



ADRP Conference Summary

Review No. 141 – Grinding Balls exported from the People’s Republic of China.

Panel Member	Jaclyne Fisher
Review type	Review of Minister’s decision – Continuation inquiry
Date	8 November 2021
Participants	Rhys Piper (ADC representative) Ben Merlin (ADC representative) Evan Schnell (ADC representative)
Time opened	10.00 am AEDST
Time closed	11.08 am AEDST

Purpose

The purpose of this conference was to obtain further information in relation to the application before the Anti-Dumping Review Panel (Review Panel) in relation to Grinding Bar exported from the People’s Republic of China (China).

The conference was held pursuant to section 269ZZHA of the *Customs Act 1901* (the Act).

In the course of the conference, I was able to ask parties to clarify any argument, claim or specific detail relating to this matter. The conference was not a formal hearing of the review, and was not an opportunity for parties to argue their case before me.

I have only had regard to information provided at this conference to the extent that it relates to relevant information within the meaning of section 269ZZK of the Act. Any conclusions reached at this conference are based on that relevant information. Information that relates to some new argument not previously put in an application or submission is not something that the Anti-Dumping Review Panel (Review Panel) may have regard to and, therefore, is not reflected in this conference summary.

At the time of the conference, I advised the participants:

- That the conference was being recorded and transcribed by Express Virtual Meetings Pty Ltd, and that the recording would capture everything said during the conference.
- That the conference was being recorded for the Review Panel to have regard to when preparing a conference summary. The conference summary would then be published on the Review Panel’s website.



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- Any confidential information discussed during the conference would be redacted from the conference summary prior to publication.

Prior to the conference, participants were provided with a copy of the Review Panel's Privacy Statement. The Privacy Statement outlines who the conference recording and transcript may be disclosed to. The Privacy Statement is available on the Review Panel's website [here](#). The participants indicated that they understood the Privacy Statement and consented to:

- The recording of the conference; and
- The recording being dealt with as set out in the Privacy Statement.

Discussion

The specific information that the Review Panel sought in this conference relates to the calculation of the grinding bar benchmark.

1. The provision of the calculations of the benchmark for each of the applicant exporters and what is the cost model for each exporter?

The ADC provided the benchmark analysis confidential spreadsheets for the cooperative exporters (Spreadsheets 3A Changshu Longte GP13 A – Round Bar Benchmark and 3B Magotteaux GP 13 B Raw materials Grinding Bar analysis).

The ADC explained the detail of how the Latin American steel billet price, together with the costs of ferroalloys, had been calculated for the different grades of grinding balls based on the composition of the models sold on the domestic market for the exporters referred to above. The ADC also explained how the conversion costs had been calculated based on verified data. The conversion costs incorporate the additional costs associated with ensuring the grinding bar is of sufficient quality to use for grinding ball manufacture. It noted that Molycop had raised issues regarding whether this Latin American steel billet was of sufficient grade to be suitable for conversion to grinding bar and then grinding ball. The ADC advised that the information presented by other interested parties suggested that the process of adding the ferroalloys (different combinations for different grades of grinding balls) together with the conversion costs enables a suitable benchmark cost to be developed.

The ADC indicated the analysis of the grinding bar benchmark with the exporters' cost to make and sell (CTMS) was shown in Confidential spreadsheet 70 – 3 D Benchmark Billet and Bar prices comparisons, this was also provided as File No 3 titled Grinding Bar



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benchmark analysis. The ADC found that for the above-mentioned exporters' records the costs were competitive market costs (pursuant to regulation 43(2) of the Customs (International Obligations) Regulation 2015) and were used for the ordinary course of trade (OCOT) test. The normal values were established pursuant to s.269TAC(1) of the Act.

The Review Panel observed that there was a significant difference of approximately [REDACTED] [REDACTED] between the benchmark and the costs shown in applicant exporters' records.

2. The Review Panel noted the ADC had included Platt's steel billet prices on a monthly basis from various sources (not only Latin America) from 2014 to 2020. Had the ADC considered using any of the other sources' information, given there was a large decrease in Latin American prices between the review of measures report 520 and the current continuation inquiry in report 569.

The ADC advised that it has prepared the analysis of the steel billet prices to understand the trends for these prices over time as well as to see whether changes in pricing were consistent between sources. It noted that in general terms the changes in prices were consistent, that is, when there were decreases in prices, all of the sources' prices decreased. It indicated that while there were fluctuations during the period referred to, these were consistent across all sources.

3. The Review Panel indicated that the Latin American price appeared to be the lowest throughout the period. Was consideration given to using one of the other sources?

The ADC advised that in adopting the Latin American price index, the choice was not dictated by the level of the price. It considered the conditions in the Latin America region were more akin to the conditions in China, without being subject to the influence of China, thus minimising the need to make adjustments for comparative advantage. That is, there are large-scale steel producers with ready stocks of the raw materials of iron ore in Latin America. Latin American countries are subject to market forces. Furthermore, it also had the advantage of being consistent with earlier reports of the ADC, particularly report 316 which had been subject to the Review Panel and judicial review. Other sources in the Platts index had not been further considered.

The ADC advised that it had undertaken additional analysis of the Platts steel billet price information relating to Latin America in light of the submission of Molycop (the Australian industry) regarding whether the price related to one country only. The ADC ascertained from



the Platt's that the Latin American steel billet price is based on information [REDACTED]

[REDACTED] and therefore is not a price relevant to one country only.

4. The Review Panel requested information on the specific analysis undertaken in regard to Molycop's submission's relating to an alternative benchmark for grinding bar.

The ADC noted that it had met with Molycop (EPR record 28) on 15 June 2021 following its submission in response to the Statement of Essential Facts report 569 and had also received additional information from Molycop. Much of this information was considered commercially sensitive given it related to pricing and invoices in other markets (from affiliates of Molycop). For this reason it was unable to be placed on the public file. It also noted that some of the information related to countries that were not similar to China and also had other issues, such as trade measures in place. It referred the Review Panel to the confidential information provided by Molycop included in the confidential information supplied by the ADC.

The ADC noted that it had received submissions from a number of interested parties expressing concern as to the use of Molycop's information when it was received late in the inquiry process. The ADC's analysis and its position on the information is detailed in report 569. It noted that are a range of issues raised in the Molycop submission.

5. Could the ADC provide the Review Panel with the export volumes during the inquiry period?

The ADC advised this information was supplied to the Review Panel and referred to Confidential Spreadsheet 2 titled Economic condition of Australian industry and injury analysis. It outlines the volume of exports of grinding balls during the inquiry period as follows:

[REDACTED]

[REDACTED]

[REDACTED]

6. The Review Panel noted that not all the exporters were subject to countervailing measures. Could the ADC advise if any countervailing duty was imposed during the inquiry period.



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The ADC advised that there had been [REDACTED] Chinese origin which had been subject to countervailing duty but [REDACTED] It was an amount of [REDACTED] and was considered immaterial.

7. The Review Panel asked whether the ADC had undertaken any analysis in relation to Changshu exports (or any of the other cooperative exporters) with negative margins in REP 569 of whether there had been duty assessments undertaken in earlier periods.

The ADC advised that there had been no duty assessments for any of the cooperative exporters in this inquiry. Information about duty assessments is on the ADC's website.

The Review Panel advised that the draft summary of this conference would be provided to the parties within one working day, and it would be appreciated if any comments regarding the accuracy and confidentiality could be provided to the Review Panel Secretariat within two working days.