



5 March 2014

Ms Kerry Taylor
 Director Operations 3
 Anti-Dumping Commission
 1010 La Trobe Street,
 Docklands Vic 3008
 Australia

Operations3@adcommission.gov.au

Attention: Kerry Taylor

Public File Copy

Dear Ms Taylor,

Re: Investigation into the dumping of Quenched and Tempered Steel Plate exported from Finland, Japan and Sweden – Submission by Bisalloy Steel Pty Ltd further evidencing material injury and causal link

Introduction

Following the Anti-Dumping Commission's ("ADC") recent verification visit at Bisalloy Steels Pty Ltd ('Bisalloy'), the company undertook to provide additional supporting evidence on price undercutting and material injury that has occurred during the fourth quarter (i.e. October to December 2013), and into 2014.

This additional information reinforces the evidence included in Bisalloy's application for anti-dumping measures and demonstrates continued price-effect injury to the Australian industry. Bisalloy further submits that the recent depreciation of the Australian dollar has not resulted in any relief from the price undercutting. It is Bisalloy's assessment that the export prices for the dumped goods have been further reduced during the final quarter of 2013 and into 2014, exacerbating the injury already sustained by the Australian industry.

This submission provides a summary of both the macro-economic factors attributable to the causes of injury to the local Industry (Bisalloy), as well as examples of price undercutting as detailed within our ADA placed on Public File on 8 Jan 2014.

Macro – Economic factors – Causal links leading to Injury to Australian Industry

Many integrated steel manufacturers have experienced challenging economic conditions as a result of subdued demand in their own markets as well as associated regional countries for their steel during 2013. This has been evident in Europe where major steel makers in Sweden and Finland have reported recent losses (see reported losses of Ruukki and SSAB in 2012/13) as a result of their integrated steel operations becoming uncompetitive due to subdued demand. This situation has forced several of these integrated steel makers to seek out alternative markets such as Australia for their excess capacities and also look to merge or acquire other steel makers in order to return their businesses to profitability and sustainable competitiveness.

The recent proposed merger/acquisition of major steel makers of Sweden (SSAB) and Finland (Rautaruukki – Ruukki) has been announced on the basis of 'hoping to reduce costs and boost competitiveness' in the sluggish steel market existing in these countries.



In Japan, similar challenges have arisen culminating with the merging of Nippon Steel with Sumitomo Metals in 2013. The resulting merged entity of Nippon Steels and Sumitomo Metals Corporation (NSSMC) also reported a loss for the financial year ending March 2013.

Bisalloy maintains that the current uncompetitive position of the abovementioned integrated steel manufacturers has led to depressed pricing for Quenched and Tempered (Q&T) steel plate in the Australia market place largely due to manufacturers in Sweden, Japan and Finland exporting their excess capacities of Q&T steel plate at alleged dumped prices in order to maintain their market shares.

Given the above macro-economic factors having had a significant bearing on the performance of these integrated Q&T steel makers, Bisalloy maintains that these factors have also led to material injury to the Australian Q&T steel plate industry through significant price undercutting, resulting in depressed prices, price suppression and reduced profits and profitability during 2013. The Q&T exports from Sweden, Japan and Finland have undercut Bisalloy's selling prices, so that importers can hold (and where possible, increase) market share in a contracting market. The reduction in export prices during 2012 and 2013 has, in Bisalloy's view, been at a significant cost to the exporters as further losses are incurred on prices that are below full cost recovery.

Other macro-economic factors such as the Australian dollar ("AUD"), and the down-turn in the Australian resource industry investment have in Bisalloy's opinion not been significant casual factors to injury to the Australian Industry compared with the aggressive price undercutting from the dumped exports, on account of:-

- Imported Q&T prices have continued to decline despite the depreciation of the AUD compared to all three nominated countries (i.e. as the Japanese YEN, Swedish Krona and the EURO (Finland)). Please refer to graphs of the AUD vs each nominated country currency in Confidential Appendix 1.
- The decrease in the resource Industry investment although reducing the total available market for Q&T in Australia was still of sufficient size for Bisalloy to compete and maintain profitable operations if it were not for the alleged dumping of imports from the nominated countries.

Evidence of Export pricing undercutting in Australian Industry by nominated countries

To highlight the price undercutting evident from the dumped Q&T steel plate exports from Japan, Sweden and Finland, Bisalloy provided the following table in its application. Bisalloy has updated the Table for the Oct-Dec 2013 quarter, as highlighted below.

Table A-9.2 - Price Undercutting of Bisalloy Prices by imports from Japan, Sweden and Finland

Data in updated Table A-9.2 is COMMERCIAL IN CONFIDENCE and is to be redacted in Public File Version

	Bisalloy Price A\$/MT (10- 50mm)	Japan Offer A\$/MT (10-50mm)	Sweden Offer A\$/MT (10-50mm)	Finland Offer A\$/MT (10-50mm)
Jan-Mar 2013				
<i>Price undercutting</i>				
Apr-Jun 2013				
<i>Price undercutting</i>				

Jul-Sep 2013				
Price undercutting				
Oct-Dec 2013				
Price undercutting				

Notes:

- i. Data sourced from Confidential Attachment A-9.2 – Summary.
- ii. Lowest offers in each quarter for each supplier used as reported by Regional Sales Managers each month.
- iii. (1) Price is for offers by xxxxxx for xxxxxx product; **(COMMERCIAL IN CONFIDENCE)**
- iv. (2) Price is for offers by xxxxxx for xxxxxxxxxx product; **(COMMERCIAL IN CONFIDENCE)**
- v. (3) Price is for offers by xxxxxx for xxxxxx product. **(COMMERCIAL IN CONFIDENCE)**

Table A-9.2 summarizes the price undercutting experienced by Bisalloy for Q&T steel plate for the highest volume 10-50mm thickness category. The import offers for the dumped goods by supplier are not the only offers recorded – please refer to supporting communications at Confidential Attachment A-9.2 reflecting additional quotations received and updated for QTR 4 of 2013 – Confidential Appendix 1.

The following Table A-9.2A highlights the percentage undercutting of Bisalloy's prices for each supplier by country updated for the nominated periods from the 1st Jan – 31 December 2013.

Table A-9.2A - Price undercutting as a percentage of Bisalloy price

	Japan	Sweden	Finland
Jan-Mar 2013			
Apr-Jun 2013			
Jul-Sep 2013			
Oct-Dec 2013			

The price undercutting of the Australian industry's prices during the twelve months to 31 December 2013 is in the range of (*up to approx 20 per cent*) per cent depending on the country of export.

Bisalloy highlights that the price undercutting from unfairly priced imports in a contracting market was the principal cause of material injury to the company during 2013. Bisalloy draws to the Commission's attention that the large dumping margins (as detailed in its application) and the extent of the price undercutting identified in Table A-9.2A above are far more deleterious to the Australian industry in a contracting market than they would be in a market that is experiencing average growth rates in an expanding economy. Bisalloy must respond to the selling prices of the dumped exports in the Australian market – to do otherwise would result in further losses in sales volumes and market share.

Material injury and causal link - Conclusion

Bisalloy therefore has demonstrated that consistent price undercutting by dumped exports of Q&T steel plate in structural and wear grades equivalents to Bisalloy product has been the principal cause of material injury experienced throughout 2013.

For ease of reference, Bisalloy has attached to this submission the supporting documentation evidencing price undercutting at Confidential Attachment A-9.2 updated to include information for the October-December 2013 quarter (provided separately in Confidential Appendix 1).

If you have any questions concerning this authority, please do not hesitate to contact either myself on (02) 4272 0407 Mob: 0406317671 or Bisalloy's Consultant John O'Connor on (07) 3342 1931 Mob: 0411 252 451.

Yours faithfully,



Tom Matinca
Business Development and Strategy Manager
Bisalloy Steels Group Limited