

2. Background to the anti-dumping measures

The anti-dumping measures were initially imposed by public notice on 9 September 2016 by the then Assistant Minister for Industry, Innovation and Science and Parliamentary Secretary to the Minister for Industry, Innovation and Science.⁵ This followed his consideration of my recommendations in *Anti-Dumping Commission Report No. 316* (REP 316), prepared as a result of my investigation (the original investigation).

The original investigation and the imposition of the anti-dumping measures resulted from a joint application made under section 269TB by Commonwealth Steel Company Pty Ltd trading as Molycop (Molycop) and Donhad Pty Ltd, representing the Australian industry producing like goods.⁶

Further details on the goods and existing measures is available on the Dumping Commodity Register on the Commission's website (www.adcommission.gov.au).

3. Application for continuation of the anti-dumping measures

Division 6A of Part XVB sets out, among other things, the procedures to be followed in dealing with an application for the continuation of anti-dumping measures.

In accordance with section 269ZHB(1), I published a notice on the Commission's website on 21 September 2020.⁷ The notice invited the following persons to apply for the continuation of the anti-dumping measures:

- the person whose application under section 269TB resulted in the anti-dumping measures (section 269ZHB(1)(b)(i)); or
- persons representing the whole or a portion of the Australian industry producing like goods to the goods covered by the anti-dumping measures (section 269ZHB(1)(b)(ii)).

On 19 November 2020, an application for the continuation of the anti-dumping measures was received from Molycop. A non-confidential version of the application is available on the Commission's public record.

Having regard to the application, the original investigation and the public record for the original investigation, I am satisfied that:

- Molycop is the person under section 269ZHB(1)(b)(i) because its application under section 269TB resulted in the existing anti-dumping measures; and

⁴ The Australian Bureau of Statistics changed the statistical code from 59 to 60 on 1 January 2017. For further information see Department of Immigration and Border Protection Notice 2016/43 (<https://www.homeaffairs.gov.au/Customsnotices/Documents/2016-43.pdf>).

⁵ Anti-Dumping Notice Nos. 2016/90 and 2016/91 refer.

⁶ Molycop acquired Donhad Pty Ltd in 2018 and is now the only Australian industry member.

⁷ [Anti-Dumping Notice No. 2020/100](#) refers.

- Molycop is the person under section 269ZHB(1)(b)(ii) because it is the sole Australian producer of grinding balls.

4. Consideration of application under section 269ZHD(1)

Pursuant to section 269ZHD(1), I must reject an application for the continuation of anti-dumping measures if I am not satisfied of one or more of the matters referred to in section 269ZHD(2). These matters are:

- whether the application complies with section 269ZHC (see section 269ZHD(2)(a)); and
- whether there appear to be reasonable grounds for asserting that the expiration of the anti-dumping measures to which the application relates might lead, or might be likely to lead, to a continuation of, or a recurrence of, the material injury that the measures are intended to prevent (see section 269ZHD(2)(b)).

5. Assessment under section 269ZHD(2)(a) – compliance with section 269ZHC

I consider that the application complies with the requirements of section 269ZHC because it is in writing, in a form approved by me for the purposes of that section, contains the information that the form requires, is signed in the manner indicated by the form, and was lodged in a manner approved under section 269SMS, being by email to the Commission's email address provided in the instrument under section 269SMS.⁸

6. Assessment under section 269ZHD(2)(b) – reasonable grounds

Applicant's claims

In its application, Molycop claims, among other things, that:

- it is the sole Australian producer of grinding balls, after the Australian industry was rationalised from two domestic suppliers to one;
- it supplies the Australian market, along with importers who sell to end-users, and end-users who import the goods directly from exporters;
- Chinese exporters of grinding balls have continued to supply the Australian market following the imposition of measures;
- imports of grinding balls from China are now 48 per cent higher than in 2016/17 (the first twelve-month period in which the measures applied);
- Chinese exporters of grinding balls have maintained their distribution links to supply the Australian market;
- there are a large number of grinding ball manufacturers in China with significant capacity to produce and supply the Australian market;
- the recent findings in the Review of Measures 520 (REP 520)⁹ confirms that Chinese exporters have continued to export at dumped and injurious prices, although dumping measures have been in place;
- that the Minister for Industry, Science and Technology (the Minister) found that a particular market situation existed during the original investigation (REP 316 refers), and REP 520 confirmed the continued influence of the Government of China (GOC) on the Chinese domestic market for grinding balls;

⁸ A copy of the instrument can be found on the Commission's website at www.adcommission.gov.au.

⁹ [Anti-Dumping Commission Electronic Public Record \(EPR\) 520](#) refers.

- the artificially low steel input prices provides Chinese exporters with a competitive advantage which allows it to undercut the selling prices of Australian industry;
- the Australian market for grinding balls is price sensitive and Molycop continues to encounter price undercutting across its customer base as Chinese exporters seek to increase export volumes to Australia;
- that the anti-dumping measures to date have had the effect of reducing the material injury from dumping and subsidisation to the Australian industry;
- the steps taken by the Australian industry to consolidate production and supply of grinding balls to the Australian mining industry will be jeopardised if the anti-dumping measures on Chinese grinding balls are allowed to expire;
- in the event of the anti-dumping measures expiring, the Australian industry will suffer and be threatened with a recurrence of material injury that the measures were intended to prevent.

As part of its application, Molycop provided Australian Bureau of Statistics (ABS) import data for the goods to demonstrate that Chinese producers of grinding balls continue to export the goods to Australia.

My consideration of the application

I have examined the information I obtained from the Australian Border Force (ABF) import database and found that exporters from China have continued to export the goods to Australia since the imposition of the anti-dumping measures. This confirms that manufacturers in China have maintained distribution links into the Australian market.

I examined Molycop's approach to constructing normal values and estimating export prices of grinding balls exported from China. Given the limited amount of information that is publically available, I consider that the method that Molycop has used to construct a normal value (by adjusting a cost to make and sell value from 2018/19, obtained from an independent third party data source, by reference to movements in prices) appears reasonable. The quarterly export prices that Molycop provided, based on ABS import data, also appear adequate for the purpose of its application.

The export price estimated by Molycop is higher than the average Free on Board export price reported in the ABF import database for the goods exported during the 12 months to 30 September 2020. My analysis of the ABF import database indicates that the volume of goods exported from China (and other countries) has risen since the imposition of the measures. My analysis of the ABF import database is in **Confidential Attachment 1**.

I also compared Molycop's normal value calculations to the weighted average normal values established in REP 520. Molycop's normal value calculation is on average lower than that established in REP 520, even when accounting for a timing adjustment. My analysis on normal value and export price is in **Confidential Attachment 2**.

It was during the latest review (REP 520) that, assisted by the Commission, I found that grinding balls continued to be exported to Australia at dumped prices during the period 1 July 2018 to 30 June 2019. Further, I found that Changshu Longte Grinding Ball Co., Ltd, the only active exporter during that review period, was exporting at dumped prices. I also found that Chinese producers of grinding balls continued to receive subsidies. On this basis, I consider that there appears to be reasonable grounds for asserting that dumping has continued, subsidisation has continued, and that both dumping and subsidisation might continue (or recur) if the measures were to expire.

I consider it appropriate to assess Molycop's claim of a market situation during the normal course of the inquiry, noting it is a key question to resolve in deciding the appropriate method to establish normal value. I will seek the necessary information to assess Molycop's claims.

With respect to injury, I note the findings in REP 316, and included in Molycop's application, that pricing is an integral aspect of the tender process from the perspective of the Australian industry. Customers will leverage import offers and movements in the price of imported grinding balls with the Australian industry during the tender process. As such, to remain competitive, the Australian industry must respond to the price of imported products by reducing its own prices. Molycop provided examples of such price undercutting that it has experienced in a confidential attachment to its application.

In addition to the grinding balls market in Australia being price sensitive, it is also expanding. The below figure, taken from the analysis in **Confidential Attachment 1**, shows an increasing quantity of grinding balls being imported to Australia.

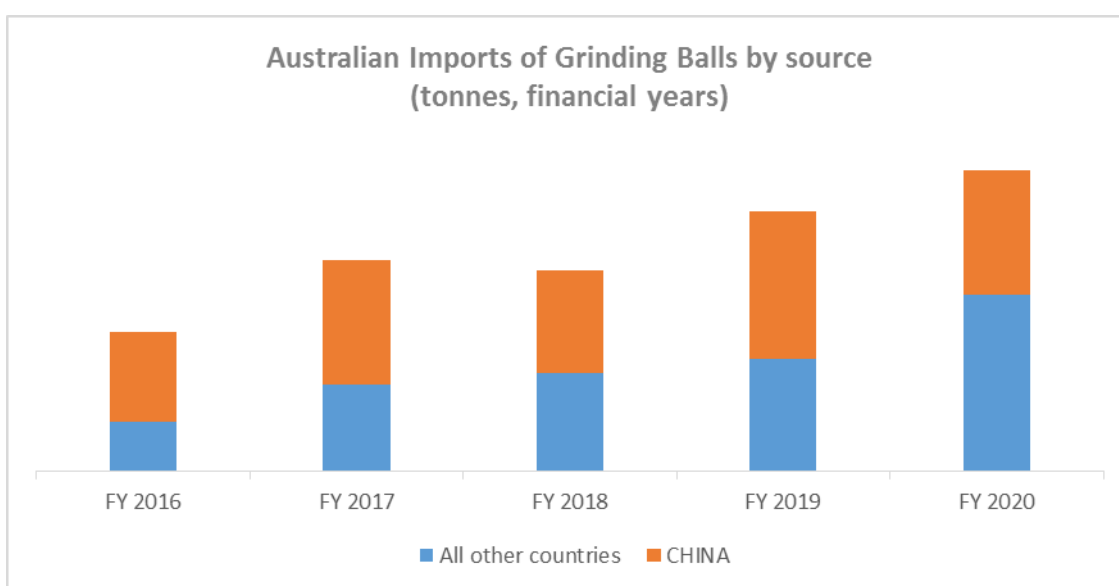


Figure 1: Volume of imports

With the size of the grinding balls market in Australia increasing, evidence provided by Molycop indicates that its revenue and sales quantity for grinding balls declined over the past year, while its production levels and overall company revenue remained steady.

Conclusion

Having regard to the application, Molycop's claims and other relevant information set out in this notice, I am satisfied that, in accordance with section 269ZHD(2)(b), there appear to be reasonable grounds for asserting that the expiration of the anti-dumping measures might lead, or might be likely to lead, to a continuation of, or a recurrence of, the material injury that the measures are intended to prevent.

Based on the above findings, I have therefore decided to not reject the application.

7. This continuation inquiry

For the purposes of this inquiry, I will examine the period from 1 October 2019 to 30 September 2020 (the inquiry period) to determine whether dumping and subsidisation have occurred and whether the variable factors relevant to the determination of duty have changed.

Following my inquiry, I will recommend to the Minister whether the notice(s) should:

- (i) remain unaltered; or
- (ii) cease to apply to a particular exporter or to a particular kind of goods; or
- (iii) have effect in relation to a particular exporter or to exporters generally, as if different variable factors had been ascertained; or
- (iv) expire on the specified expiry day.

8. Proposed model control code structure

The Commission undertakes model matching using a Model Control Code (MCC) structure to identify key characteristics that will be used to compare the goods exported to Australia and the like goods sold domestically in the country of export.¹⁰ In developing the MCC structure the Commission will have regard to differences in physical characteristics that give rise to distinguishable and material differences in price.

The table below outlines the Commission's proposed MCC structure for this inquiry.

Item	Category	Sub-category	Identifier	Sales Data	Cost data
1	Production method	Cast	C	Mandatory	Mandatory
		Forged	F		
2	Diameter	Diameter in mm	### ¹¹	Mandatory	Mandatory
3	Product code	Internal grade/model	### ¹²	Mandatory	Optional

Table 2: Proposed MCC structure

Proposals to modify the proposed MCC structure should be raised as soon as is practicable, but no later than **20 January 2021**.

Interested parties are encouraged to make a submission on whether any proposed modifications to the MCC structure should be accepted by the Commission. Any changes to the MCC structure will be considered by the Commission and reported in verification reports or in the statement of essential facts (SEF).

9. Public record

I must maintain a public record for this inquiry. The Electronic Public Record (EPR) hosted on the Commission's website (www.adcommission.gov.au) contains, among other things, a copy of all non-confidential submissions from interested parties. Documents hosted on the EPR can be provided upon request to interested parties.

10. Submissions

I invite interested parties, as defined in section 269T(1), to lodge written submissions with me concerning the continuation of the measures, no later than close of business on **20 January 2021**, being 37 days after the date of publication of this notice.

¹⁰ Guidance on the Commission's approach to model matching is in the *Dumping and Subsidy Manual*, available at www.adcommission.gov.au.

¹¹ Use a separate identifier for each diameter, e.g. 25 mm, 30 mm, 35 mm etc. The Commission may group certain categories of diameter in formulating a final MCC.

¹² The 'product code' category, if applicable, refers to the company's internal identifier for the model, grade or type of the goods, differentiated by the chemical composition of the grinding ball.

The Commission's preference is to receive submissions by email to investigations1@adcommission.gov.au. Submissions may also be addressed to:

The Director, Investigations Unit 1
Anti-Dumping Commission
GPO Box 2013
Canberra ACT 2601

Interested parties wishing to participate in the inquiry must ensure that submissions are lodged promptly. Interested parties should note that I am not obliged to have regard to a submission received after the date indicated above if to do so would, in my opinion, prevent the timely placement of the SEF on the public record.

Interested parties claiming that information contained in their submission is confidential, or that the publication of the information would adversely affect their business or commercial interests, must:

- (i) provide a summary containing sufficient detail to allow a reasonable understanding of the substance of the information that does not breach that confidentiality or adversely affect those interests, or
- (ii) satisfy me that there is no way such a summary can be given to allow a reasonable understanding of the substance of the information.

Submissions containing confidential information must be clearly marked "OFFICIAL: Sensitive". Interested parties must lodge a non-confidential version or a summary of their submission in accordance with the requirement above (clearly marked "PUBLIC RECORD").

11. Statement of essential facts

The dates specified in this notice for lodging submissions must be observed to enable me to report to the Minister within the legislative timeframe. I will place the SEF on the public record on or before **3 April 2021**¹³, that is, within 110 days after the publication of this notice, or by such later date as I may allow in accordance with section 269ZHI(3).¹⁴ The SEF will set out the essential facts on which I propose to base a recommendation to the Minister concerning the continuation of the anti-dumping measures.

I invite interested parties to lodge submissions in response to the SEF within 20 days of the SEF being placed on the public record. I will take into account submissions received in response to the SEF within 20 days of the SEF being placed on the public record when completing my report and recommendation to the Minister. The email and physical addresses at which submissions can be lodged in relation to the SEF are the same as those specified above under the section titled 'Submissions'.

¹³ As this day is a Saturday, the deadline becomes the next working day (6 April 2021).

¹⁴ On 14 January 2017, the powers and functions of the Minister under section 269ZHI were delegated to the Commissioner. Refer to ADN No. 2017/10 for further information.

12. Report to the Minister

I will make a recommendation to the Minister in a report on or before **18 May 2021**, that is, within 155 days after the date of publication of this notice, or such later date as I may allow in accordance with section 269ZHI(3).¹⁵

The Minister must make a declaration within 30 days after receiving the report, or if the Minister considers there are special circumstances, such longer period, ending before the specified expiry day, as the Minister considers appropriate. If the Minister receives the report less than 30 days before the specified expiry day, the Minister must make the declaration before that day.

13. Contacting the Commission

Enquiries about this notice may be directed to the case manager on telephone number +61 3 8539 2408 or investigations1@adcommission.gov.au.

Dale Seymour
Commissioner
Anti-Dumping Commission
14 December 2020

¹⁵ On 14 January 2017, the powers and functions of the Minister under section 269ZHI were delegated to the Commissioner. Refer to ADN No. 2017/10 for further information.