

3 May 2024

Director
Investigations 2
Anti-Dumping Commission
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Public File

Dear Director,

Continuation No. 638 – Bisalloy comments on SSAB Sweden verification representations

I. Introduction

Bisalloy Steel Pty Ltd (**Bisalloy**) refers to the submission of 5 April 2024 by SSAB EMEA AB (**SSAB EMEA**) regarding Australian market competition. Bisalloy submits that the assertions and representations made are not only incorrect but are also misleading. The forthcoming sections of this submission will elucidate the inaccuracies and misrepresentations contained within SSAB EMEA's arguments, demonstrating their lack of merit and necessity for their reconsideration.

II. Flawed reliance on an actual/estimated USP

SSAB EMEA claims that SSAB AU's price in the Australian market at all times since Continuation No. 506 (**CON 506**) has been above that of Bisalloy's USP.¹ What cannot be deciphered from this statement, or any other USP-related comments in the submission, is on what basis such a claim can be accurately made.

On the one hand, the exporter states that SSAB AU's price for the goods from Sweden ...*has exceeded Bisalloy's Commission-advised USP since CON 506.*² This leads the reader to believe that the Commission has advised SSAB EMEA of Bisalloy's USP since CON 506, which cannot have been the case. Initially then, the assertion appears to be that SSAB AU's Australian pricing since CON 506 is above the outdated USP established for the CON 506 CY2018 inquiry period. Such a comparison is nonsensical.

Secondly, but interlinked with the first, SSAB EMEA has sought to estimate an annual USP since CON 506. Utilising the original USP, then adjusting for greenfeed pricing with reference to the SBB Platts East Asia plate index and an adjustment for movements in manufacturing costs with reference to the Australian CPI,³ the resultant annualised price is then compared to SSAB AU's FIS pricing. By this comparison, the exporter believes that SSAB AU's selling prices have remained well clear of the USP.⁴ In Bisalloy's view, any comparison under such a methodology is flawed – Bisalloy's

¹ EPR Folio No. 11, slide no. 2.

² Ibid, slide 6.

³ Ibid, slide 6.

⁴ Ibid, slide 7.

greenfeed purchases are not pegged to the East Asian index, but are, as the exporter well-knows, primarily sourced from the Australian industry. The movements in Bisalloy’s manufacturing costs can also not said to be governed by CPI percentage movements.

No clear or meaningful conclusions can therefore be drawn from SSAB EMEA’s price comparisons – it is such that the exporter is either comparing the USP price since CON 506 to all prices since (an out-of-date comparison), or an estimated annual USP since CON 506 to annual SSAB AU prices (being just that, a USP estimate, based on cost variables disconnected from Bisalloy). The submission is unclear on these comparison points and should be disregarded by the Commission.

III. Misleading price pressure and competition claims

SSAB EMEA seeks to persuade the Commission that non-subject country prices are influential in the prices achieved by Bisalloy in the Australian market, and that SSAB AU somehow segments itself from Bisalloy’s provision of the goods to Australian customers. Bisalloy disagrees, and addresses certain of the slide-specific submission claims in the table below.

At the outset however, Bisalloy wishes to correct the record vis-à-vis the impact and relevance of Chinese prices in the Australian market. This characteristic, which SSAB EMEA claim is the market driver for Bisalloy pricing within a commoditised product channel, is the theme of much of the price pressure examples the exporter provides. This can be readily discounted.

Chinese exporters offer a different product, into a different segment, with different competitive pressures in the Australian market. The Chinese product is not a premium Q&T product, of which Australian distributors are well aware. Chinese Q&T plate imported as “NM plate” is a commodity grade imported primarily by a limited number of plate processors, seeking a price advantage over their competitors. The product does not offer the reliability and performance of a premium Q&T steel plate and is priced accordingly. Bisalloy does not compete in this market. Bisalloy offers a premium product through its channel partners, backed by end-to-end service including after-market technical support to any end user of the product.

Slide No.	Bisalloy Comments
10	<p>The exporter states:⁵</p> <p><i>Low China prices in the Australian market</i></p> <p><i>Impact Steel offer Nisco product...</i></p> <p><i>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).</i></p> <p>Bluescope Steel has a number of steel distribution brands in market. Impact Steel is one of them, however, Impact Steel is [confidential text deleted: relationship between Bisalloy and Impact Steel].</p>
11	<p>The exporter states:⁶</p> <p><i>Bisalloy distributor Southern Steel successfully bidding low prices.</i></p> <p><i>Example of Bisalloy distributor placing downward pressure on Bisalloy to win greater volumes to make more profit for themselves at low prices.</i></p> <p>This example concerns what Bisalloy understand [confidential text deleted: example details].</p>

⁵ Ibid, slide 10.

⁶ Ibid, slide 11.

	Contrary to SSAB EMEA's claims of distributor profiteering, this example highlights [confidential text deleted: example details and implications].
12	<p>The exporter states:⁷</p> <p><i>China prices in AU market</i></p> <p><i>Impact Steel offer to...</i></p> <p><i>Example of 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).</i></p> <p>Bisalloy is unaware of the specific facts of this example, but highlights (as noted for slide 10 above) that while Impact Steel is a distributor for BlueScope, [confidential text deleted: relationship between Bisalloy and Impact Steel].</p>

Dissecting certain of SSAB EMEA's examples highlights what really sits behind each, the relevance to Bisalloy, and to this continuation inquiry.

Chinese imports should therefore not be conflated with Bisalloy's competitive position in the Australian market, these main competitive sources being the countries subject to this inquiry. The basis for this has been well-established above. SSAB EMEA also seeks to conflate Bisalloy's Australian distribution channel for Q&T steel plate as being a commodity channel for the goods, which therefore places SSAB AU in its own distinct Australian market segment. The exporter and its Australian business should well be aware that a steel distribution channel in any market is a conduit to servicing the end user. Applied to this continuation inquiry, it has not and does not somehow commoditise Bisalloy's goods, or a *create separate market space*,⁸ or *strong market segmentation*⁹ between Bisalloy and SSAB AU that then redefines the product between premium and commoditised and conflicts with the Commission's earlier market assessments.¹⁰

The commercial reality is that Bisalloy's premium Q&T steel plate competes against the same goods offered by the exporter. The exporter's statement that it *...owns the premium market segment*,¹¹ but that *...[T]his is not new...*¹² is further vindication that there should be no deviation by the Commission in the current inquiry as compared to its earlier findings as to the like-for-like competitive dynamics.

IV. Armoured steel

SSAB EMEA claims that Bisalloy will increasingly turn to its Chinese joint venture for supply of wear and structural Q&T steel plate as capacity at Bisalloy's Unanderra facility will be increasingly directed towards armoured steel.¹³ The exporter proffers estimated capacity utilisation and throughput rates, implying reduced production capabilities for wear and structural products based on its view of what Bisalloy's maximum utilisation *...probably...*¹⁴ is.

⁷ Ibid, slide 12.

⁸ Ibid, slide 2.

⁹ Ibid, slide 6.

¹⁰ As one example only, the Commission found in Continuation No. 506 that *...approximately 87 per cent of Bisalloy's sale volumes would be undercut or be directly competitive with SSAB AU. The Commission found that SSAB AU does command a higher price for some models of wear grade, representing approximately 12 per cent of Bisalloy's total sales volume. The Commission does not consider these results to be indicative of an overall price premium for SSAB AU's Q&T steel plate.* (p. 49 REP 506). And further 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.* (p. 49 REP 506).

¹¹ EPR Folio No. 11, p. 4.

¹² Ibid.

¹³ Ibid, slide 18.

¹⁴ Ibid.

At Confidential Attachment 1, Bisalloy quantifies the current actual capacity utilisation of the Unanderra facility, alongside the additional capacity available to Bisalloy for Q&T steel production. The economic reality is that Bisalloy maintains excess capacity that can be directed towards wear and structural Q&T steel processing, which it fully intends to utilise to service an Australian market where it is free of injurious dumping from the subject countries.

Bisalloy also request that the Commission confirm with the exporter the evidence that underpins the confusing statements on slide 19 around Bisalloy becoming more engaged in the importation of industrial, construction and mining Q&T steel plate, and the increase in low priced competitive imports from China. These are claimed by the exporter as legal implications relevant to the continuation inquiry, but are instead nebulous hypotheticals.

On SSAB EMEA's own excess capacity, it claims none exist. Bisalloy notes that an assessment of capacity utilisation is an assessment made at a point in time – in times of economic prosperity, capacity utilisation is high due to increased demand, resulting in heightened production activities. Conversely, during economic downturns, capacity utilisation logically decreases as demand wanes, leading to underutilisation of plant resources.

SSAB EMEA's facility utilisation has been clearly driven by prosperity in European and other steel markets which, as Bisalloy has earlier pointed out, is now reversing.¹⁵ Since these observations, Bisalloy notes the emergence of contemporaneous commentary that confirms a declining steel demand outlook for Europe amid worsening geopolitical tensions, growing economic uncertainty, high energy prices, inflation, and high interest rates.¹⁶ The European Steel Association (EUROFER) has recently lowered its 2024 apparent steel consumption growth forecast to 3.2 percent from an earlier 5.6 percent, and notes that:¹⁷

Although rising 2.8% on-year in the fourth quarter of 2023 due to a low base, EU apparent steel consumption – at 29.9 million tonnes – was the fourth-lowest quarterly volume recorded since the pandemic. Moderate quarterly improvements are expected throughout 2024 but consumption will remain below pre-pandemic levels.

The Commission should consider SSAB EMEA's claims of rationalised supply through its owned and controlled international supply lines as being a current occurrence based on previous steel market prosperity. This point-in-time position is not categorical evidence that expiration of the measures would not lead, or be likely to not lead, to a continuation or recurrence of material injury that the measures are intended to prevent.

V. Conclusion

SSAB EMEA has correctly conveyed that the Australian market for Q&T steel plate is segmented between premium and commodity products. In its attempt to position SSAB in a market unto itself however, the exporter has incorrectly sought to ascribe the commodity channel to Bisalloy's like goods and thus substantially inflate the relevance of China to pricing in the Australian market. The exporter has also used rubbery USP and capacity utilisation details to further its argument for allowing the measures to lapse.

In debunking all of this, Bisalloy has evidenced above that it competes in the same channel, has refuted the details in the price pressure examples given by the exporter, has confirmed its capability to supply the Australian market, and has shown that it competes head-to-head with SSAB AU.

¹⁵ Refer Bisalloy's industry questionnaire response.

¹⁶ Non-Confidential Attachment 2: *Eurofer lowers demand forecast as recovery loses steam*. Eurometal, 30 April 2024.

¹⁷ *Ibid*.

If you have any questions concerning this submission, please don't hesitate to contact Bisalloy's representative Mr Chad Uphill on +61 (2) 412 377 603.

Yours sincerely,

Carl Bowdler
Chief Financial Officer