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## Australian Industry Questionnaire

**Case number:** 638

**Product:** Quenched and tempered steel plate

**From:** Japan, Finland and Sweden

**Inquiry period:** 1 October 2022 to 30 September 2023

**Response due by:** 26 January 2024

**Return completed questionnaire to:** [investigations2@adcommission.gov.au](mailto:investigations2@adcommission.gov.au)

### Why you have been asked to complete this questionnaire

The Anti-Dumping Commission (the commission) is currently undertaking an inquiry into whether anti-dumping measures applying to exports of quenched and tempered steel plate (the goods) from Japan, Finland and Sweden should be continued.

Anti-Dumping Dumping Notice (ADN) No 2021/084 provides details of the goods under consideration, the application and the inquiry procedures.

The Commission is seeking input from the Australian industry producing like goods to inform its:

- understanding of the Australian industry producing goods that are like to the imported goods, and the dynamics of the Australian market, including factors that may be impacting the economic condition of the Australian industry producing like goods; and
- assessment of whether the expiration of the anti-dumping measures applying to the goods would lead, or would be likely to lead, to a continuation of, or a recurrence of, the dumping (and/or subsidisation) and the material injury that the anti-dumping measures are intended to prevent.

The Commission will collect and use information in accordance with the Commission's Collection and Use of Information Policy.

If you require a longer period to complete your response to this questionnaire, you must submit a request to the commission, in writing, for an extension to the due date for all or part of the questionnaire. This request must be made prior to the due date (i.e. 10 January 2024). In considering requests for extensions of time, the Commissioner of the Anti-Dumping Commission must consider the direction from the Minister for Industry and Science as set out in the *Customs (Extensions of Time and Non-cooperation) Direction 2015* (the Direction). More details on this direction are outlined in Anti-Dumping Notice No 2015/129, available on the Commission's website at [www.adcommission.gov.au](http://www.adcommission.gov.au).

### Confidential and non-confidential versions

If you elect to respond to this questionnaire, you are required to lodge a confidential and a non-confidential version of your submission by the due date.

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In submitting these versions, please ensure that each page of the information you provide is clearly marked either “**OFFICIAL: Sensitive**” or “**PUBLIC RECORD**” in the header and footer.

All information provided to the commission in confidence will be treated accordingly. The non-confidential (public record) version of your submission will be placed on the public record, which all interested parties can access.

Your non-confidential submission must contain sufficient detail to allow a reasonable understanding of the substance of the confidential version. If, for some reason, you cannot produce a non-confidential summary, contact the commission (see contact email on Page 1 of this questionnaire).

### **Declaration**

You are required to make a declaration that the information contained in your response is complete and correct. You must return the signed declaration of an authorised person at the end of this questionnaire with your response.

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### Section A Company information

1. What is the legal name of your business and Australian Business Number?

The name of the applicant company to this continuation inquiry is Bisalloy Steels Pty Limited (**Bisalloy**). The relevant ABN is 27 001 641 292. Bisalloy is 100 percent owned by the Bisalloy Steel Group Limited (ABN 22 098 674 545).

2. Does your company trade under a different name? If yes, provide details.

No.

3. Provide the address of where your company's sales, production and financial records are held.

Bisalloy's sales, production and financial records are held at:

18 Resolution Drive  
Unanderra, New South Wales, 2526.

4. What is the overall nature of your company's business? Include details of whether your company can be described as a manufacturer, distributor etc. of the goods.

Bisalloy is an Australian manufacturer of high-performance steel products. The company specialises in producing quenched and tempered steel plates (**Q&T steel plate**), which are known for their strength, durability, and resistance to wear and abrasion.

Bisalloy steels are commonly used in industries such as mining, construction, defence, and manufacturing where robust materials are crucial.

5. Provide details of all products that your company produces and sells.

Bisalloy's full product range, and a description of the manufacturing process, can be found here: <https://www.bisalloy.com.au/products/>

6. Does your company import and/or export any products? Provide details of all products that your company imports and/or exports.

Bisalloy imports [**confidential text deleted: details of Bisalloy's imported products**].

Bisalloy exports its full range of Wear, Structural and Armour product from Unanderra to various locations.

7. Describe the importance of the Australian market to your company's operations. In your response describe:
  - (a) the proportion of your company's sales revenue derived from sales of quenched and tempered steel in Australia, and
  - (b) the proportion of your company's profit derived from sales of quenched and tempered steel in Australia.

In responding to this question, please provide evidence to support your calculations.

Excluding dividend income, all of Bisalloy's revenues and profits are derived from the sale of quench and tempered steel plate.

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As disclosed in Confidential Appendix A6.1:

[*confidential table deleted: Appendix A6.1 data disclosures*]

8. Is your company part of a group (e.g. parent company with subsidiaries, common ownership, joint ventures)? If yes, provide:
- a diagram showing the complete ownership structure, and
  - a list of all related companies and its functions.

As above, Bisalloy is 100 percent owned by the Bisalloy Steel Group Limited.

9. Provide your company's internal organisation chart.

Refer Confidential Attachment A-9.

10. Describe the functions performed by each group within the organisation.

The functions performed by each group in the organisation are as follows:

- *Production* directly operates the production process. This includes procurement and operations planning;
- *Technical* ensures the goods are produced to the required specification;
- *Finance* prepares the financial records, pays suppliers/vendors and collects funds from customers;
- *Information Technology* maintains and develops Bisalloy's information systems;
- *Sales and Marketing* manages the sales process from enquiry to order;
- *Distribution* covers the leasing of third-party logistics (3PL) distribution warehouses; and
- *Business Development* relates to specific research and development projects for new capabilities.

11. Are your financial accounts audited? If yes, who is the auditor?

Bisalloy's accounts are audited annually by RSM Australia Partners.

12. What is the name of your financial accounting system?

SAP Business One.

13. Do you have an electronic system to track your sales and generate invoices? If yes, what is the name of this sales system?

Yes – SAP Business One.

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14. Do you have an electronic system to track your costs? If yes, what is the name of this costing system?

Yes – SAP Business One. All expenses are tracked and reported from SAP Business One.

All expenses (excluding wages) are processed through the SAP Concur platform (i.e. the 3-way matching process – purchase order, goods receipt and invoicing). This data is imported to SAP Business One through FTP for reporting and payment.

Wages are managed and processed in Micropay (an external payroll system). Data is manually entered into SAP via journal entry on a monthly basis and reconciled. All expenses are tracked and reported from SAP Business One.

15. If your financial accounting, sales and costing systems are different, how do the systems interact? Is it electronically or manual? Please provide a detailed explanation and include diagrams.

As detailed above. Sales and inventory are managed in the same system (SAP Business One).

16. Please provide copies of the two most recently completed annual reports and/or financial statements for your company.

These have been provided at Non-Confidential Attachment A-16(a) for 30 June 2022, and Non-Confidential Attachment A-16(b) for 30 June 2023.

17. If the financial statements for your company are unaudited, please provide:  
(a) tax returns relevant to the most recent financial year (i.e. FY2022-23), and  
(b) reconciliation of the revenue, cost of goods sold, and net profit before tax between the financial statements and tax returns.

Not applicable.

18. Does your company maintain different profit centres? If yes, provide profit & loss statements for the profit centre that the goods fall into for:  
(a) the most recent financial year, and  
(b) the inquiry period.

No.

19. If the inquiry period is different to your financial period, please provide:  
(a) income statements directly from your accounting information system covering the most recent financial period and the inquiry period, or  
(b) quarterly or half yearly income statements directly from your accounting system covering the most recent financial period and the inquiry period.

Refer Confidential Attachment A-19 (income statement by quarter for FY2023 and income statement by quarter for the inquiry period).

20. Please provide a copy of your company's trial balance (in Excel) covering the inquiry period and the most recent financial year.

Refer Confidential Attachment A-20.

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21. Please provide your company's chart of accounts (in Excel).

[Refer Confidential Attachment A-21.](#)

22. Does your company use product codes or stock keeping unit (SKU) codes?

If yes:

- (a) Provide details of the product or SKU coding system for the goods, such as a legend or key of the meaning for each code within the product or SKU code.
- (b) Provide a table of showing the product or SKU codes for each MCC as proposed in ADN No 2023/084.

If no:

- (a) Provide details on the method used to identify the models/products in the sales and cost spreadsheets.

[Yes, Bisalloy utilises Stock Keeping Unit \(SKU\) codes and grades. All grades have been mapped to the relevant MCC nomenclature in Confidential Appendix A-4.](#)

23. Provide details (and diagrams if appropriate) of the sales process of your company and any other related entities including:

- (a) marketing and advertising activities
- (b) price determination and/or negotiation process
- (c) order placement process
- (d) order fulfilment process and lead time
- (e) delivery terms and process
- (f) invoicing process
- (g) payment terms and process.

[Marketing and advertising activities](#)

[\[\*\*Confidential text deleted:\*\* commercially sensitive Australian marketing initiatives\]](#)

[Price determination/negotiation process](#)

Bisalloy issue [\[\*\*confidential text deleted:\*\* commercially sensitive customer price determination and negotiation processes\]](#).

[Order placement process](#)

Customers provide the Bisalloy sales team with a purchase order via email. Bisalloy Customer Services staff then convert the quote into a sales order in SAP and issue an Order Acknowledgement.

[Order fulfilment process and lead time](#)

Bisalloy completes [\[\*\*confidential text deleted:\*\* internal operations planning and production details\]](#).

Depending on the order type, delivery lead times vary [\[\*\*confidential text deleted:\*\* commercially sensitive lead-time details\]](#).

[Delivery terms and process](#)

Delivery terms are agreed upfront within the Sales Quote/Purchase Order. Domestic sales are offered [\[\*\*confidential text deleted:\*\* terms\]](#). Export sales are offered [\[\*\*confidential text deleted:\*\* terms\]](#).

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Once the goods have been produced [**confidential text deleted**: *dispatch planning and delivery details*].

### Invoicing process

The invoicing process is run daily by Finance in SAP. When a delivery in SAP is made, this populates into an 'Open Deliveries' list. This list is reviewed [**confidential text deleted**: *commercially sensitive internal invoicing processes*].

### Payment terms and process

Payment terms are [**confidential text deleted**: *customer payment term details*].

24. Are any customers of the goods related to your company? If yes, please identify all related customers and provide details on how the selling price is set.

Bisalloy does not domestically sell goods to related parties. All domestic sales by Bisalloy are to third party customers.

25. If your company's sales are in accordance with price lists or price extras lists, provide copies of these lists.

Refer Confidential Attachment A-25.

26. Do your selling prices of the goods vary according to the distribution channel identified? If yes, provide details. Real differences in trade levels are characterised by consistent and distinct differences in functions and prices.

Bisalloy considers its customers based on [**confidential text deleted**: *factors affecting selling prices according to distribution channels*].

27. Did you provide on-invoice discounts and/or off-invoice rebates to any customers or any associates of the customer in relation to the sale of the goods during the inquiry period? If yes, provide a description and explain the terms and conditions that must be met by the customer to obtain the discount.

The provision of discounts and rebates during the inquiry period has been detailed in Bisalloy's Confidential Appendix A4. Bisalloy's discounting principles are as follows:

Largest discounts: [**confidential text deleted**: *discount eligibility details*].

Modest discounts: [**confidential text deleted**: *discount eligibility details*].

Minimum discounts: [**confidential text deleted**: *discount eligibility details*].

No discount: [**confidential text deleted**: *details where no discounts are provided*].

In terms of rebates: [**confidential text deleted**: *rebate eligibility details*].

28. Does your company produce brochures, pamphlets or other promotional material for the goods? If yes, please provide them.

These can be found here: <https://www.bisalloy.com.au/products/>

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29. Describe the production process for the goods and provide a flowchart of the process. Include details of all products manufactured using the same production facilities as those used for the goods. Also specify all scrap or by-products that result from producing the goods.

An interactive flowchart is available here: [Manufacturing Process - Bisalloy](#)

Bisalloy is located at Unanderra, NSW and is Australia's only manufacturer of high strength, wear resistant and armour grade steel plate produced by the continuous rolling quench and tempering process.

Quenching and tempering is defined as a combination of the heating and cooling of a metal or alloy, imparting permanent changes to the microstructure of the steel to improve the strength, hardness and toughness of the materials being treated. Bisalloy® Q&T steel plate is manufactured by utilising the most advanced heat treatment technology whereby furnace temperatures and quenching rates are scientifically controlled using 'state-of-the-art' automation and Programmable Logic Controllers (PLCs) to obtain the optimum mechanical properties for each specific grade of steel with low alloy content.

The resulting products of low alloy quenched and tempered steel offer designers the strength to weight advantages and wear resistant properties not available in conventional steels.

High strength Q&T steels exhibit strength to weight ratios of approximately three times that of conventional mild steel. Principal applications are in mining equipment, transport, telescopic cranes, materials handling equipment, high rise construction and forestry equipment. High hardness grades offer improved wear life making it ideal for applications such as liners for chutes, buckets, dump trucks etc.

Bisalloy® Armour grades are suitable for armoured personnel carriers and ballistic protection of military and civilian fixed plant and transport equipment.

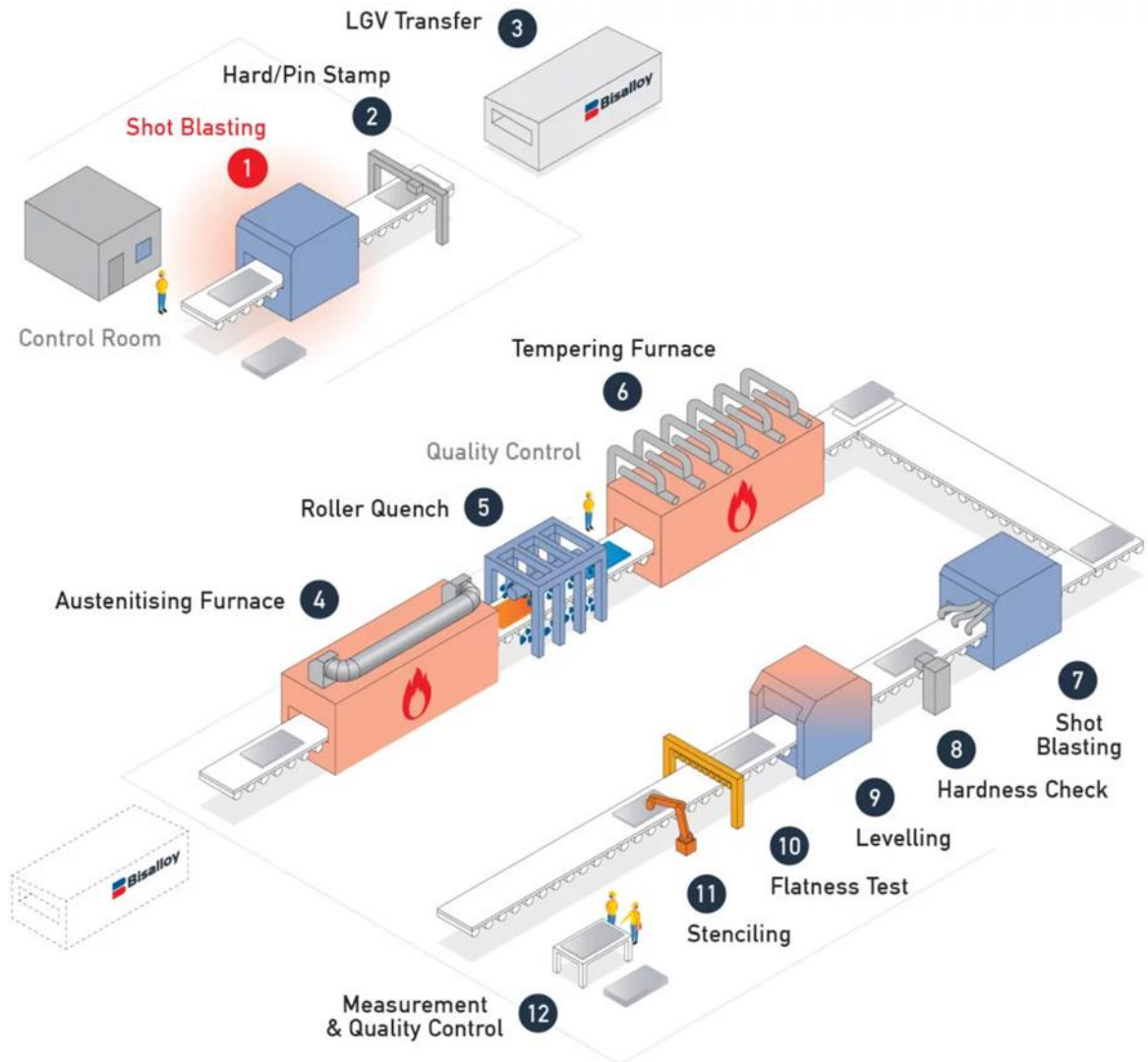
Bisalloy® grades can be readily cut, welded, formed and drilled using similar techniques to conventional mild steel.

Bisalloy Steels operates an approved mechanical testing laboratory registered and monitored by the National Association of Testing Authorities, Australia (NATA).

The company's quality control and management system is assessed by Lloyd's Register Quality Assurance and accredited to ISO9001. The process used for manufacturing Bisalloy® Q&T steel plate is shown by the diagram below and incorporates a highly automated approach to each stage of production.



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30. Are any of your suppliers related to your company (regardless of whether it is relevant to the manufacture of the goods)? If yes, please provide details including the product or services supplied by the related company?

Bisalloy does purchase a portion (approximately [XX] to [XX] percent) of its greenfeed steel from [**confidential text deleted: details of related party supplier purchasing**].

31. Is your company's cost accounting system based on actual or standard costs (budgeted)?

Actual costs (fully absorbed).

32. If your company uses standard costs:
- Were standard costs used as the basis of costs reported in Appendix A6.1 and A6.2?
  - Have all variances (i.e. differences between standard and actual production costs) been allocated to the goods?
  - How were those variances allocated?

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(d) Provide details of any significant or unusual cost variances that occurred during the period.

Not applicable. As above, Bisalloy's cost accounting system is based on actual (fully absorbed) costs.

33. Briefly explain your cost accounting practices (e.g. job costing, process costing).

Monthly production costs are [**confidential text deleted: commercially sensitive process costing accounting details**].

34. Do you have different cost centres in your company's cost accounting system? If yes, list the cost centres, provide a description of each cost centre and the allocation methodology used in your accounting system.

Yes. This listing is as follows:

– 80001- Production:

Costs directly incurred in running production.

– 80019 – Technical:

Costs directly incurred in ensuring the goods are produced to the required specification.

– 80081 – Administration:

Costs incurred in running administration of the business. Office expenses, finance team etc.

– 80082- MIS:

Costs incurred in keeping our information systems operations (IT department).

– 80085 – Sales and Marketing:

Cost incurred in selling and marketing our business.

– 80083 – Distribution:

Costs incurred in leasing 3PL distribution warehouses.

– 80088 – Business Development:

Costs incurred in specific research and development projects for new capabilities.

– 80481 – Corporate:

Corporate costs such as CEO/CFO, legal expense, audit fees, patents etc.

35. To what level of product specificity (models, grades etc.) does your company's cost accounting system normally record production costs?

Production costs consist of cost centres 80001 and 80019. Production costs are split between Armour and Wear/Structural.

36. Are there any costs for management accounting purposes valued differently to financial accounting purposes? If yes, provide details of the differences.

No.

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37. What is the method of valuation for raw material, work-in-progress, and finished goods inventories (e.g. last in first out –LIFO, first in first out- FIFO, weighted average)?

Raw materials, work in progress and finished goods are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials - Purchase cost is on an average cost basis.
- Work in progress and finished goods - Cost of direct materials, labour and an appropriate proportion of manufacturing overheads.

38. What are the valuation methods for damaged or sub-standard goods generated at the various stages of production?

Not applicable – goods can be reprocessed if required and scrapping or complete write-off accounts for less than [X] percent of production.

39. What are the valuation methods for scrap, by products, or joint products?

Scrap accounts for less than [X] percent of production and is sold at market value for scrap steel. There are no by-products or joint products.

40. What are the major raw materials used in the manufacture of the goods? Are any raw materials sourced as part of an integrated production process or from a subsidiary company which your company exercise control?

Bisalloy manufactures Q&T steel plate in Australia from greenfeed steel plate that is largely supplied from BlueScope Steel who is also the only manufacturer of greenfeed in Australia.

Bisalloy also sources [*confidential text deleted: alternative sourcing details*].

41. What is the method used to allocate costs in Appendix A6.1 and A6.2 for:
- (a) raw materials
  - (b) direct labour
  - (c) variable/manufacturing overheads
  - (d) selling, distribution, administration and finance.

- Raw materials: proportion of tonnes sold in the financial year.
- Direct labour: proportion of tonnes sold in the financial year.
- Variable/manufacturing overheads: proportion of tonnes sold in the financial year.
- Selling costs: proportion of tonnes sold in the quarter.
- Distribution costs: actual costs.
- Finance costs: are all 100 percent domestic business related.

### Section B Products in the Australian market

1. Describe the range of quenched and tempered steel plate (regardless of whether it is produced in Australia or imported) offered for sale in the Australian market.

Bisalloy sells a significant proportion of its locally manufactured Q&T steel plate via a

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network of distributor and processor companies. The remainder of its sales are made to large end-user customers in the mining sector on major project expansions and repairs and maintenance activities.

Bisalloy and importers compete in all States and Territories in Australia via similar channels of distribution.

2. Describe the key differences between locally made goods and imported goods. Your description could include information about any:
    - quality differences
    - price differences
    - supply/availability differences
    - technical differences
    - functional and commercial differences, and
    - product segmentation.
  
  - Quality differences: European, U.S. and Australian steels are generally classified as premium brands with mature quality systems and customer relationship management processes.
  
  - Price differences: the locally made goods list-price has remained in the middle of the market as defined against published list prices for casual buyers. Significant discounting occurs off the “market list price” by importers, who only support a predominantly variable cost base to operate. Discounts undercut Bisalloy’s ability to sell through a channel and support a reliable network of distributors and processors to support end user Australian demand.
  
  - Supply/availability differences: typically, Bisalloy has a shorter lead time than all importers.
  
  - Technical differences: premium brands typically cut, bend, and drill in similar manners depending on the target hardness that each manufacturer aims for. Cheaper brands are typically accompanied by more variable performance, particularly when it comes to bending and forming, with cracking a particular risk.
  
  - Functional and commercial differences: importers typically aim at sales to processors on indent orders. SSAB also imports stock, taking the place of the local steel distributor.
  
  - Product segmentation: generally, products offered comply with standard hardness bands or strength ranges, across the different brands.
3. Describe the typical end uses for quenched and tempered steel in the Australian market.

Q&T steel plate is predominantly sold into the resources sector and is used in a range of applications, including:

- excavator and dragline buckets;
- off-highway dump truck bodies;
- on-highway truck bodies;
- longwall mining equipment applications including roof shields, pan-lines;
- front-end loader arms and buckets; and

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- primary and secondary ore processing fixed plant equipment such as apron feeders, chute liners, run-of-mine (ROM) hoppers, train load-out hoppers, and rail bins.

General infrastructure applications include:

- bridges and gantries;
- high strength structural beams;
- crane booms and lifting equipment;
- high strength beams and columns in buildings;
- general steel fabrication; and
- heavy transport.

Agricultural applications include earth moving and cutting edges.

Q&T steel plate is also used in defence applications including Australian Defence Force Bushmaster Infantry Mobility Vehicles, civil armoured vehicles and submarine plate.

4. Describe the key product attributes that influence purchasing decisions or purchaser preferences in the Australian market. Rank these preferences or purchasing influences in order of importance.

For the Processed parts market, key attributes include:

- 1) availability;
- 2) formability, workshop performance;
- 3) reliability; and
- 4) price.

Typically, the market considers SSAB and Bisalloy products as the two major brands as being interchangeable.

For the larger OEM market, key attributes include:

- 1) performance;
- 2) price; and
- 3) reliability of supply.

This market segment is typically where Bisalloy see very aggressive action from importers as price is the main response.

5. Identify if there are any commercially significant market substitutes in the market for the goods and like goods in Australia.

There are no commercial significant substitutes for the goods and like goods.

6. Have there been any changes in consumer preferences for the goods in Australia in the last five years?

SSAB has shifted some demand from OEM tray builders in hard rock applications from 450HBN grade to HARDOX 500Tuf. Bisalloy has an equivalent product that all major OEM's are aware of. It has been independently qualified by [**confidential text deleted**: customer qualification details].

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There has been more active importation of Chinese wear plate direct to processors, which has reduced demand from Europe (see further below at Section H). However, the significant volumes that SSAB ship via China obscure the source of origin of those goods.

Overall, Bisalloy's estimation is that the relative market share and customer preference remains the same as prior to the continuation of the original trade measures.

Bisalloy manufactures plate equivalents through an offline Q&T process.

### Section C Prevailing conditions of competition in the Australian market

1. In respect of the Australian market for quenched and tempered steel plate and the prevailing conditions of competition within the market:

(a) Provide an overall description of the market for the goods in Australia which explains its main characteristics and trends over the past five years. Describe any changes in the structure and operation of the market, including any changes in demand for the goods since the measures were continued.

The structure of the Q&T end user market has remained largely similar to that in 2019. The main two changes on the supply side of the market during the intervening period have been:

- The response of local industry to significant supply chain disruptions arising from the COVID-19 pandemic. During this period various countries industries suffered disruption shipping reliability; and
- Two notable sources of supply have grown:
  - Q&T steel plate supplied from the United States (**U.S.**) by SSAB, either shipped directly, or via China. This has taken the place of the majority of SSAB's supply to Australia rather than Europe, and coincided with the continuation of the measures (under revised variable factors) in 2019; and
  - Q&T steel plate supplied from China, typically from either Nanjing Iron and Steel Company (NISCO) or Xing Cheng Specialty Steel Company (XCHD). This material is typically offered to plate processors via Australian import agents.

(b) Describe the sources of demand for the goods in Australia, including the categories of customers, users or consumers of the product.

Demand for Q&T steel plate is principally driven by the mining and resources sector, and also influenced by the construction, agriculture, transport and defence sectors.

(c) Provide your estimate of the proportion (%) of the market that each of those sources of demand listed in (b) represents. Identify any significant customers or consumers of the goods in Australia.

Q&T steel plate is a specialty steel comprising of wear, structural and armour grades. Wear grades account for approximately [XX] percent of sales, and structural grades for approximately [XX] percent. Armour grades are estimated at

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approximately [XX] percent of the market, but can vary annually driven by projects.

- (d) Identify any end users or consumers of quenched and tempered steel that solely import the goods.

The main group of suppliers that solely import the goods are transport equipment manufacturers (on road trailers and tippers). The type of material that is imported falls into two categories:

- Thin wear plate, typically of dimensions between 4 and 6mm thick, and 2500mm wide; and
- Thin structural strip produced using TMCP which is produced directly on a hot strip mill. Previously, product used in this segment was thin Q&T steel plate produced using an offline Q&T process. TMCP falls under the same HS code group as Q&T steel plate. Bisalloy understands that the Commission has reported that the majority of imports from Finland have been declared exempt from dumping duty, which may correspond with this change, as Finland is SSAB's main source of TMCP.<sup>1</sup>

- (e) Identify any customers that source the goods from both your company and from overseas suppliers.

Australian customers that source the goods from both Bisalloy and from overseas suppliers include:

- Most steel distributors;
- Most steel processors; and
- Some large OEM's for mining equipment.

- (f) Describe the factors that influence consumption/demand for quenched and tempered steel in Australia, such as seasonal fluctuations, factors contributing to overall market growth or decline, government regulation, general economic activity or activity within a particular industry or sector, and developments in technology affecting either demand or production.

Variability in demand is principally influenced by growth in the resources sector, increased economic activity resulting in project expansions, etc, and increased expenditure in repairs and maintenance. Defence projects will also influence demand on a year-to-year basis.

- (g) Describe any market segments in Australia, such as geographic or product segmentations.

There is no market segmentation based upon geographical boundaries or product groups for the goods and like goods.

- (h) Provide your estimate of the proportion (%) of the market that each of the market segments listed in (e) represents.

As above, there is no market segmentation.

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<sup>1</sup> Refer footnote no. 10 of ADN 2023/084. TMCP is not considered a like good and is not manufactured in Australia.

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- (i) Describe the way in which Australian manufactured and other imported goods compete in the Australian market.

The locally produced and imported goods are wholly substitutable and are highly competitive with each other.

- (j) Describe the ways that the goods are marketed and distributed in the Australian market.

Bisalloy sells a significant proportion of its locally manufactured Q&T steel plate via a network of distributor companies. The remainder of the sales are made to large end-user customers in the mining sector on major project expansions and repairs and maintenance activities.

Bisalloy and importers compete in all States and Territories in Australia and across each segment via similar channels of distribution.

- (k) Describe the level of price transparency between suppliers of quenched and tempered steel plate in the Australian market.

The Australian market is highly transparent and competitive for the subject goods.

- (l) Describe any other factors that influence the market for the goods in Australia.

All factors have been described above. Section B-4 is of particular relevance.

2. Identify the commercially significant participants in the market for the goods in Australia at each level of trade. In your response to this question, please include:
- the names of the participants
  - the level of trade for each market participant (e.g., manufacturer, reseller, retailer, distributor, trader and importer, etc.)
  - a description of the degree of integration (either vertical or horizontal) for each market participant, and
  - an estimation of the market share of each participant.

The following table provides a market size estimate from December 2023. The majority of market participants in downstream positions to distributors have overlapping plate processing capabilities:

*[confidential table deleted: commercially sensitive assessment of market participants, levels of trade, degrees of integration, and market share].*

3. Identify the names of commercially significant importers in the Australian market for the goods and estimate their market share. Specify the country each importer imports from and their level of trade in the Australian market, if known.

Refer question 2 above.

4. Describe any entry restrictions for new participants into the market for the goods in Australia. Your response could include information on:
- patents and copyrights
  - licenses
  - barriers to entry
  - import restrictions, and
  - government regulations (including the effect of those government regulations).



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In responding to this question ensure that relevant regulations are referenced.

There are generally no restrictions for new participants to enter the market for Q&T steel plate in Australia.

### Section D Prices in the Australian market

1. Is your company the price leader in relation to sales of quenched and tempered steel plate in the Australian market? If no, please explain the reasons to support your response and specify the name(s) of the price leaders.

Bisalloy [*confidential text deleted: price leadership details and assessment*]. Net prices are set to meet import competition which takes into consideration the market price of the subject goods using contemporary price information for equivalent imported products.

2. Describe the nature of your pricing for the goods (e.g. market penetration, inventory clearance, product positioning, price taker, price maker, etc.) and your pricing strategies (e.g., competition-based pricing, cost-plus pricing, dynamic pricing, price skimming, value pricing, penetration pricing, bundle pricing, etc.) in Australia. If there are multiple strategies applied, please rank these by importance. If there are different strategies for different products, please specify these. Provide copies of internal documents which support the nature of your product pricing.

Bisalloy utilise a [*confidential text deleted: price setting details*]. However, price positions are altered given prevailing import prices which in turn effect local steel pricing to ensure Bisalloy maintains a recoverable volume through its Australian manufacturing facility.

3. Explain how your company determines prices for quenched and tempered steel plate it sells in Australia. Provide copies of internal documents which support how pricing is determined.

As explained above at D-2.

4. Rank the following factors in terms of their influence on your pricing decisions in the Australian market, with the most important factor ranked first and the least important factor ranked last:
  - competitors' prices
  - purchase price of raw materials
  - cost to make and sell the goods
  - level of inventory
  - value of the order
  - volume of the order
  - value of forward orders
  - volume of forward orders
  - customer relationship management
  - supplier relationship management
  - desired profit
  - brand attributes

[*Confidential text deleted: factors rankings*]

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5. How frequently are your Australian selling prices reviewed? Describe the process for reviewing prices and the factors that lead to a review.

Bisalloy prepares distribution price lists for its various standard sized wear and structural steel products. Non-standard sizes are available subject to minimum order quantities and pricing is available on enquiry.

The price list also details delivery, terms of payment and terms of trade details. The market for Q&T plate steel is price sensitive and customers will use competitor offers to negotiate more favourable pricing from Bisalloy.

Prices are continually monitored against trends, including:

- New or altered competition;
- Changes to the manufacturing cost base;
- Trends in other geographies that import to Australia;
- Customer opportunity and behaviour; and
- Strategic reasons for project or customer support.

While list prices for stock sales typically [*confidential text deleted: timing*], individual lead time quotes can change from order to order based on other factors.

### **Section E Direct evidence of current import competition in Australia and its impact on Australian industry**

1. Does your company monitor or keep track of any information relating to import prices and import volumes? If yes, identify and describe:
- (a) the sources of this information
  - (b) how your company monitors and captures this information, and
  - (c) how and for what purpose your company uses this information.

Bisalloy receives trade data from export databases and import statistics. Bisalloy is required to derive actual volume and value of the export sources due to the redaction of specific tariff codes related to Q&T steel plate. This is monitored monthly, lagged by two months.

Bisalloy receives customer feedback on project bids that are won or lost. Bisalloy carefully ensures that it understands which alternative brands are under consideration. Customers [*confidential text deleted: customer pricing details*].

This feedback is compared to the type of customer, the market segment, geography and estimated volume.

Observations regarding these comparisons allow Bisalloy to price according to our targeted brand position.

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2. Please provide any examples that demonstrate the loss, or threatened loss, of your company's sales in Australia due to competition with imports of the goods from the subject countries or any other countries. Please provide any evidence to support these examples.

These examples were provided as part of Bisalloy's application for the continuation of measures. Refer Confidential Attachment 8(1) to the original application.

3. Please provide any examples that demonstrate the influence that imports have on your company's prices in the Australian market. Please provide any evidence to support these examples.

As above.

4. Describe any other circumstances in which imported goods have affected your company that you consider to be relevant to this inquiry.

Taken together, the above and further below at Sections F, G, and H assess the main circumstances relevant to this inquiry.

### Section F Effect of the anti-dumping measures

1. Describe the economic condition or financial performance of your company since the anti-dumping measures were continued in 2019.

The economic conditions over the past 4 years have been driven by several major external factors, namely Covid-19 and the dramatic effects it had on global supply chains, the Ukraine war and its impact on steel supply out of Europe, and inflationary cost pressures that have impacted domestically, particularly the price of gas, electricity and now labour.

The various supply constraints saw Q&T steel plate prices rise across global markets, but it also impacted stock availability domestically. These factors have begun to normalise over 2023, and Bisalloy are seeing more market pricing pressures from the subject countries.

Over this time, Bisalloy was impacted by the significant greenfeed cost increases, along with increases in electricity and gas materially impacting results. In 2022/23 Bisalloy [*confidential text deleted: Bisalloy's response to market pricing pressures and economic conditions*].

2. Describe the pattern or trend in imports (in terms of volume, price, country of origin and product attributes) of quenched and tempered steel plate since the measures were imposed in 2014, and since the measures were continued in 2019.

Confidential Appendix A-2 provides the pattern/trend in imports in terms of volume, price, and country of origin. In terms of product attributes, refer above at C-1(d).

**Section G Future demand, supply and other anticipated changes in the market**

1. Do you anticipate any changes in patterns of supply and/or demand in the Australian market over the next 5 years? What are your expectations for your own production of the goods over this period?

Bisalloy has noted that ongoing selling price and cost pressures on domestic Australian manufacturing have and continue to lead more manufacturers/processors to move production offshore. For example, *Austin Engineering Australia* (ASX code ANG) moved the majority of its bucket manufacturing from Western Australian to Batam, Indonesia.

2. What do you consider to be the primary economic indicators that correlate with the demand for the goods and like goods and may provide some indication of likely future demand?

The office of the Chief Economist provides a well-researched view of steel and iron ore in their latest Resources and Energy Quarterly update (December 2023). On steel, it states:<sup>2</sup>

*Global steel demand remains weak, driven by lower demand from manufacturing and construction in developed economies and ongoing weakness in China's property sector.*

*World steel production fell 4.6% (quarter-on-quarter) in the September quarter 2023. An expected stabilisation and gradual pickup in global industrial production, combined with further stimulus-related infrastructure projects, should support stronger growth in steel demand in 2024.*

*World steel production is projected to reach just under 2 billion tonnes by the end of the outlook to 2025. Growth will be supported by new capacity — either underway or planned — with projects in the pipeline in Asia, North America, Europe and the Middle East.*

On iron ore, it states:<sup>3</sup>

*Export values to ease over outlook on moderating prices.*

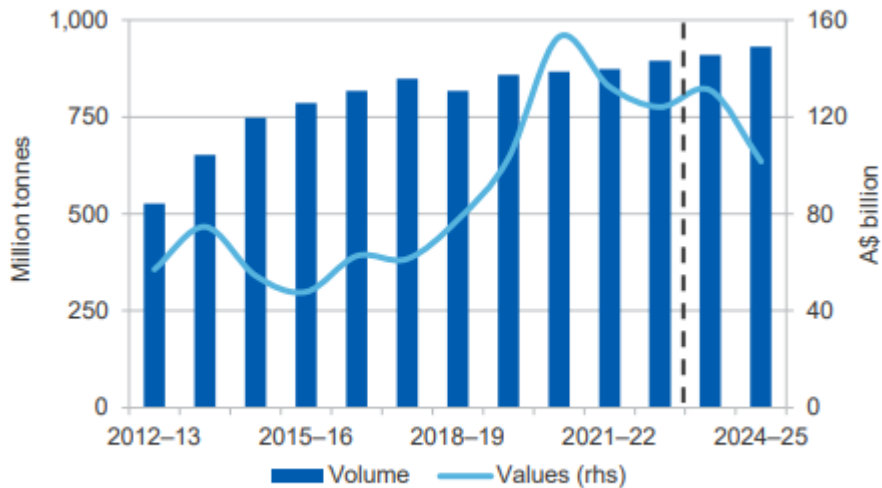
*Australia's iron ore export earnings are estimated to reach \$131 billion in 2023–24, up from \$124 billion in 2022–23. The increase reflects higher production volumes, a weaker exchange rate and a slightly higher average price. Moderating prices and a higher AUD/USD over the outlook period are forecast to lead to lower iron ore earnings, with exports of \$102 billion in 2024–25 (Figure 4.7).*

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<sup>2</sup> Refer <https://www.industry.gov.au/publications/resources-and-energy-quarterly-december-2023>, p. 27.

<sup>3</sup> Ibid, p. 41.

**Figure 4.7: Australia's iron ore export volumes and values**



Source: ABS (2023) International Trade, Australia, 5368.0; Department of Industry, Science and Resources (2023)

It is Bisalloy's view that while domestic demand is driven by various factors, the largest appears to be iron ore production (volume and price). On that basis, Bisalloy sees demand moderating over the coming years as average iron ore prices fall *From an estimated average price of around US\$105 a tonne (FOB) in 2023...to an average of about US\$77 a tonne by 2025.*<sup>4</sup>

- Are there any anticipated technological or product developments within the next five years that are likely to affect demand, your supply, your costs or pricing of the goods?

Primarily, the emerging production of 'green' steel.

- Do you anticipate any change in consumer preferences in the coming five years? If yes, provide details including any relevant research or commentary on the industry/sector that supports your response.

As above in relation to green steel.

**Section H Materiality of any potential injury if the measures expire**

- If the anti-dumping measures were to expire in November 2024, describe how any injury caused by dumping from each country would be material.

The Commission needs to appropriately consider the period beyond the life of the current measures to determine if it is likely that dumped and materially injurious Q&T steel plate exports from Finland, Japan, and Sweden will recommence.

This necessarily requires, firstly, a consideration of the material injury determinations in the original investigation (INV 234), reflecting the industry's condition prior to the imposition of measures, as this period was the most recent time during which imports from Finland, Japan, and Sweden competed in the Australian market free of the discipline of interim dumping duties.

<sup>4</sup> Ibid, p. 38.

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Secondly, the conclusions in the first continuation inquiry (**CON 506**) are fundamental as this was the first point in time the Commission considered the impact on Australian industry in the absence of ongoing measures.

Assessing the positive evidence that led to the initial imposition and subsequent continuation of the measures, alongside the positive evidence in the current inquiry, will necessarily require the Commission to conclude that should the measures expire in November 2024, injury caused by dumping from each country would be material.

### **INV 234**

INV 234, with an inquiry period ending December 2012 and an injury assessment period spanning 2010 to 2013, found that the Australian industry had suffered material injury, and that there was a causal link between the injury experienced and the dumped goods from the subject countries.

The Commission found that due to the dumped imports, Bisalloy suffered injury in the form of price depression, price suppression, reduced profits, reduced profitability, and reduced domestic revenue.<sup>5</sup> In INV 234, the Commission considered that the cumulative assessment of injury was appropriate given the conditions of price competition between the imported goods and between the imported goods and the like domestic goods.<sup>6</sup> Conclusively:<sup>7</sup>

*It is the Commission's view that there are sufficient grounds to establish that the price depression, price suppression, reduced profits, reduced profitability and reduced revenues, suffered by the Australian industry were caused by dumping and that the injury suffered by the Australian industry as a result of the dumping was material.*

### **CON 506**

In CON 506, the Commission concluded at a country-specific level that:<sup>8</sup>

- for Japan, while imports had a diminished presence in the Australian market following imposition of measures, they were able to readily respond to changes in demand and compete with Bisalloy on price. Based on this, the Commission considered that the expiration of measures would have likely led to a recurrence of injury that the measures were intended to prevent;
- for Sweden, the Commission's analysis indicated that significant imports from Sweden were at dumped prices and competed directly with Bisalloy. As a result, the Commission considered that Bisalloy was suffering injury in the form of price depression, price suppression and reduced profits and profitability. Based on this, the Commission considered that the expiration of measures against exports from Sweden would have led to a continuation of injury that the measures were intended to prevent; and
- for Finland, the Commission considered the close relationship between Ruukki (as the only known exporter of the goods from Finland) and SSAB Sweden. The Commission found that exports from Finland would likely resume, at similar levels of dumping found for Sweden. Therefore, the Commission considered that the

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<sup>5</sup> INV 234, Final Report (**REP 234**), p. 56.

<sup>6</sup> Ibid, p. 58.

<sup>7</sup> REP 234, p. 74.

<sup>8</sup> REP 506, p. 41.

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expiration of measures would have likely led to a recurrence of injury that the measures were intended to prevent.

The positive causation found primarily in regard to pricing and the consequent impact on revenues, profits, and profitability was premised on the Commission's price-effect conclusions for each country. For Sweden (and, because of the above, Finland), the Commission found that Bisalloy faced competition from SSAB such that raising its prices would affect its ability to maintain market share.<sup>9</sup> Exports from Sweden were assessed as being dumped, by a significant margin, and Bisalloy suffered injury in the form of price depression and price suppression.<sup>10</sup>

For Japan, the Commission concluded that imports competed with Bisalloy at a common-customer level – imports would likely continue to compete with Bisalloy in the future, and material price injury from dumped imports would likely continue if the measures expired.<sup>11</sup>

### Current inquiry

In the first instance, Bisalloy contends that the price-effect injury caused by dumping from each country would be material and significant if the measures expire. Exports of the goods from the subject countries are of significance in the Australian market, and compete directly with the like goods produced by the Australian industry.

In the second instance, market share injury caused by dumping from each country would be material and significant if the measures are permitted to expire. The subject countries have the means, existing supply channels, and motive to export substantial volumes of Q&T steel plate to Australia in the absence of continued measures.

Bisalloy therefore submits that there would be a recurrence of material injury in the forms of price depression, price suppression, reduced profits and profitability, and reduced revenues. There would also be material injury in the form of reduced market share, and across other relevant injury factors that are a product of price-effect and market share injury. Each subject country would contribute in a material way to this injury in the absence of continued measures.

- Japan

The Commission has earlier found that Japan maintains a demand-driven capability to enter the Australian market. In its continuation application, Bisalloy provided specific evidence of this capability during the current inquiry period.

Since CON 506, Japan's presence in the Australian market has been characterised by smaller selling price increases vis-à-vis selling prices in the home market. Over the three years ending December 2022, Japan's export price to Australia has increased by approximately 20 percent,<sup>12</sup> whereas the Japanese home market price for standard grade plate steel (used as the feed raw material for Q&T steel products) has increased over the same period by approximately 77 percent.<sup>13</sup> Extending the period to the seven months ending July 2023, Japanese home market prices increased by approximately 83 percent.<sup>14</sup> Under the *ad valorem* measure currently applicable to Japan, it has been able to effectively

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<sup>9</sup> Ibid, p. 53.

<sup>10</sup> Ibid.

<sup>11</sup> Ibid, p. 55.

<sup>12</sup> Refer Bisalloy's Commercial-in-Confidence continuation application.

<sup>13</sup> Ibid.

<sup>14</sup> Ibid.

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absorb the impact of the measure by not increasing the export price commensurate with rising normal values.

There is no evidence to suggest that Japan can no longer respond to changes in Australian market demand and compete with Bisalloy on price. In fact, the opposite is true, with there being no observable difference in Japan's capabilities to re-enter the Australian market than what was assessed in CON 506. Should the measures expire, this will therefore result in material price-effect injury.

Furthermore, the measures to-date have had a restraining volume effect on Japanese Q&T steel plate exports to Australia. This has not been the case for Japan's other main export destinations for Q&T steel plate. Bisalloy provides at Confidential Attachment H-1(a) an analysis of Japan's main export destinations for the subject goods and similar plate steel products, and the trend over time. Since 2011, Japanese exports to its top-10 export markets (by volume) have increased by an average 232 percent. Australia, on the other hand, has declined by approximately 90 percent.

Japan's steel making capacity (and therefore overcapacity) is a critical consideration for the Commission. Recent economic analysis suggests that Japan's steel making capacity utilisation is approximately 64 percent.<sup>15</sup> This excess capacity will necessitate a focus on exports:

*Like its peers in Europe, the Japanese steel industry is facing overcapacity with dire prospects. Domestic demand is on a downward trend, in line with a falling demography, making the Japanese steel industry highly dependent on exports. The EU and the US are net steel importers, but Japan is the world's second largest steel exporter after China. Japan is even more reliant on exports than China with a net export ratio of 25% versus 5% for China.*<sup>16</sup>

A consequent reversion to pre-measures volumes at material margins of dumping,<sup>17</sup> motivated by excess capacity and the absence of trade measures, would therefore clearly have an injurious market-share impact on the Australian industry.

- Finland & Sweden

Sweden held a material share of total Q&T steel plate exports to Australia during the current continuation inquiry period, demonstrating that it is a major Australian market participant for Q&T steel plate. Exports from Sweden have been previously attributed as having caused price-effect and profitability injury.

Over the life of the measures to-date, the Commission's analysis has explicitly tied Finland to Sweden based on the close relationship between Ruukki and SSAB Sweden. This corporate relationship is unchanged, and the purchasing relationship between SSAB Ruukki/Finland and SSAB Australia is stronger than ever. Since 2020, SSAB's purchases from SSSAB Finland have increased substantially, from AU\$8.1M in 2020, to AU\$15.1M in 2021, to AU\$34.4M in 2022.<sup>18</sup> This 325 percent increase over the three-year period is

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<sup>15</sup> Non-Confidential Attachment H-1(b): *Japanese steel industry is poised for a major downsizing in the years to come*. 1 March 2021. Also available at <https://www.greencarcongress.com/2021/03/20210301-nipponsteel.html>

<sup>16</sup> Ibid.

<sup>17</sup> Whilst the above analysis highlights the difference between Japanese home market and Australian export prices where such prices have generally increased, the forward economic view for Japan indicates likely lower domestic prices driven by excess capacity. Bisalloy may seek to make further representations during the inquiry on prima facie dumping margins for Japan for the period subsequent to September 2023.

<sup>18</sup> Refer Bisalloy's Commercial-in-Confidence continuation application.



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indicative of a growing trend in the supply of steel products from Finland to Australia, a trend which will exacerbate in the absence of continued measures.

Over the same period assessed for Japan above, Finnish and Swedish export prices to Australia have increased by approximately 45 to 49 percent<sup>19</sup> whereas home market European plate prices have increased by approximately 137 percent. Extending the period to the seven months ending July 2023, European plate steel prices increased by approximately 72 percent.<sup>20</sup> This indicates a relatively healthy home market steel pricing environment for Finland and Sweden. However, this buoyancy has and is expected to continue to reverse, with crude steel production in Sweden generally now in decline:<sup>21</sup>

*Production of crude steel by Sweden's mills continued in September the downward trend seen so far this year, and in fact accelerated it.*

*Crude steel output totalled 315,000 tonnes, 12.7% less than in September 2022, [according to] the latest statistics of national steel federation. The decline is notably steeper than the year-to-date drop of 4.4% in the nine months through September to 3.279 million tonnes.*

*This was still relatively in line with the January-June period, which saw 4.5% less output than the first half of 2022.*

*The declining demand continues to affect crude steel production...[source quotation omitted].*

SSAB, on the other hand, increased steel making during 2023 which corresponded with declining earnings:<sup>22</sup>

*The Swedish steel producer SSAB in the first half of 2023 increased steel shipments by 2.5% y/y – up to 3.46 million tons, and production – by almost 11% y/y, up to 4.14 million tons. Net profit in this period fell by 46% – to 7.6 billion Swedish crowns.*

*In Q2 2023, the company increased consolidated steel shipments by 0.6% y/y – up to 1.72 million tons. Production volumes increased by 5% – up to 2.09 million tons in annual terms.*

*SSAB's net profit in the second quarter halved to SEK 3.9 billion. The result was down from 2022's record high primarily due to a weak market for SSAB Europe, Tibnor and Ruukki Construction.*

*SSAB Europe increased its steel supply by 8% y/y in the second quarter – up to 907 thousand tons. Steel production increased by 18% compared to the same period in 2022 – up to 1.14 million tons. SSAB Europe's revenue fell by 10% y/y – to SEK 12.9 billion, and the adjusted operating result – by more than 80% y/y – to SEK 764 million.*

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<sup>19</sup> Ibid.

<sup>20</sup> Ibid.

<sup>21</sup> Non-Confidential Attachment H-1(c): *Swedish steel output continues to trend down*. Eurometal. 17 November 2023. Also available at <https://eurometal.net/swedish-steel-output-continues-downward-trend/> This trend is further supported by earlier analysis, available here: <https://eurometal.net/swedish-steel-production-dips-in-first-half/>

<sup>22</sup> Non-Confidential Attachment H-1(d): *SSAB increased its steel supply by 2.5% y/y in the first half of 2023*. GMK Centre. 24 July 2023. Also available at <https://gmk.center/en/news/ssab-increased-its-steel-supply-by-2-5-y-y-in-the-first-half-of-2023/>

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*“Demand in Europe has become weaker and market prices for steel have declined during the quarter, which is affecting SSAB with some delay. To account for weaker demand, measures were initiated to adjust production, costs and staffing. The goal is to reduce costs by more than SEK 500 million on an annual basis.” [SSAB quote].<sup>23</sup>*

*SSAB expects a more pronounced decline in demand in the third quarter and stable demand in the North American plate market.*

*[I]n June 2023, the company was considering temporary layoffs at enterprises in Finland. SSAB Europe’s Finnish division has initiated change negotiations at facilities in Hämeenlinna and Kankaanpää. As the steel company noted, the reason is mainly due to low demand in the construction sector, it was expected that negotiations about changes will last at least six weeks.*

Excess steel production in the face of declining domestic demand will see Sweden and Finland seek to add volume to existing export supply channels. It is already well-recognised that both countries compete directly with Bisalloy. An exacerbation of this competition, in the absence of continued measures, will cause material price-effect injury to the Australian industry as it seeks to respond to this price behaviour.<sup>24</sup>

In terms of volume-effect injury, Bisalloy submits that both Sweden’s and Finland’s additional exports to the Australian market in the absence of continued measures will be materially injurious:

- For Sweden, Bisalloy provides at Confidential Attachment H-1(e) an analysis of main export destinations for Q&T steel plate and similar plate steel products, and the trend over time. Since 2011, Swedish exports to its top-10 export markets (by volume) have increased by an average 40 percent. Australia, on the other hand, has declined by approximately 60 percent.
- For Finland, Bisalloy provides at Confidential Attachment H-1(f) a similar analysis to Sweden and Japan above. Since 2011, Finnish exports to its top-10 export markets (by volume) have increased by an average 129 percent. Exports to Australia are observed to align to the accelerating trade purchasing relationship between SSAB Rukki/Finland and SSAB Australia.

Declining Swedish and Finnish home market demand, coupled with ongoing steel production and a consequent by-necessity export focus, will transpire alongside material margins of dumping<sup>25</sup> and translate to material volume-related injury to Bisalloy in the absence of continued measures.

- Price effect material injury

In INV 234, the Commission conducted a price undercutting analysis at an aggregated product level, grade level, and customer level. At the aggregate level, the analysis revealed

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<sup>23</sup> Refer <https://www.reuters.com/markets/commodities/swedens-ssab-misses-profit-forecasts-weak-european-market-2023-07-21/>

<sup>24</sup> As evidenced at Confidential Attachment 8(1) of Bisalloy’s continuation application.

<sup>25</sup> Similar to Japan, notwithstanding that the normal value to export price disparity over recent periods for Finland and Sweden has been driven by a general increase in steel prices, Bisalloy submits that the dumping by Finland and Sweden during the inquiry period will continue going forward, albeit within an environment of declining steel prices.

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that undercutting by verified importers ranged from negative 12.7 percent to 18.6 percent.<sup>26</sup> At the grade level:<sup>27</sup>

*For 780 MPa grade equivalents in the thickness range of 10 to 50mm, price undercutting by importers during the investigation period ranged from:*

- *negative 7.4 per cent to 7.7 per cent at a distributor level of trade;*
- *3.4 per cent to 20.4 per cent at an end user level of trade.*

*For 400 to 500 Brinell hardness equivalent grades in the thickness range of 10 to 50mm, price undercutting by importers during the investigation period ranged from:*

- *negative 39.1 per cent to 13.1 per cent at a distributor level of trade;*
- *negative 28.7 per cent to 27.3 per cent at an end user level of trade.*

At the customer level, the Commission found the following levels of undercutting:<sup>28</sup>

	<b>Monthly Ranges</b>			
	<b>780 MPa</b>	<b>400 Brinell</b>	<b>450 Brinell</b>	<b>500 Brinell</b>
<b>[Confidential – Customer]</b>	-		8.6% to 10.9%	-
<b>[Confidential – Customer]</b>	16.2%	13.4% to 15.8%	-25.5% to 9.7%	3.7%
<b>[Confidential – Customer]</b>	-	33.1%	-	-
<b>[Confidential – Customer]</b>	-	0.7% to 9.7%	-	-
<b>[Confidential – Customer]</b>	-	-	-10.4% to -22.3%	-
<b>[Confidential – Customer]</b>	7.6% to 38.7%	17.6%	-47.1% to 10.5%	3.4% to 21.2%
<b>[Confidential – Customer]</b>	13.4%	17.8% to 24.3%	-31.3% to 13.3%	-
<b>[Confidential – Customer]</b>	-	-	-13.5% to -82.9%	-
<b>[Confidential – Customer]</b>	-	-	-42.9%	8.9%
<b>[Confidential – Customer]</b>	-	-	-2% to -15.5%	20.2%

**Table excerpt from REP 234**

In CON 506, the Commission found that approximately 87 percent of Bisalloy's sales volumes were undercut or were directly competitive with SSAB AU.<sup>29</sup> In its price undercutting analysis, the Commission:

*...compared the weighted average prices of Bisalloy's highest selling structural grade and wear grade models accommodating for thickness. The analysis of Figure 13 shows that Bisalloy and SSAB AU's highest volume wear grade model at the three category MCC level has an average price difference across the inquiry period of not more than one per cent. For the highest selling structural grades, the analysis shows that Bisalloy is undercut by SSAB AU by an average of 9 per cent over the inquiry period.*

INV 234 and CON 506 evidenced material levels of price undercutting. It would therefore be economically inconceivable in the current inquiry to conclude that price undercutting would not be exacerbated in the absence of continued measures. Removal of the substantial margins of dumping found in CON 506 (or even contemporaneous versions thereof, as evidenced above in the price differentials between subject country home markets and Australia) would most certainly transpire to levels of undercutting in the Australian market akin to those prior to measures imposition, and hence drive a continuation or recurrence of material injury to Bisalloy.

<sup>26</sup> REP 234, p. 59.

<sup>27</sup> Ibid, p. 60.

<sup>28</sup> Ibid.

<sup>29</sup> REP 506, p. 49.

Bisalloy provides at Confidential Attachment H-4 a price undercutting analysis quantifying the injurious price-effect impact over the inquiry period at progressively increasing levels of undercutting. As is shown, the result is a material deterioration in price and therefore profits and profitability.

**Investigation No. 578 – Q&T steel plate from the United States**

In assessing whether the expiration of the measures would lead to or would be likely to lead to a continuation or a recurrence of the dumping and the material injury that the anti-dumping measure is intended to prevent, the Commission should also consider its findings from the calendar year 2020 inquiry on Q&T steel plate exports from the U.S. (**INV 578**).

In its application to INV 578, Bisalloy evidenced that throughout 2019 imports from Japan, Finland, and Sweden accounted for approximately 24 percent of the Australian market, with imports from the U.S. at 7 percent.<sup>30</sup> In 2020, however, subject country imports declined (due to the continuation of the anti-dumping measures) to account for only 7 percent of the market, with imports from the U.S. rapidly expanding to account for almost one-quarter of the market.<sup>31</sup> Imports of Q&T steel plate from the U.S. had therefore displaced Finland and Sweden in a very short twelve month period.<sup>32</sup>

The particulars of Bisalloy's arguments at the time were as follows:<sup>33</sup>

*Prior to the continuation of anti-dumping measures in November 2019 on Q&T steel plate exported from Finland, Japan and Sweden, imports of Q&T steel plate from the USA were in annual volumes of circa 4,000 tonnes (for 2017 and 2018). However, following the continuation announcement, there was a noticeable shift of the sourcing of Q&T imports by the Australian importer SSAB Australia Pty Ltd (SSAB Australia) away from Sweden (subject of measures) to the USA.*

*In 2019, Sweden's exports to Australia accounted for approximately 23 per cent of the total demand in the Australian Q&T market. Following the continuation of the anti-dumping measures in November 2019 with revised variable factors (and a new interim dumping duty (IDD) amount determined at 58.6 per cent), exports from Sweden dwindled to account for only 6 per cent of the market in 2020. Meanwhile, exports from the USA – that accounted for 7 per cent of the Q&T market in 2019 – increased to 24 per cent of the market in 2020. **It is unquestionable that the exports of Q&T steel plate from the USA have replaced the exports previously sourced from Sweden by SSAB Australia.** [emphasis added].*

*The Australian industry's sales have stagnated in 2020. This is despite the Australian market expanding in 2020 by approximately 15 per cent (actual growth is likely to be higher once December 2020 import data is available). The Australian industry's expectation was that it would share in this rate of growth particularly as effective measures were applied with effect from 2 November 2019 to the dumped and injurious exports from Finland, Japan and Sweden. This expectation has not materialised as, particularly during the back half of 2020, the Australian industry's sales volumes has plateaued and market share has declined (from 52 per cent in 2019 to 46 per cent in 2020).*

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<sup>30</sup> Bisalloy's application to INV 578. Folio No.1, p. 18.

<sup>31</sup> Ibid.

<sup>32</sup> Ibid.

<sup>33</sup> Ibid, p. 24.

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*The Australian industry has experienced material injury in 2020 in the form of flat domestic sales volumes, reduced market share and an inability to secure increased sales volumes in a rapidly expanding Q&T steel plate market. The market share decline has contributed to profits forgone that would have been achievable in the absence of the dumped Q&T steel plate imports from the USA in 2020.*

In its Consideration Report to INV 578, the Commission considered that there existed reasonable grounds to support Bisalloy's claims that Q&T steel plate exported from the U.S. had displaced volumes from Finland, Japan, and Sweden to a large extent.<sup>34</sup> Evidence of this trend is certainly borne-out in the transactional relationship between SSAB AU and other SSAB entities. Bisalloy draws the Commission's attention to Non-confidential Table 3 of Bisalloy's application to the current inquiry, which is reinstated below:

Purchases - SSAB Australia	2018	2019	2020	2021	2022
Singapore	32,601	5,824		8,291	40,119
Sweden	47,225,770	70,341,704	11,758,991	23,681,424	45,364,196
Sweden YOY increase/-decrease		48.95%	-83.28%	101.39%	91.56%
China		2,229,416	16,616,007	13,919,769	3,772,980
US		5,251,740	36,286,901	27,493,753	77,063,524
Finland			8,181,123	15,068,601	34,420,413
Finland YOY increase/-decrease				84.19%	128.42%
Poland				1,253	2,465
<b>Total</b>	<b>47,225,770</b>	<b>77,822,860</b>	<b>72,843,021</b>	<b>80,164,802</b>	<b>160,623,580</b>

**Table excerpt from Bisalloy's continuation application**

Between 2019 and 2020, the transactional relationship between Australia and the U.S. increased by a staggering 591 percent – indicating how quickly SSAB can respond to Australian trade barriers that seek to prevent the continuation and/or recurrence of material injury. This trading relationship was then solidified over the same period in which trade flows between SSAB Australia and Sweden declined (by 36 percent between 2019 and 2022). By 2022, trade between Australia and the U.S. had increased by 1,367 percent (as compared to 2019).

Trade flows between Australia and China also increased over this period, up 645 percent between 2019 and 2020, and by 69 percent between 2019 and 2022.

Notwithstanding the Commission's termination decision in INV 578, this inquiry is critical in establishing a foundation of positive evidence upon which to conclude that the expiration of measures against Sweden (and Finland, given the Commission's concluded associations) will cause a recurrence of material injury – namely, that removal of the measures will most certainly result in a reversion back to SSAB's preferred pre-measures origin/subject country sources of Australian Q&T steel plate supply, and away from channels that have seen the above-noted escalations in trade. Subject country sources of supply have been previously found to be materially dumped and materially injurious.

Bisalloy reiterates its position above that the removal of the substantial margins of dumping found in CON 506 (or contemporaneous versions thereof) would transpire to material levels of price undercutting, and hence drive a recurrence of material injury to Bisalloy.

<sup>34</sup> Consideration Report 578. Folio No. 2, p. 23.

## Public File

### Section I Declaration

I hereby declare that Bisalloy Steels Pty Ltd has completed the attached questionnaire and, having made due inquiry, certify that the information contained in this submission is complete and correct to the best of my knowledge and belief.

**Name:** Rowan Melrose

**Signature:**

A handwritten signature in blue ink that reads "Rowan Melrose". The signature is written in a cursive style with a large initial 'R'.

**Position in Company:** Chief Executive Officer & Managing Director

**Date:** 25 January 2024