

**Canberra**  
6/2 Brindabella Circuit  
Brindabella Business Park  
Canberra International Airport  
ACT 2609 Australia  
+61 2 6163 1000

**Brisbane**  
Level 4, Kings Row Four  
235 Coronation Drive  
Milton, Brisbane  
QLD 4064 Australia  
+61 7 3367 6900

**Melbourne**  
Level 50  
120 Collins Street  
Melbourne  
VIC 3000 Australia  
+61 3 8459 2100



commercial + international

5 April 2024

**The Director  
Investigations 2  
Anti-Dumping Commission  
GPO Box 2013  
Canberra  
Australian Capital Territory 2601**

**By email**

Dear Director

## **SSAB - quenched and tempered steel plate from Finland and Sweden Public record submissions from SSAB EMEA verification**

With this letter we provide public record versions of certain submissions that we made on behalf of our client SSAB EMEA during the recent exporter verification of our client in Sweden.

The materials are as follows:

- SSAB – CON 638 Australian market and industry situation – public record version; and
- Closing comments at SSAB EMEA verification re injury considerations – public record version.

This letter and the attached submissions may be placed on the public record of the inquiry.

Yours sincerely

**Daniel Moulis**  
Partner Director

**+61 414 221 224**

Attachments (2)

**NON-CONFIDENTIAL**



**HARDOX®**  
WEAR PLATE

Continuation inquiry 638

SSAB pricing and changes in  
Australian market competition

Public record version of presentation to  
Australian Dumping Commission officials  
25 March 2024

SSAB

1

## Key points 1

**HARDOX®**  
WEAR PLATE

- ▶ **Unsuppressed selling price**
  - In Report CON 506 Bisalloy's unsuppressed selling price was advised by the Commission to be **\$2,015.93 per MT**
  - At all times since CON 506 SSAB AU has sold into the Australian market **at prices higher than Bisalloy's USP**
  - SSAB AU has prepared a graph to **demonstrate SSAB AU's [CONFIDENTIAL TEXT DELETED – estimation of product value]**
- ▶ **[CONFIDENTIAL TEXT DELETED – estimation of product value]**
  - SSAB's Q&T steel plate **[CONFIDENTIAL TEXT DELETED – estimation of product value]**
  - Since CON 506 **SSAB AU has consciously and actively** applied this policy across all sales
  - SSAB prices are origin agnostic
  - This has involved and continues to involve SSAB AU in:
    - establishing a **[CONFIDENTIAL TEXT DELETED – estimation of product value]** and maintaining same
    - **not reducing then current guideline prices in response to lower-priced offers**
  - Consistent outcome has been **a significant upward price gap over Bisalloy and Bisalloy distributor prices**
  - This upward price gap has been and continues to be:
    - maintained in line with SSAB's market intelligence
    - justified by SSAB's technical quality
    - driven by SSAB's profit motivations
    - in the case of SSAB's experience in Australia, aimed at removing negative image and cost impacts

2

NON-CONFIDENTIAL – PUBLIC RECORD VERSION

SSAB

2

## Key points 2

**HARDOX®**  
WEAR PLATE

- ▶ **Bisalloy financial performance since CON 506**
  - **Strong upward trend in profitability** of Bisalloy's Australian reporting segment since CON 506
  - **Nine-fold higher profit** in FY2023 1H compared to FY2019 2H
  - Uncharacteristic "drops" in Bisalloy profit coincidentally occurred in each of the last three Commission investigation/inquiry periods
  - No hiding **Bisalloy's historically highest profit in past decade**
- ▶ **Market positioning**
  - SSAB's market space is **end users** whereas Bisalloy's market space is **distributors**
  - **The Q&T steel plate market is distinctly segmented**
  - The factors impacting Bisalloy prices are **Bisalloy's distributors and import competition from countries not subject to measures, and not from SSAB**
  - Bisalloy and Bisalloy distributor prices are **significantly less than SSAB's [CONFIDENTIAL TEXT DELETED – description of pricing model] pricing**
  - **Bisalloy's distributors play-off import prices against Bisalloy local prices**

3 NON-CONFIDENTIAL – PUBLIC RECORD VERSION

**SSAB**

3

## Key points 3

**HARDOX®**  
WEAR PLATE

- ▶ **Legal compliance is important to SSAB**
  - SSAB has **engaged with and understands the Australian anti-dumping system**
  - Since CON 506, SSAB GBS and Moulis Legal have initiated and coordinated a rolling IDD refund program for SSAB AU
  - The outcomes of that continuing program have been
    - DA1 refund of **[CONFIDENTIAL TEXT DELETED – number]%** of IDD paid (5 Nov 2018 to 4 May 2019)
    - DA2 to DA8 refunds of **[CONFIDENTIAL TEXT DELETED – number]%** (5 May 2019 to 4 Nov 2022)
    - DA9 and DA10 refunds of **[CONFIDENTIAL TEXT DELETED – number]%** projected (5 Nov 2022 to 4 November 2023)
  - **SSAB recognises what the measures are and what their objective is**
- ▶ **Local entity, local investment, local relationships**
  - SSAB has invested in Australia and in the Australian industries it services
  - **SSAB is not an opportunistic seller or low-margin trader**
  - SSAB is not *"here today, gone tomorrow"*
- ▶ **Focus on transfer pricing and tax compliance**
  - SSAB EMEA and SSAB AU have **actively complied with their tax obligations**
  - This has involved diligent observance of:
    - OECD Guidelines for multinationals
    - Australian Taxation Office rulings

4 NON-CONFIDENTIAL – PUBLIC RECORD VERSION

**SSAB**

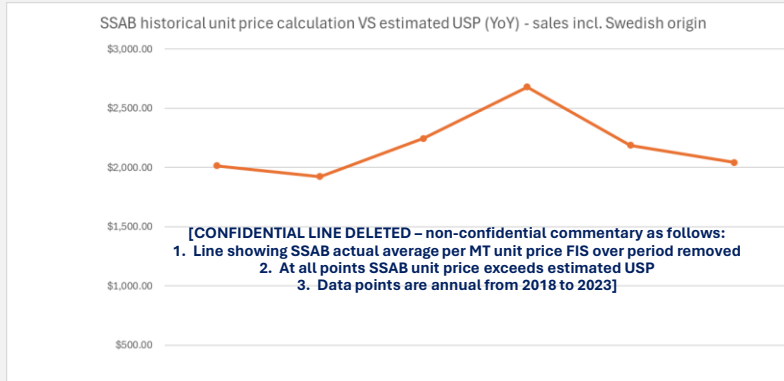
4

## Bisalloy's USP 1

▶ **CON 506 final report, page 72**

- Subsequent to publishing the SEF, the Commission has revised its calculation of the USP, which has affected the indexing calculation. The revised USP at free-into-store delivery terms is \$2,015.93 per MT.

▶ **Comparison of estimated Bisalloy USP on FIS terms and SSAB price on FIS terms per MT**



5

NON-CONFIDENTIAL – PUBLIC RECORD VERSION

**SSAB**

5

## Bisalloy's USP 2

▶ **USP and SSAB AU price methodology**

- Initial USP estimated to be [CONFIDENTIAL TEXT DELETED – number] % greenfeed cost + [CONFIDENTIAL TEXT DELETED – number] % manufacturing cost + [CONFIDENTIAL TEXT DELETED – number] % margin (incl freight)
- Greenfeed price was adjusted over period using SBB Platts East Asia plate steel movement
- Manufacturing cost was adjusted by Australian CPI movement
- SSAB AU unit price is actual including freight as per duty assessment sales spreadsheets over the period

▶ **Data demonstrates that since CON 506**

- SSAB AU per MT price for the GUC from Sweden has exceeded Bisalloy's Commission-advised USP
- SSAB has consistently maintained and increased [CONFIDENTIAL TEXT DELETED – pricing model]
- Bisalloy's opportunity for super profit (> USP profit) has existed in the SSAB per MT-USP "gap"

▶ **Factors other than "dumping" have dictated and will continue to dictate Bisalloy's performance**

- Price bargaining by distributors who sell and/or compete with goods from countries not subject to measures
- Strong market segmentation with Bisalloy selling into price sensitive distributor segment

▶ **SSAB [CONFIDENTIAL TEXT DELETED – description of pricing model] pricing will not change**

- SSAB AU profitability has been maintained at higher prices
- SSAB volume/market share only marginally different than before
- [CONFIDENTIAL TEXT DELETED – contributors to product value]
- [CONFIDENTIAL TEXT DELETED – contributors to product value]

6

NON-CONFIDENTIAL – PUBLIC RECORD VERSION

**SSAB**

6

## Bisalloy financial metrics 1



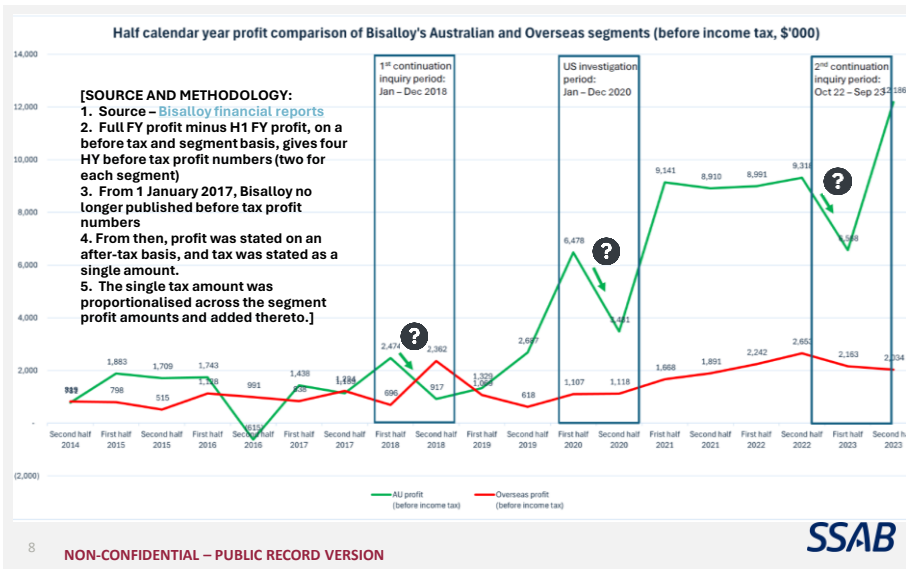
- ▶ Bisalloy has not been injured by SSAB's prices and has *improved* its profitability
  - Bisalloy's position is clear, even if its arguments are incoherent
    - Bisalloy reiterates its position above that the removal of the substantial margins of dumping found in CON 506 (or contemporaneous versions thereof) would transpire to material levels of price undercutting, and hence drive a recurrence of material injury to Bisalloy.* (Australian Industry Questionnaire, page 29)
  - This theme is consistent - **Bisalloy does not allege that SSAB has caused it material injury**
  - This is supported by the Bisalloy Australian profit data displayed in the graph (Slide 8)
  - **In remaining well clear of the USP, and occupying its own market segment, SSAB has not caused material injury to Bisalloy**
  - Either:
    - o nothing has caused material injury to Bisalloy or
    - o an "other factor" has restrained Bisalloy from being even more profitable
- ▶ Notable **downward** profit movements as well
  - Profit data for Bisalloy covering its Australian and overseas segments reveals that in 2018 and since then profits from Bisalloy's Australian segment have declined during each inquiry/investigation period
  - Bisalloy relies on the latest of these three counter-intuitive profit movements in its Application (see page 13)
  - SSAB considers those profit movements to have been uncharacteristic, considering the surrounding data
  - Bisalloy states it was impacted by "significant greenfeed cost increases" over the past four years (Bisalloy's Australian Industry Questionnaire, page 19)
  - SSAB considers this to be an odd statement about costs, because since 2021 the SBB Platts East Asia plate steel index has trended downwards
  - **Commission should interrogate these uncharacteristic profit movements and odd cost statements**

7 NON-CONFIDENTIAL – PUBLIC RECORD VERSION



7

## Bisalloy financial metrics 2



8



## Distributor price pressure on Bisalloy 1

- ▶ **Example 1** [CONFIDENTIAL TEXT DELETED – date]
- ▶ **Distributors sell Bisalloy Q&T cheaply**
  - Email from SSAB customer [CONFIDENTIAL TEXT DELETED – other party to email and date]
  - [CONFIDENTIAL TEXT DELETED – identifying feature relating to customer]
  - The email testifies to the distance between SSAB [CONFIDENTIAL TEXT DELETED – description of pricing model] pricing and distributor pricing (“*Hardox pricing is too high*”)
  - Evidences offers [CONFIDENTIAL TEXT DELETED – identifying feature relating to offers] by other distributors of commodity Q&T steel at much lower prices thereby placing strong downward price pressure on Bisalloy
  - [CONFIDENTIAL TEXT DELETED – identifying feature relating to customer]

[CONFIDENTIAL INFORMATION DELETED – COPY OF EMAIL REFERENCED IN EXPLANATION OF SAME]

9

NON-CONFIDENTIAL – PUBLIC RECORD VERSION

SSAB

9



## Distributor price pressure on Bisalloy 2

- ▶ **Example 2** [CONFIDENTIAL TEXT DELETED – date]
- ▶ **Low China prices in Australian market**
  - Impact Steel offer Nisco product [CONFIDENTIAL TEXT DELETED – identifying feature relating to customer]
  - Impact Steel is a BlueScope company, BlueScope being “a national supplier of BISALLOY® steel” that “[e]ncompasses the business brands of BlueScope Sheet Metal Supplies, BlueScope Plate Supplies, BlueScope Distribution and Impact Steel.”
  - [CONFIDENTIAL TEXT DELETED – SSAB price response relating to the offer]
  - SSAB comparisons as follow:
    - Nires 450 v Hardox 450 grade
    - Hardox 450 grade 5mm price \$ [CONFIDENTIAL TEXT DELETED – number]
    - Hardox 450 grade 6mm price \$ [CONFIDENTIAL TEXT DELETED – number]
  - SSAB [CONFIDENTIAL TEXT DELETED – description of pricing model] prices at the time were respectively [CONFIDENTIAL TEXT DELETED – number]% and [CONFIDENTIAL TEXT DELETED – number]% higher than the Impact Steel offer of Nisco product
  - Example of a Bisalloy distributor, Impact Steel, which is owned by BlueScope, selling Chinese imports at low prices against Bisalloy product, when Bisalloy product is also distributed by “BlueScope” (BlueScope Distribution).

[CONFIDENTIAL INFORMATION DELETED – COPY OF OFFER REFERENCED IN EXPLANATION OF SAME]

10

NON-CONFIDENTIAL – PUBLIC RECORD VERSION

SSAB

10



## Distributor price pressure on Bisalloy 3

- ▶ **Example 3** [CONFIDENTIAL TEXT DELETED – date]
- ▶ **Bisalloy distributor Southern Steel successfully bidding low prices**
  - At this time, [CONFIDENTIAL TEXT DELETED – identifying feature relating to customer]
  - [CONFIDENTIAL TEXT DELETED – identifying feature relating to customer]
  - Bisalloy distributor Southern Steel approached the customer with offer for 500 grade mid-range
  - Customer advised SSAB that the offer was \$ [CONFIDENTIAL TEXT DELETED – number] per MT below SSAB pricing
  - [CONFIDENTIAL TEXT DELETED – SSAB price response relating to the offer]
  - SSAB price for 500 grade midrange was \$ [CONFIDENTIAL TEXT DELETED – number] per MT
  - SSAB price was [CONFIDENTIAL TEXT DELETED – number] % **higher** than Southern Steel's Bisalloy pricing
  - Example of Bisalloy distributor placing downward price pressure on Bisalloy to win greater volumes to make more profit for themselves at low prices
  - SSAB's volumes to the customer (calendar year) were [CONFIDENTIAL TEXT DELETED – number] MT in 2022 but only [CONFIDENTIAL TEXT DELETED – number] MT in 2023
  - [CONFIDENTIAL TEXT DELETED – identifying feature relating to customer]
  - [CONFIDENTIAL TEXT DELETED – identifying feature relating to customer]

11 NON-CONFIDENTIAL – PUBLIC RECORD VERSION

11



## Distributor price pressure on Bisalloy 4

- ▶ **Example 4** [CONFIDENTIAL TEXT DELETED – date]
- ▶ **China prices in AU market**
  - Impact Steel offer to [CONFIDENTIAL TEXT DELETED – identifying feature relating to customer]
  - SSAB comparisons as follow:
    - o QT80 v Strenx 700E grade
      - SSAB Strenx 700E 5mm price \$ [CONFIDENTIAL TEXT DELETED – number]
      - SSAB Strenx 700E 6mm price \$ [CONFIDENTIAL TEXT DELETED – number]
    - o QT400 - SSAB does not stock 400 grade
    - o QT450 v Hardox 450 grade
      - SSAB Hardox 450 5mm price \$ [CONFIDENTIAL TEXT DELETED – number]
      - SSAB Hardox 450 6mm price \$ [CONFIDENTIAL TEXT DELETED – number]
  - SSAB [CONFIDENTIAL TEXT DELETED – description of pricing model] prices were respectively [CONFIDENTIAL TEXT DELETED – number] %, [CONFIDENTIAL TEXT DELETED – number] %, [CONFIDENTIAL TEXT DELETED – number] %, **and** [CONFIDENTIAL TEXT DELETED – number] % **higher** than Impact Steel offer of Nisco product
  - Example of a Bisalloy distributor, Impact Steel, which is owned by BlueScope, selling Chinese imports at low prices against Bisalloy product, when Bisalloy product is also distributed by BlueScope (BlueScope Distribution)
  - Note comment [CONFIDENTIAL TEXT DELETED – identifying feature relating to location], i.e., this is not a one-off and price/volume impact on Bisalloy is widespread

[CONFIDENTIAL INFORMATION DELETED – COPY OF OFFER REFERENCED IN EXPLANATION OF SAME]

12 NON-CONFIDENTIAL – PUBLIC RECORD VERSION

12



## Distributor price pressure on Bisalloy 5

- ▶ **Example 5** [CONFIDENTIAL TEXT DELETED – date]
- ▶ **China prices in AU market (Nisco)**
  - [CONFIDENTIAL TEXT DELETED – temporal indication], Impact Steel won an order [CONFIDENTIAL TEXT DELETED – identifying feature relating to customer]
  - The successful prices offered by Impact Steel were much lower than those offered by SSAB
  - SSAB comparisons as follow:
    - NM450 v Hardox 450 grade
      - SSAB Hardox 450 5mm price \$ [CONFIDENTIAL TEXT DELETED – number]
      - SSAB Hardox 450 6mm price \$ [CONFIDENTIAL TEXT DELETED – number]
  - SSAB [CONFIDENTIAL TEXT DELETED – description of pricing model] prices were respectively [CONFIDENTIAL TEXT DELETED – number] % and [CONFIDENTIAL TEXT DELETED – number] % higher than Impact Steel offer of Nisco product
  - [CONFIDENTIAL TEXT DELETED – SSAB price response relating to the offer]
  - SSAB did not receive any order with respect to [CONFIDENTIAL TEXT DELETED – identifying features relating to customer]
  - Example of a Bisalloy distributor, Impact Steel, which is owned by BlueScope, selling Chinese imports at low prices against Bisalloy product, when Bisalloy product is also distributed by BlueScope (BlueScope Distribution).

SSAB AU comment:

*The amazing thing is that Impact Steel (BlueScope) just won another order at even lower prices [CONFIDENTIAL TEXT DELETED – identifying features relating to customer] please see below.*

*The thing that makes no sense, is the AU dollar has worsened since the initial order they received from [CONFIDENTIAL TEXT DELETED – identifying features relating to customer] in [CONFIDENTIAL TEXT DELETED – date], this makes their pricing approx. [CONFIDENTIAL TEXT DELETED – \$ numbers] per tonne cheaper than ours for Chinese QT.*

Customer report as follows (this is the “see below” referred to by SSAB AU above):

[CONFIDENTIAL TEXT DELETED – numerous identifying features relating to customer]

13 NON-CONFIDENTIAL – PUBLIC RECORD VERSION



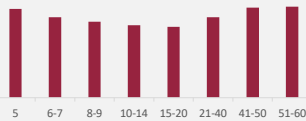
13



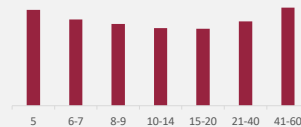
## Distributor price pressure on Bisalloy 6

- ▶ **Example 6** [CONFIDENTIAL TEXT DELETED – date]
- ▶ **China prices in AU market** [CONFIDENTIAL TEXT DELETED – name of exporter]
  - [CONFIDENTIAL TEXT DELETED – identifying feature relating to seller] offer of [CONFIDENTIAL TEXT DELETED – name of exporter] Q&T steel plate to [CONFIDENTIAL TEXT DELETED – identifying feature relating to customer] for [CONFIDENTIAL TEXT DELETED – date] delivery
  - Graphical information below compares SSAB’s [CONFIDENTIAL TEXT DELETED – description of pricing model] pricing to its customer with [CONFIDENTIAL TEXT DELETED – name of exporter] price offer

[CONFIDENTIAL] vs Hardox® 450



[CONFIDENTIAL] vs Hardox® 500



[CONFIDENTIAL] vs Strenx® 700E



[CONFIDENTIAL BARS DELETED – non-confidential commentary as follows:

1. Bars showing SSAB prices to same customer removed
2. At all points SSAB prices exceed seller prices]

14 NON-CONFIDENTIAL – PUBLIC RECORD VERSION



14



## Bisalloy's competition comes from other imports 1

- ▶ **Bisalloy's imports confusion**
  - "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." Bisalloy's Australian Industry Questionnaire response, p. 14
  - "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..." Ibid.
- ▶ **The facts**
  - Chinese imports are not from Finland, Japan or Sweden, which are the countries subject to measures
  - US imports are not from Finland, Japan or Sweden, which are the countries subject to measures
  - Moreover, SSAB AU's imports from the US were found not to be dumped
  - Between April and August 2022, SSAB imports from China tailed down to nothing
  - SSAB does not ship US Q&T steel plate to Australia "via China"
  - Importers/resellers of Chinese Q&T steel plate are also Bisalloy's distributors
  - SSAB has an origin-agnostic policy [CONFIDENTIAL TEXT DELETED – description of pricing model] for all sales
  - Imports are also arriving from countries other than China that are not subject to measures
  - "Bisalloy" is involved in exports of Q&T steel plate from China and its importation into Australia

15 NON-CONFIDENTIAL – PUBLIC RECORD VERSION

**SSAB**

15

## Bisalloy's competition comes from other imports 2

- ▶ **Example 7 [CONFIDENTIAL TEXT DELETED – date]**
  - ▶ **Bisalloy exports from China**
    - Refer to [CONFIDENTIAL TEXT DELETED – description of document]
    - Product is Q&T steel plate
    - Bisalloy SD Steel (China) is manufacturer
    - Purchaser is [CONFIDENTIAL TEXT DELETED – name of purchaser]
    - Is purchaser/trader an independent seller or an agent for Bisalloy
    - Regardless, Bisalloy AU must be knowingly involved in the importation into this market of its "own" low-priced competition
    - This causes further downward pressure on its own prices
- [CONFIDENTIAL INFORMATION DELETED – COPY OF DOCUMENT REFERENCED IN EXPLANATION OF SAME]

16 NON-CONFIDENTIAL – PUBLIC RECORD VERSION

**SSAB**

16



## Further proof of segmentation

► **Bisalloy's market behaviour**

- Bisalloy has tried to go direct to SSAB [CONFIDENTIAL TEXT DELETED – description of pricing model] end users
- In other words, to move out of the commodity Q&T steel plate market segment and overcome downward price pressure from importers/distributors
- Bisalloy
  - o cannot claim to be without knowledge of SSAB's [CONFIDENTIAL TEXT DELETED – description of pricing model] pricing
  - o knows its real competition comes from low priced imports from countries not subject to measures and not SSAB

► **Example 7** [CONFIDENTIAL TEXT DELETED – date]

► **Attempt to “buy” SSAB customers by direct sales at low price levels (or to obtain information/ entrapment)**

- SSAB end user customer approached direct by Bisalloy
- SSAB maintained its [CONFIDENTIAL TEXT DELETED – description of pricing model] pricing to the customer
- SSAB end user customer remained an SSAB customer

Product examples	SSAB price	Bisalloy price	SSAB more expensive by
Hardox 450 8mm	[CONFIDENTIAL TEXT DELETED – \$ numbers]	[CONFIDENTIAL TEXT DELETED – \$ numbers]	[CONFIDENTIAL TEXT DELETED – % numbers]
Strenx 700E 16/20/25/32mm			
Strenx 700E 60mm			

17 **NON-CONFIDENTIAL – PUBLIC RECORD VERSION**

17



## Bisalloy shift to armoured steel 1

► **Bisalloy “Armour Steel” defence industry participation**

- “Armour Steel” is a focus area for Bisalloy, as per these headlines:
  - o *Land 400 Phase 3 Announcement Sees 129 Infantry Fighting Vehicles To Be Manufactured By Hanwha Using BISALLOY® Armour Steel* ([link](#))
  - o *Hanwha places order with Bisalloy for Egyptian project* ([link](#))
  - o *Bisalloy Contracts For Australian SSN-AUKUS Hull Steel Qualification* ([link](#))
- Bisalloy also supplies Rheinmetall with armoured steel in Australia.
- The GUC includes all Q&T steel plate from the subject countries
- SSAB's armoured steel brand “Armox” has **no participation in the Australian market**

► **Commercial likelihood**

- Bisalloy operates a small processing facility by international standards
- Capacity is 60kt but maximum utilisation is probably <50kt (60kt would be based on all plates being run as standard 2.4m x 6m dimensions, which is never the case).
- Armoured steel already consumes say 1.5kt and will consume an increasingly large part of its production in the short and medium, est. @3kt to 5kt over next two years
- Further, extra production time is needed to achieve ballistic plate standards
- **This diversion of time and production will take up +/- 10% of Bisalloy production capacity**
- Bisalloy will increasingly turn to its China CJV for supply of Q&T to its network of wearplate and structural plate distributors

18 **NON-CONFIDENTIAL – PUBLIC RECORD VERSION**

18

## Bisalloy shift to armoured steel 2

### ► Legal implications with respect to this case

- Military equipment is expensive, government procurement contracts are typically lucrative for the supplier
- Armoured steel is **within the scope of the goods under consideration**
- Armoured steel production and sales cannot be left out of the injury analysis - the fact that armoured steel is not imported does not alter that
- As we are already seeing, Bisalloy, or the Bisalloy organisation, will become more engaged in the **importation** of industrial, construction and mining Q&T from China
- There will be **increased low-price competition from imports of Chinese Q&T steel plate and increasing profitability of Bisalloy from armoured steel plate**
- Bisalloy will have **no competition** and will have **high profitability** in the armoured steel plate market segment
- Prices will continue to be set in the commodity Q&T steel plate market by **competition between Bisalloy, "Bisalloy's" imports from China, and other non-SSAB imports**
- Logically, this establishes both:
  - o the **unlikelihood of material injury** by reason of imports from Sweden, because of increasing profitability of Bisalloy on its Australian production of (all) Q&T steel plate
  - o the **continuation of price pressure on commodity Q&T steel plate** from Chinese imports, of which Bisalloy itself will be increasingly involved

19 NON-CONFIDENTIAL – PUBLIC RECORD VERSION



19

## Closing comments

- *The Commissioner must not recommend that the Minister take steps to secure the continuation of the anti-dumping measures unless the Commissioner is satisfied that the expiration of the measures would lead, or would be likely to lead, to a continuation of, or a recurrence of, the dumping or subsidisation and the material injury that the anti-dumping measure is intended to prevent (Customs Act 1901, Section 269ZHF(2))*
- The Australian Q&T steel plate market is very clearly segmented between premium and commodity Q&T.
  - The material injury that the measures were intended to prevent was **injurious dumping**. The measures were **not intended to prevent there being any dumping**.
  - SSAB steadily increased its prices from the time CON 506 was concluded. It did this in line with its **[CONFIDENTIAL TEXT DELETED – description of pricing model] pricing policies and to consciously avoid price suppression of Bisalloy or Bisalloy losing sales**.
  - SSAB's prices **cleared its estimation of the price that would not suppress Bisalloy's prices**. In parallel, **the profitability of Bisalloy's Australian operations has steeply increased since CON 506**.
  - SSAB was counselled to better engage with the Australian anti-dumping system. It did so.
  - Imports from countries not subject to the measures, principally China, have aggressively entered Bisalloy's market segment.
  - **Distributors restrain and reduce Bisalloy's price expectations** in the knowledge and the reality of the lower prices available to them.
  - Bisalloy is:
    - o facilitating imports of Chinese Q&T steel plate, which **badly impact commodity segment competition**
    - o moving production towards armoured steel plate, **where it has no competition from imports from Sweden**
  - SSAB has **no excess capacity**. Its production is in such high demand supply must frequently be rationed.
  - SSAB has **no interest in selling more Q&T steel plate [CONFIDENTIAL TEXT DELETED – description of pricing model] in the Australian market**. It owns and controls its international supply lines and **adheres to [CONFIDENTIAL TEXT DELETED – description of pricing model] pricing**.
  - We submit that the Commissioner cannot be satisfied that the expiration of the measures would be likely to lead to a recurrence of the material injury that the anti-dumping measure is intended to prevent.

20 NON-CONFIDENTIAL – PUBLIC RECORD VERSION



20



21

## **SSAB EMEA verification**

### **Closing comments – Stockholm, 27 March 2024**

SSAB is a modern, socially responsible, legally compliant, high quality, environmentally-conscious, future-focussed, corporate citizen of the world.

That is why the situation that confronts the company in Australia is of such great concern. SSAB wishes to make it abundantly clear - it has behaved in a manner that does not justify the measures being continued and they should not be continued.

Bisalloy's circumstances have changed significantly over the period the measures have been in place. That is the purpose of anti-dumping measures. Bisalloy may not like where it has ended up but that is neither SSAB's fault nor responsibility.

The question is whether it is probable that SSAB will cause injury to Bisalloy through its pricing in the future should the measures be allowed to expire.

A large cast of senior executives have lined-up to participate in this inquiry. This indicates the importance to SSAB of this case and its depth of feeling about these issues. Their purpose has been to assist you in understanding how good SSAB's product is, how its business model works, and why SSAB has been so successful.

Injuring other steel manufacturers by under-pricing its products is not part of the company's corporate strategy or behaviour.

SSAB's quenched and tempered steel plate [CONFIDENTIAL TEXT DELETED – estimation of product value]. Hardox, Strenx and ArmoX are recognised as the best products in every market in which SSAB operates. They are [CONFIDENTIAL TEXT DELETED – market perceptions] in every market in which SSAB operates.

To use an Australian expression, which my client might not understand at first, it is SSAB first, and daylight second. This is for good reason.

During your visit Per Elfgrén has presented on SSAB's special steels. He explained SSAB's long experience, its special knowledge, its high-quality materials, its exacting process control, and the critical and unique aspects of its production facility. With his colleague Per Hofslagare, they demonstrated how SSAB creates a product with amazing tolerances, extreme flatness, massive strength, great flexibility, optimal workability, and market-leading longevity.

Whether you measure those differences scientifically or by reading customer testimonials makes no difference. All evidence speaks to the value that SSAB's special steels generate

**PUBLIC RECORD VERSION**

for its customers. Value that is demanded by the blue-chip companies in the high-level industries that SSAB's customers' service.

You heard nothing about "*meeting the market price*" or about "*competing with other quenched and tempered steel distributors*" in the testimony presented. You heard that SSAB's pricing is based on the realisation of what its product is worth. SSAB AU occupies a market segment that is separate and distinct from the commodity Q&T market segment in which "*who is the cheapest*" and "*what's available*" drives prices and wins volumes.

As stated in our EQ response:

[CONFIDENTIAL TEXT DELETED – external price methodologies adopted by SSAB AU] *SSAB AU actively monitors the market for price information to assist it in complying with its pricing policies and to inform its price review and updates for the purposes of quotations to Australian customers.*

When SSAB receives the products in Australia, it then applies [CONFIDENTIAL TEXT DELETED – identification of pricing model] model in setting its internal price guidelines.

This cycle of:

- transfer price updating (informed by SSAB AU's prior quarter experience),
- export to Australia,
- issuance of SSAB AU internal sales guidelines reflecting [CONFIDENTIAL TEXT DELETED – identification of pricing model],

continues.

Commodity-style steel plate makes up a market segment in which Bisalloy has to deal with Australian distributors as both customers and competitors.

Part of this inquiry goes to the question of whether SSAB EMEA is technically "dumping" and whether SSAB EMEA can be expected to "dump" in the future. The other part of this inquiry is whether such "dumping" would cause material injury to the Australian industry to recur.

I urge you to recognise that in the circumstances of this case your inquiry relates entirely to the likelihood of SSAB causing material injury. Actually, in every continuation inquiry that is the *essential* inquiry. You can continue to impose duties whether or not you find that there was dumping in a previous period, but you can only continue measures if dumping is probable in the future and it is also probable that it would be materially injurious.

In circumstances where SSAB is so celebrated in its home market of Sweden that it enjoys extremely strong pricing, the possibility that a “dumping” state of affairs would persist or recur in the future could not be discounted. SSAB would understand such a finding, even if it would be unhappy about it. It is a simple truth of the technical aspects of dumping calculation applied to SSAB’s business model, its market superiority in Sweden where it enjoys high prices in a high-priced market, and its tax-compliant transfer pricing obligations.

What you should not be able to establish, and what we maintain cannot be established, at all or as a matter of probability, is that our products will materially injure the Australian industry. The evidence points in the opposite direction.

I have been asked to comment specifically on the question of the refundability of IDD and whether a refundable cost should be part of the work-back deductions taken into account in the export price calculation. I have two comments about this:

- First, the question to be addressed is whether it is probable that there will be dumping in the future. Given that SSAB’s refunds will be in the future [CONFIDENTIAL TEXT DELETED – number and IDD procedures], your export price predictions are entitled to take the probable refunds into account. If the evidence says the entitlement and the outcome are probable, then the IDD should not be deducted in the assumptions made about the future.
- Second, it is the question of the probability of material injury that is the overarching and compulsory condition of continuation. The answer to that question must be informed by a whole range of factors. If SSAB’s pricing has not injured the Australian industry – and it has not – then the situation that has emerged in the market to make that no-injury outcome true in the present is fundamental to predicting what might happen in the future. On that score, SSAB’s market position and export practices will not change in the future. The strong market segmentation that has emerged in the Australian market and the low price dynamics and competitive conditions in the commodity Q&T steel plate market will continue and not be reversed by allowing the measures to expire.

Thus, in this particular case it makes not one jot of difference whether there is no dumping margin found in the inquiry period or whether it is a 100% margin. The key question is whether there will be any *injurious* dumping as a future probability.

SSAB has locked-in the same recognition and acceptance for its special steel in Australia as it has achieved all over the world. That recognition and acceptance is given substance

and significance by the wide gap in prices that exists between SSAB and all other participants in the Australian market.

Importantly, because dumping measures are meant to adjust sales *behaviour*, SSAB AU has actively sought to maintain its prices at levels that are higher than those of the Australian industry, [CONFIDENTIAL TEXT DELETED – identification of pricing model]. It has done that because it wants to remove this stigma of “dumping” against it, with Australia being the only country in the world that has imposed measures like this on SSAB.

I was asked by my client, at the end of the last continuation inquiry, what it was that SSAB would have to do to have the dumping measures revoked. I said that maintaining and increasing its [CONFIDENTIAL TEXT DELETED – identification of pricing model] over commodity plate products would be central. I said that SSAB should take heed of the unsuppressed selling price, as this was the price maintenance level that SSAB could “track” to the best of its ability and estimates. From SSAB’s perspective, I said, this should be thought of as being incredibly helpful.

Encouraged by the Commission, I also stressed that SSAB should maintain a rigorous duty refund program, to establish SSAB’s bona fides in engaging with and understanding the anti-dumping system.

SSAB has followed that advice to the letter. As indicated by the chart that I am about to present to you, SSAB AU’s [CONFIDENTIAL TEXT DELETED – identification of pricing model], and have cleared our rolling estimation of the USP.

Turning to market issues, SSAB owns the premium market segment. This is not new, except that SSAB’s position is even more rarefied. The change that must be highlighted, and cannot be ignored, is that the lower priced market segment in which Bisalloy competes has become more crowded with low priced competition than ever before.

I am about to present examples of just how expensive SSAB’s quenched and tempered steel plate steel is compared to what is going on in Bisalloy’s direct market space.

SSAB’s prices are not influential on the Australian industry’s market and financial position because SSAB’s prices are not relevant to the conditions of competition in which the Australian industry participates and which exert pressure on its pricing.

There are now a host of importers and distributors selling imported products that are not subject to import restrictions. These are lower priced sales of products that directly compete in the commodity Q&T market against Bisalloy’s Q&T steel plate. They are not subject to dumping measures, although considering their prices one might easily expect



them to be dumped. These low price imported products necessarily and logically define and impact the price range within which the Australian industry must compete. SSAB *special steels* are not commodity-type steel products, and SSAB is not amongst that group of importers and distributors.

During the past four years SSAB has never asked for or accepted prices that impinged upon the Australian industry's moving unsuppressed selling price. How we have measured this will be presented to you in the presentation that follows. I also stress that over the same period the Australian industry's profit has shown a dramatic upwards trend. It is now nine times higher than it was four years ago.

Presently, this paints a rosy picture for the Australian industry.

Nonetheless, the Australian industry's market segment is becoming increasingly crowded. It has been joined by low price strengthened steels imported from countries that are not subject to dumping duties. Its major Australian distributors buy steel plate imported from China at prices that compete with the Australian industry's sales to them. Then the self-same distributors sell that Chinese steel plate against Bisalloy steel plate, which they also stock.

SSAB is distant from that price battle in both attitude and reality. SSAB sells to end user customers who for the most part have proven to be unshakeable in their support of SSAB steel. Why? Because they want the kind of product that SSAB offers, because *their customers* want the kind of product that they make. It's not for everybody.

Your inquiry requires you to postulate what SSAB would do if the measures were allowed to expire.

[CONFIDENTIAL TEXT DELETED – future application of pricing model]. That would directly contradict the value-based model of SSAB's pricing applicable in all markets in which it operates. To take Australia as an example, SSAB has maintained its sales volumes and happily retained its market share [CONFIDENTIAL TEXT DELETED – past application of pricing model] SSAB does not engage in negotiation below the prices set out in its price guidelines. [CONFIDENTIAL TEXT DELETED – customer opinions about comparability of products].

You are also assured that SSAB has no excess capacity that it can load up and fire in Australia's direction. The demand for SSAB steel is strong. There is no excess capacity. Nor can SSAB abandon some other market in which it currently operates in order to increase supply to a different market. That would be ridiculous.

SSAB's business model involves a dedication to markets through establishing a distribution entity, employing local staff and training them, and supporting its customers and the industries they service. SSAB dutifully and accurately adjusts its accounts to pay its fair share of tax [CONFIDENTIAL TEXT DELETED – comment on ATO investigations of Australian outbound commodity pricing].

SSAB is not a trading company. It is part of a synergistic organisation that has the same policy in all places in which it operates. That policy is as I mentioned earlier – to be a modern, socially responsible, legally-compliant, high quality, environmentally-conscious, future-focussed, corporate citizen of the world. Sounds like over-the-top hyperbole but it's actually true.

Even if SSAB did have excess capacity, thinking that it would experience a commercial brain-failure whereby it would sell higher volumes of its valuable steel at prices [CONFIDENTIAL TEXT DELETED – profit considerations]. Doing so (a) is unnecessary and (b) would wreck the value proposition SSAB has developed and shared with its customers over many years.

SSAB's reputation is monetised in its products. It is serious about legal compliance in all the markets in which it operates. It has a strong social and environmental conscience. It is one of the most advanced steelmakers in the world. As you have seen, SSAB Zero™ steel is made of recycled steel and produced with fossil-free electricity and biogas. SSAB Fossil-free™ steel is produced using HYBRIT® technology. This involves the direct reduction of iron ore using fossil-free hydrogen that emits water instead of CO2.

These technological advances will increase SSAB's production costs and increase the value of its products. [CONFIDENTIAL TEXT DELETED – comments about likely market response to environmentally responsible products]

Thank you.

Before I get on to the confidential presentation, I wish to draw attention to the level of trade submission that we have uploaded.

**Daniel Moulis**

**For and on behalf of SSAB EMEA and SSAB AU**

**PUBLIC RECORD VERSION**