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commercial + international

16 May 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 Response to Bisalloy submission dated 3 May 2024**

We are instructed by our client SSAB to respond to the above mentioned submission in the terms that now follow.

Before doing so, may we thank the Commission for the intensity of its investigation of Bisalloy and of our client, and also respectfully ask the Commission to consider expanding its inquiries regarding the important matters that are presently under consideration, if the Commission has not already done so.

We have provided a wealth of direct evidence of market price offers, price simulations, price comparisons, and business practices relevant to the inquiry period, to the extent we have been allowed to do so by the commercial parties who have provided that evidence. The Commission's recommendations must be based on judgements about future probabilities. Demonstrated commercial behaviours relating to an inquiry period are essential pointers in determining what would be more likely or less likely to happen in that future.

SSAB requests the Commission to use its own powers and discretions to seek data and opinions that substantiate the findings on which the recommendations are to be based. It is open to the Commission to do so by encouraging and questioning parties other than the main protagonists. SSAB believes that it would assist the Commission greatly if it were to extend its inquiries to a wider group of interested parties, who may wish to come forward and to provide their own data and opinions, confidentially or otherwise. In saying this we do recognise that broader inquiries may be time consuming, and that resources are limited.

We now address the main points of Bisalloy's submissions in its 3 May letter, and do so in the order they appear in that letter and as directly and simply as we believe is necessary.

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**First point**

Bisalloy cannot “decipher” SSAB’s estimation of Bisalloy’s moving unsuppressed selling price.

*Response* – This is explained in Slide 6 of SSAB’s submission dated 5 April 2024. The only deciphering that is required is to read that explanation.

*Suggestion* – the Commission could cross-check SSAB’s estimates against the cost to make and sell and profit data from CON 506 on which the USP was based and advise interested parties of the relative accuracy or inaccuracy of SSAB’s estimations.

**Second point**

Bisalloy says that a comparison between SSAB AU’s Australian pricing since CON 506 and the static CON 506 CY 2018 inquiry period is nonsensical.

*Response* – that is not the comparison that has been made. Please refer to our response to the first point.

*Suggestion* – the Commission is able to inquire of Bisalloy as to the costs generated and profit earned by Bisalloy on Australian Q&T steel plate to test the proposition that SSAB AU’s Australian pricing has exceeded the moving USP.

**Third point**

Bisalloy says its greenfeed purchases are not pegged to the East Asian index but are primarily sourced from the Australian industry.

*Response* – the subject Australian industry is the Q&T steel plate processing industry. It is not the Australian steel making industry *and* the Q&T steel plate processing industry. Where Bisalloy chooses to purchase more expensive greenfeed than it can purchase from international suppliers, including from its own related party cooperative joint venture, Shandong Iron and Steel, it has injured itself.

*Suggestion* – we refer to Slide 7 of SSAB’s submission dated 5 April 2024, which suggested a closer consideration of Bisalloy’s costs by the Commission, and to Slide 8 which pointed out what appeared in SSAB’s view to be out-of-trend profit movements correlated with Q&T steel plate anti-dumping inquiry periods. Whether Bisalloy’s explanation that BlueScope’s prices do not follow market based trends is correct, and the implicit confession that Bisalloy continually purchases greenfeed from BlueScope notwithstanding that characteristic, is likely to be a matter of interest for the Commission.

**Fourth point**

Bisalloy disagrees with the proposition that non-subject country prices are influential in the prices achieved by Bisalloy in the Australian market.

*Response* – in its advice to the Commission verification team, Bisalloy said that it did not increase prices because of competitive pressure from imports from Sweden, the US and China.

*Suggestion* – we agree with Bisalloy’s advice to the verification team and add that competitive pressure between products is generated by all manner of product attributes. Importantly for

present purposes, Bisalloy here admits that non-subject country goods, being imports that are not subject to dumping duties, have stopped it from increasing prices. SSAB has already made clear that SSAB prices are origin-agnostic. Further, during the inquiry period SSAB AU did not import or sell Q&T steel plate manufactured in China, and even if it had such Q&T steel plate is non-subject country goods.

#### Fifth point

Bisalloy submits that Chinese product is not a premium Q&T product, that Australian distributors are well aware of that, and that Bisalloy does not compete in that market “*segment*”.

*Response* – where Bisalloy thinks it competes does not define how the distributors who service the market behave and does not dictate the nature of the imported product purchased and offered by distributors. SSAB’s direct sales to end users, for their high-end customer requirements, is a different business model to that of Bisalloy’s. In summary, SSAB does stand by its statements about its market position and premium product, and believes that Bisalloy has a more difficult path to market.

*Suggestion* – the Commission may review the evidence we have provided regarding the prices of non-subject imports, both of Chinese origin and of higher quality from other countries, and of the disinclination of SSAB end users to purchase Bisalloy product at much lower prices than SSAB’s.

#### Sixth point

Bisalloy has stated that it maintains excess capacity which it “*fully intends to utilise.. where [sic] it is free of injurious dumping from the subject countries*”. Bisalloy asks what is meant by the prediction that Bisalloy will undertake more armoured steel processing in the future and that there will be an increase in low price imports from China.

*Response* – details of Bisalloy’s defence projects and prospects are clear for all to see on its website, and it is to be congratulated for its efforts in that regard. Bisalloy is focussed on and is well favoured by defence projects, where high strength steel is essential. Bisalloy’s success in securing these contracts will be likely to improve its financial performance in Q&T steel plate processing and sale, which is an important focus of this inquiry. Regarding the take up of excess capacity, we have simply endeavoured to draw attention to the likely need for Bisalloy to service its Australian distribution requirements in another way, if its capacity is absorbed by armoured steel projects.

*Suggestion* – regarding the Australian commercial market, SSAB has provided evidence that Q&T steel plate exports to Australia from Shandong Steel Plate Co., Ltd, which is a “*Co-Operative Joint Venture that Bisalloy Steel Group holds with Partner Shandong Iron and Steel Group Co Ltd*” are already taking place. We note that the CJV describes the product as “*quench and tempered steel plate production coming from Shandong Steel’s relatively new, ‘state-of-the-art’ steel mill Rizhao*” and “*tested and accredited with numerous large global OEMs based in China*”. This can be further investigated by the Commission. In particular, why is this occurring if there is excess capacity at its Unanderra facility for the same/similar non-commodity steel as is being imported into Australia from its own China-based joint venture?

**Seventh point**

Bisalloy doubts SSAB's continued high capacity utilisation, believing it to be "*a current occurrence based on previous steel market prosperity*". It refers to EUROFER projections of lower steel consumption growth.

*Response* – the EUROFER statements trumpeted by Bisalloy refer to the mainstream steel industry, and not Q&T specific mills like SSAB's Oxelösund mill, which only produces Q&T steel plate. As verified, SSAB's Oxelösund mill is at capacity and the forecast looks steady with a slight *increase* in demand expected for the products the mill is aligned to.

*Suggestion* – the Commission may review its records from the verification, and if further information about SSAB EMEA's expectations is required we would be happy to provide same.

Yours sincerely



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Partner Director

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