



*CUSTOMS ACT 1901 - PART XVB*

# **STATEMENT OF ESSENTIAL FACTS**

## **NO 638**

**INQUIRY INTO THE CONTINUATION  
OF ANTI-DUMPING MEASURES ON CERTAIN  
QUENCHED AND TEMPERED STEEL PLATE**

**EXPORTED TO AUSTRALIA FROM  
THE REPUBLIC OF FINLAND, JAPAN AND  
THE KINGDOM OF SWEDEN**

**5 July 2024**

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**ABBREVIATIONS**

ABF	Australian Border Force
the Act	<i>Customs Act 1901</i>
ADN	Anti-Dumping Notice
Bisalloy	Bisalloy Steels Pty Ltd
combination duty method	combination of fixed and variable duty method
the commission	the Anti-Dumping Commission
the Commissioner	the Commissioner of the Anti-Dumping Commission
CTMS	cost to make and sell
Customs Direction	<i>Customs (Extensions of Time and Non-cooperation) Direction 2015</i>
DDP	delivered duty paid
Dumping Duty Act	<i>Customs Tariff (Anti-Dumping) Act 1975</i>
EPR	electronic public record
EUROFER	the European Steel Association
Finland	the Republic of Finland
FIS	free into store
FOB	free on board
FY	financial year
the goods	the goods subject to the measures, Q&T steel plate
IDD	interim dumping duty
Inquiry 506	Continuation Inquiry 506
inquiry period	1 October 2022 to 30 September 2023
JFE	JFE Steel Corporation
JISF	Japan Iron and Steel Federation
the Manual	<i>Anti-Dumping Commission Dumping and Subsidy Manual</i>
MCC	model control code
the measures	the anti-dumping measures applying to Q&T steel plate exported from Finland, Japan and Sweden
the Minister	the Minister for Industry and Science
M	Metres
Mm	Millimetres
NIP	non-injurious price
OCOT	ordinary course of trade

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original investigation	Investigation 234
Q&T steel plate	quenched and tempered steel plate
REP 234	<i>Anti-Dumping Commission Report No 234</i>
REP 506	<i>Anti-Dumping Commission Report No 506</i>
REQ	response to exporter questionnaire
SEF	Statement of Essential Facts
SG&A	selling, general and administrative expenses
SSAB or SSAB group	SSAB EMEA AB, SSAB AU and other related entities within the SSAB group of companies
SSAB Swedish Steel Pty Ltd	SSAB AU
the subject countries	the countries subject to the measures - Finland, Japan and Sweden
Sweden	the Kingdom of Sweden
Total Steel	Total Steel of Australia Pty Ltd
USP	unsuppressed selling price
YE	year ended or year ending

# 1 SUMMARY AND RECOMMENDATIONS

## 1.1 Introduction

This statement of essential facts (SEF) concerns an inquiry into whether to continue the anti-dumping measures (the measures) on certain quenched and tempered steel plate (Q&T steel plate) exported to Australia from the Republic of Finland (Finland), Japan and the Kingdom of Sweden (Sweden) (collectively, the subject countries).<sup>1</sup>

The measures are in the form of a dumping duty notice. The measures were initially imposed on 5 November 2014 and were continued for a further five years from 5 November 2019. The measures are due to expire on 5 November 2024 (the specified expiry day).<sup>2</sup>

This SEF sets out the facts on which the Commissioner of the Anti-Dumping Commission (the Commissioner) proposes to base their recommendations to the Minister for Industry and Science (the Minister).

The Commissioner's final recommendations to the Minister will be contained in a report due by 5 September 2024.

Interested parties should note that this SEF may not represent the final views of the Commissioner. The Commissioner invites interested parties to make submissions in response to the SEF (see section 1.5).

## 1.2 Proposed recommendations

Based on the evidence set out in this report, the Commissioner proposes to recommend that the Minister **declare**:

- in accordance with section 269ZHG(1)(b), that they have decided to secure the continuation of the anti-dumping measures in relation to exports from Finland, Japan and Sweden.

Based on the evidence currently available, the Commissioner proposes to recommend that the Minister **determine**:

- pursuant to section 269ZHG(4)(a)(iii), that the dumping duty notice continues in force after 5 November 2024 but that, after that day, the notice has effect in relation to exporters in Finland, Japan and Sweden as if the Minister had fixed different specified variable factors relevant to the determination of duty.

The proposed recommendations are made on the basis that, on the evidence currently available, the Commissioner is preliminarily satisfied that the expiry of the measures

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<sup>1</sup> For the purposes of this report, unless otherwise specified, any references to 'the goods' are a reference to Q&T steel plate subject to the measures. Further information in relation to Q&T steel plate that is subject to the measures is contained in chapter 3 of this SEF.

<sup>2</sup> Section 269TM of the *Customs Act 1901* (Cth) (the Act). All legislative references are to the Act unless otherwise specified.

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applying to the goods exported to Australia from Finland, Japan and Sweden would lead, or be likely to lead, to a continuation of, or a recurrence of, the dumping and the material injury that the measures are intended to prevent.

The Commissioner's proposed recommendation to the Minister concerning different variable factors will result in a change to the current effective rates of interim duties applying to the goods exported from each subject country. Table 1 below details the current measures and the proposed measures.

Country	Exporter	Current effective rate of duty (%)	Proposed effective rate of duty (%)
Finland	All exporters	58.6	8.6
Japan	All exporters	25.8	5.2
Sweden	SSAB EMEA AB	58.6	8.6
	All other exporters	58.6	8.6

Table 1: Current measures and proposed measures from this inquiry

### 1.3 Conduct of the inquiry

The Commissioner initiated this inquiry on 4 December 2023 and established an inquiry period of 1 October 2022 to 30 September 2023 (the inquiry period).<sup>3</sup> The Commissioner initiated this inquiry following consideration of an application from Bisalloy Steels Pty Ltd (Bisalloy) to continue the measures.<sup>4</sup>

The Anti-Dumping Commission (the commission) is assisting the Commissioner to conduct the inquiry, pursuant to the commission's function specified in section 269SMD.

The interested parties that participated in this inquiry are listed below.

- The sole Australian industry member is Bisalloy.
- The sole exporter of the goods exported to Australia from Sweden during the inquiry period is SSAB EMEA AB.
- The sole exporter of the goods exported to Australia from Japan during the inquiry period is JFE Steel Corporation (JFE).
- SSAB Swedish Steel Pty Ltd (SSAB AU) and Total Steel of Australia Pty Ltd (Total Steel) imported the goods during the inquiry period from Sweden and Japan respectively.
- Other interested parties in this inquiry are the respective governments of Finland, Japan and Sweden, the European Commission and the Japan Iron and Steel Federation (JISF).

The Commissioner notified these interested parties of the initiation of this inquiry in ADN No 2023/084, published on 4 December 2023. The exporters and importers of Q&T steel plate from the subject countries were also invited to provide information by

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<sup>3</sup> [Anti-Dumping Notice \(ADN\) No 2023/084](#) (document no 2) on the electronic public record (EPR) for case 638.

<sup>4</sup> EPR 638, [document no 1](#).

completing a questionnaire relevant to the inquiry. Bisalloy was also invited to provide further information by completing a questionnaire relevant to the inquiry.

The commission completed onsite verification visits at SSAB EMEA AB's premises in Sweden and SSAB AU's premises in Australia in relation to their questionnaire responses.

In preparing this SEF, the Commissioner had regard to:

- the application seeking a continuation of the measures and the Australian industry questionnaire response received from Bisalloy
- importer questionnaire responses received from SSAB AU and Total Steel
- exporter questionnaire responses received from SSAB EMEA AB and JFE
- submissions received within sufficient time to be considered prior to the publication of this SEF
- further information obtained during verification visits to the Australian industry, SSAB EMEA AB and SSAB AU, and
- other information referenced in this SEF.

Further information on the conduct of this inquiry is included in chapter 2 of this SEF.

## **1.4 Summary of key preliminary findings**

The Commissioner's preliminary findings and conclusions in this SEF rely on the information available at this stage of the inquiry. The paragraphs below provide a summary of these findings, which are set out in further detail throughout the SEF.

### **1.4.1 The goods, like goods and the Australian industry (chapter 3)**

The Commissioner finds locally produced goods are 'like' to the goods subject to the measures. The Commissioner is satisfied that there is an Australian industry, comprised solely of Bisalloy, producing those like goods.

### **1.4.2 Australian market (chapter 4)**

The Australian Q&T steel plate market is presently supplied by Bisalloy and imports from multiple countries including the subject countries.

Since the measures were continued in 2019, prices of imported and locally produced Q&T steel plate have generally increased. The market for Q&T steel plate increased in 2020, then contracted in 2021 and 2022, before again increasing in the inquiry period. Overall, the size of the Australian market is larger than what it was prior to the continuation of the measures in 2019.

### **1.4.3 Economic condition of the Australian industry (chapter 5)**

The Commissioner assessed Bisalloy's economic condition from 1 October 2018 to analyse trends in the market for Q&T steel plate and assessing potential injury to the Australian industry.

The Commissioner found that Bisalloy's overall economic condition improved since the measures were continued in 2019. Bisalloy's prices and profit increased following the continuation of the measures, albeit Bisalloy's market share has gradually decreased over



the same period. During the inquiry period, Bisalloy experienced price suppression and consequently its profit and profitability decreased during the inquiry period.

#### **1.4.4 Dumping during the inquiry period (chapter 6)**

The commission has assessed variable factors for the goods exported from the subject countries and has preliminarily determined that dumping occurred during the inquiry period. The dumping margins preliminarily assessed are set out in the table below.

Country	Exporter	Dumping margin (%)
Japan	All exporters	18.4
Sweden	SSAB EMEA AB	56.9
	All other exporters	56.9

**Table 2: Preliminary dumping margins**

#### **1.4.5 Likelihood of dumping and material injury continuing or recurring (chapter 7)**

The Commissioner is preliminarily satisfied that the expiry of the measures would likely lead to a continuation or recurrence of the dumping and material injury that the measures are intended to prevent.

This is based on the preliminary findings summarised below. These findings are discussed in depth in chapter 7 of this SEF.

##### Likelihood of future exports (section 7.5)

The commission considers that, should the measures expire, exports from Japan and Sweden are likely to continue. This finding is based on the following facts:

- exports of the goods from Japan and Sweden have continued following the imposition of the measures in 2014 and have continued following the continuation of the measures in 2019
- exporters of the goods from Japan and Sweden have maintained distribution links to the Australian market, and
- exporters from Japan and Sweden have the capacity to continue to export the goods to Australia.

The commission also considers that exports from Finland would likely recur should the measures expire. This finding is based on the following:

- an exporter (Rautaruukki Oyj) that has previously exported the goods to Australia has a link to the Australia market via a related importer (SSAB AU) of the goods
- while there were no exports of the goods from Finland since the measures were continued in 2019, the commission considers that due to the common ownership and coordinated supply arrangements between Rautaruukki Oyj (including SSAB Europe Oy), SSAB EMEA AB and SSAB AU, exports from Finland would likely recur should the measures on goods exported from Finland (but not Sweden) expire as the importer SSAB AU substitutes supply to Australia from Sweden with some supply from Finland, and
- Finnish producers of Q&T steel plate have the capacity to resume exporting the goods to Australia.

Likelihood of dumping (section 7.6)

The commission considers that the expiry of the measures would be likely to lead to a continuation of dumping of the goods from Japan and Sweden. This finding is based on the following facts:

- goods exported from Japan by JFE and goods exported from Sweden by SSAB EMEA AB during the inquiry period were dumped
- goods exported by all exporters from Japan and Sweden were dumped in the periods examined in the original investigation (Investigation 234) and in the previous continuation inquiry (Inquiry 506), and
- the consistency in exporters dumping the goods indicates that exporters have a propensity to dump the goods exported to Australia.

The commission also considers that the expiry of the measures would be likely to lead to a recurrence of dumping of the goods from Finland. This finding is based on the following:

- goods exported from Finland were dumped in the original investigation (Investigation 234), and
- in the absence of any information provided by Finnish producers or exporters of the goods, the commission considers that if exports resume from Finland, then those exports would likely be dumped at similar prices (specifically, the export price and normal value) to those of SSAB EMEA AB noting the relationship between Finnish exporter Rautaruukki Oyj, SSAB EMEA AB and SSAB AU.

Likelihood of material injury (section 7.7)

If the measures were to expire, it would likely lead to a continuation or recurrence of material injury to the Australian industry in the form of reduced sales and market share, price depression and/or price suppression, and reduced profit and profitability.

In relation to Sweden, this finding is based on the following significant factors:

- despite an increasing volume of imports from other countries, Bisalloy and SSAB AU remain the dominant suppliers of Q&T steel plate in the Australian market
- there is a significant overlap among all suppliers in the Australian market in terms of supplying the same or common customers and therefore SSAB AU and Bisalloy compete in the same market for the same customers
- pricing analysis shows that in relation to wear grade plate (being the most common grade sold in the Australian market) SSAB AU's imports of dumped goods from Sweden undercut the Australian industry's prices<sup>5</sup>
- the magnitude of price undercutting is highest in relation to MCCs produced and sold by both the Australian industry and SSAB AU
- in the absence of the measures, the price advantage that SSAB AU currently maintains on wear grade Q&T steel plate would likely be even greater, while the premium it currently enjoys on structural grade Q&T steel plate would likely be lessened as it seeks to regain some of its lost market share, and

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<sup>5</sup> As outlined in detail in section 4.3.1, Q&T steel plate is a specialty steel comprising of wear, structural and armour grades. The commission estimates that 72% of Q&T steel plate sales in the Australian market for the inquiry period were wear plate, 28% were structural plate and less than 1% were armour plate.

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- SSAB AU's price advantage will likely lead to price depression and/or price suppression should Australian industry seek to compete against these dumped exports on price, or lost sales volumes and market share if it is unable or unwilling to compete on price. Consequently, the Australian industry would suffer material injury in the form of reduced profit and profitability, as well as other factors related to price and volume injury.

In relation to Finland, this finding is based on the following significant factors:

- Rautaruukki Oyj is wholly owned by SSAB AB which also owns and controls the Swedish exporter SSAB EMEA AB
- SSAB is committed to origin-agnostic pricing
- SSAB AU consistently undercuts the Australian industry's prices, particularly on sales of wear grade Q&T steel plate but also in on sales of structural grade Q&T steel plate as observed in the previous continuation inquiry (Inquiry 506), and
- in the absence of the measures on goods exported from Finland, SSAB AU would likely source the goods from Finland when advantageous to do so at dumped prices that would undercut the Australian industry, likely leading to price depression and/or price suppression should Australian industry seek to compete against these dumped exports on price, or lost sales volumes and market share if it is unable to compete on price.

In relation to Japan, this finding is based on the following significant factors:

- prior to the imposition of the measures, imports from Japan accounted for up to one third of the Australian market and undercut the Australian industry's prices
- around 10% of imports prior to the imposition of the measures were imported by current customers of the Australian industry that shifted their sources of supply to countries not subject to measures as the effective rate of interim duties from the measures was maintained (or increased for JFE) over time
- Japanese exporters currently have excess capacity, and
- noting the current excess production capacity of Japanese exporters and the prior reliance by current customers of Australian industry on imports from Japan at prices that undercut the Australian industry, it is likely in the absence of the measures, Japanese exporters would seek to regain market share by exporting Q&T steel plate from Japan at dumped prices that undercut the Australian industry, leading to price depression and/or price suppression, reduced sales volume and market share for the Australian industry. Consequently, the Australian industry would suffer material injury in the form of reduced profit and profitability, as well as other factors related to price and volume injury.

### 1.4.6 Non-injurious price (chapter 8)

The Commissioner finds that the non-injurious price (NIP) relevant to the determination of interim duty payable has changed since it was last ascertained. The commission found that for all exporters from the subject countries, the NIP is less than the normal value of the exported goods. Accordingly, the Minister is required to have regard to the desirability of specifying a lesser amount of duty in respect of the goods.

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### **1.4.7 Form of measures and effective rate of duty (chapter 9)**

The Commissioner found that the variable factors relevant to the determination of duty payable on the goods exported from each country have changed. Consequently, the current effective rates of interim dumping duty (IDD) payable on the goods exported from each subject country have changed (Table 1 refers).

The Commissioner proposes to recommend that the combination duty method is used to calculate the IDD payable on goods imported from Finland, Japan and Sweden.

### **1.5 Responding to this SEF**

This SEF may not represent the Commissioner's final findings. The commission invites interested parties to make written submissions in response to this SEF for the Commissioner's consideration.

Interested parties who wish to make written submissions in response to this SEF must do so no later than **25 July 2024**, which is within 20 days after the SEF being placed on the public record.<sup>6</sup>

The Commissioner is not obliged to have regard to any submission made in response to the SEF received after this date if to do so would, in the opinion of the Commissioner, prevent the timely preparation of the report to the Minister.<sup>7</sup>

Submissions may be lodged by email to [investigations2@adcommission.gov.au](mailto:investigations2@adcommission.gov.au). Alternatively, interested parties may post submissions to:

Director, Investigations 2  
Anti-Dumping Commission  
GPO Box 2013  
CANBERRA ACT 2601  
AUSTRALIA

Confidential submissions must be clearly marked as 'OFFICIAL: Sensitive'. A non-confidential version of the submission, marked 'PUBLIC RECORD', is required for the EPR. A guide for making submissions is available on the commission's website.<sup>8</sup>

The EPR contains non-confidential submissions from interested parties, non-confidential versions of the commission's verification reports and other publicly available documents. Interested parties should read this SEF in conjunction with other documents on the EPR.

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<sup>6</sup> Section 269ZHE(3).

<sup>7</sup> Section 269ZHE(4).

<sup>8</sup> A guide for making submissions is available on the commission's webpage: [How to lodge a submission in response to an anti-dumping or countervailing case](#).

## **1.6 Final report to the Minister**

The Commissioner must report to the Minister by no later than 5 September 2024.<sup>9</sup> The final report will contain the Commissioner's final recommendations regarding the continuation of the measures.

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<sup>9</sup> In accordance with section 269ZHF(1), the Commissioner's final report and recommendations must be provided to the Minister within 155 days after the publication of a notice under section 269ZHD(4) or such longer period as allowed.

## 2 BACKGROUND

### 2.1 Legislative framework

Division 6A of Part XVB of the Act outlines the procedures the Commissioner is required to follow in dealing with an application for the continuation of anti-dumping measures and preparing a report for the Minister.

#### 2.1.1 Legislative test

Under section 269ZHF(2), 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 anti-dumping measures would lead, or would be likely to lead, to a continuation of, or a recurrence of, the dumping and the material injury that the anti-dumping measure is intended to prevent.

#### 2.1.2 Statement of essential facts

Section 269ZHE(1) requires the Commissioner to publish a SEF on which they propose to base their recommendations to the Minister about the continuation of the measures.

In formulating the SEF, the Commissioner must have regard to the application and any submissions received within 37 days of the initiation of the inquiry.<sup>10</sup> The Commissioner is not obliged to have regard to any submissions relating generally to the inquiry that are received by the Commissioner following the 37 days if to do so would, in the Commissioner's opinion, prevent the timely placement of the SEF on the public record.<sup>11</sup>

The Commissioner may also have regard to any other matters they consider relevant.

The commission placed SEF 638 on the public record on 5 July 2024.<sup>12</sup>

#### 2.1.3 Final report

Section 269ZHF(1) requires the Commissioner, after conducting an inquiry, to give the Minister a report which recommends that the relevant notice:

- remain unaltered; or
- cease to apply to a particular exporter or to a particular kind of goods; or
- have effect in relation to a particular exporter or to exporters generally as if different variable factors had been ascertained; or
- expire on the specified expiry day.

In deciding on the recommendation to be made to the Minister in their final report, the Commissioner must have regard to the application, submissions relating generally to the continuation of measures considered by the Commissioner in formulating the SEF and

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<sup>10</sup> Section 269ZHE(2).

<sup>11</sup> Section 269ZHE(3).

<sup>12</sup> The initiation notice advised publication of the SEF was due by 23 March 2024. The Acting Commissioner approved an extension of time for the publication of the SEF on 20 March 2024. See EPR 638, [ADN No 2024/017](#).

any submission responding to the SEF received within 20 days of publication of the SEF.<sup>13</sup> The Commissioner is not obliged to have regard to any submission made in response to the SEF that is received after the 20 days if to do so would, in the Commissioner's opinion, prevent the timely preparation of the report to the Minister.<sup>14</sup>

The Commissioner may also have regard to any other matter they consider relevant.<sup>15</sup>

The final report to the Minister must include a statement of the Commissioner's reasons for any recommendation contained in the report, set out the material findings of fact on which the recommendation is based, and provide particulars of the evidence relied on to support those findings.<sup>16</sup>

The initiation notice advised that the Commissioner would provide a report to the Minister on, or before, 7 May 2024. The Acting Commissioner approved an extension of time to provide the Minister a report on or before 5 September 2024.<sup>17</sup>

## **2.2 Application and initiation**

On 5 September 2023, the Commissioner published a notice<sup>18</sup> on the commission's website inviting the following persons to apply for the continuation of the measures:

- the person whose application under section 269TB resulted in the measures,<sup>19</sup> or
- persons representing the whole or a portion of the Australian industry producing like goods to the goods covered by the measures.<sup>20</sup>

On 3 November 2023, Bisalloy lodged an application for the continuation of the measures on the goods exported to Australia from Finland, Japan and Sweden.<sup>21</sup> The Commissioner is satisfied that Bisalloy is a person whose application under section 269TB resulted in the measures, and it is a person representing the whole of the Australian industry for like goods.

The Commissioner considered the application under section 269ZHD of the Act and was satisfied that Bisalloy's application complied with section 269ZHC in that the application:

- was in writing

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<sup>13</sup> Section 269ZHF(3)(a).

<sup>14</sup> Section 269ZHF(4).

<sup>15</sup> Section 269ZHF(3)(b).

<sup>16</sup> Section 269ZHF(5).

<sup>17</sup> EPR 638, [ADN No 2024/017](#).

<sup>18</sup> In accordance with section 269ZHB(1). See EPR 638, [ADN No 2023/053](#).

<sup>19</sup> Section 269ZHB(1)(b)(i).

<sup>20</sup> Section 269ZHB(1)(b)(ii).

<sup>21</sup> Under section 269ZHC. A non-confidential version of the application is available on EPR 638 (document no 1).



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- was in a form approved by the Commissioner for the purposes of section 269ZHC<sup>22</sup>
- contained information that the form requires
- was signed in the manner indicated by the form, and
- was lodged in a manner approved under section 269SMS, being by email to the commission's email address provided in the instrument under section 269SMS.

The Commissioner was also satisfied that there appeared to be reasonable grounds for asserting that the expiration of the measures to which the application relates might lead, or might be likely to lead, to a continuation of, or a recurrence of, the material injury that the measures are intended to prevent.<sup>23</sup>

The Commissioner therefore decided not to reject the application and initiated the present inquiry on 4 December 2023.<sup>24</sup>

### 2.2.1 European Commission submission concerning application

In its submission of 9 January 2024, the European Commission stated that Bisalloy's 'application is not compliant with WTO rules and jurisprudence' and that the inquiry 'should be terminated'.<sup>25</sup>

As noted above, the Commissioner considered Bisalloy's application under section 269ZHD of the Act and was satisfied that:

- the application complied with section 269ZHC,<sup>26</sup> and
- there appeared to be reasonable grounds for asserting that the expiry of the anti-dumping measures might lead, or might be likely to lead, to a continuation of, or a recurrence of, the material injury that the measures are intended to prevent.<sup>27</sup>

As the application complied with the requirements set out in the *Customs Act 1901*, the Commissioner did not reject Bisalloy's application and initiated the present inquiry.

## 2.3 Current anti-dumping measures

The measures were initially imposed by public notice on 5 November 2014 by the relevant Minister following the original investigation (Investigation 234).<sup>28</sup> The findings of that original investigation are detailed in *Anti-Dumping Commission Report No 234* (REP 234).<sup>29</sup>

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<sup>22</sup> The prescribed application form ([Form B600](#)) is available on the commission's website.

<sup>23</sup> Section 269ZHD(2)(b).

<sup>24</sup> EPR 638, [ADN No 2023/084](#).

<sup>25</sup> EPR 638, document no 6, [European Commission submission of 9 January 2024](#), pages 8 and 9.

<sup>26</sup> Section 269ZHD(2)(a).

<sup>27</sup> Section 269ZHD(2)(b).

<sup>28</sup> EPR 234, [ADN No 2014/123](#).

<sup>29</sup> EPR 234, [REP 234](#).



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Following an inquiry, the measures were continued by the relevant Minister for a further five years from 5 November 2019.<sup>30</sup> This followed their consideration of the Commissioner's recommendation in *Anti-Dumping Commission Report No 506* (REP 506).<sup>31</sup>

Table 3 below summarises the measures currently applying to exports of the goods to Australia from the subject countries.

Country	Exporter	Dumping notice	
		Method	Effective rate of interim duty (%)
Finland	All exporters	Combination of fixed and variable duty	58.6
Japan	All exporters	<i>Ad valorem</i> duty	25.8
Sweden	SSAB EMEA AB	Combination of fixed and variable duty	58.6
	All other exporters	Combination of fixed and variable duty	58.6

**Table 3: Measures applying to exports of the goods**

Further detail about the measures can be found on the Dumping Commodity Register on the commission's website.<sup>32</sup>

### 2.3.1 Other cases

In 2021, the Commissioner initiated an investigation into alleged dumping of Q&T steel plate exported to Australia from the US (Investigation 578). The Commissioner subsequently terminated the investigation in accordance with section 269TDA(1)(b)(ii) because the dumping margin was negligible.<sup>33</sup> Further details on the terminated investigation can be found on the commission's website.

## 2.4 Conduct of the inquiry

As noted above, the Commissioner established an inquiry period of 1 October 2022 to 30 September 2023. The Commissioner also examined information relating to the economic condition of the Australian industry and Australian market since the measures were continued in 2019 for the purpose of assessing:

- whether expiration of the measures would lead, or would be likely to lead, to a continuation of, or a recurrence of, the dumping and the material injury that the measures are intended to prevent, and
- whether the notice should remain unaltered or apply to a particular exporter or exporters as if different variable factors had been ascertained.

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<sup>30</sup> EPR 506, [ADN No 2019/113](#).

<sup>31</sup> EPR 506, [REP 506](#).

<sup>32</sup> The Dumping Commodity Register is available on the commission's website.

<sup>33</sup> EPR 578, [ADN No 2022/077](#).

## **2.4.1 Questionnaires and verification**

### **2.4.1.1 Australian industry**

The Commissioner is satisfied that the applicant, Bisalloy, is the sole member of the Australian industry producing like goods to the goods the subject of this inquiry.<sup>34</sup>

The commission conducted a verification visit to Bisalloy's premises in February 2024. The resulting verification report is available on the public record.<sup>35</sup>

### **2.4.1.2 Importers**

The commission identified several importers from the Australian Border Force (ABF) import database that imported goods classified to the relevant tariff subheadings<sup>36</sup> from Finland,<sup>37</sup> Japan and Sweden during the inquiry period. The commission sent questionnaires to the following identified importers:

- SSAB AU, and
- Total Steel.

In addition to sending questionnaires to the above identified importers, the commission also placed a copy of the importer questionnaire on the commission's website for completion by other importers that were not contacted directly.

The commission received responses to the importer questionnaire from SSAB AU and Total Steel.

Subsequent to this, the commission conducted a verification visit to SSAB AU's Brisbane premises in February 2024. The resulting verification report is available on the public record.<sup>38</sup>

### **2.4.1.3 Exporters**

The commission identified the largest suppliers of goods classified to the relevant tariff subheadings<sup>39</sup> from Finland, Japan and Sweden during the inquiry period as reported in the ABF import database. The commission sent questionnaires to the following identified exporters or suppliers:

- JFE (Japan)
- Marubeni Itochu Steel Inc (Japan), and

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<sup>34</sup> See chapter 3.

<sup>35</sup> EPR 638, document no 15: [Australian industry verification report - Bisalloy](#).

<sup>36</sup> Tariff subheadings 7225.40.00 (statistical codes 21, 22, 23 and 24) and 7225.99.00 (statistical code 39) of Schedule 3 to the *Customs Tariff Act 1995*.

<sup>37</sup> Following the initiation of the inquiry, the commission confirmed that certain goods imported from Finland and declared under the relevant tariff subheadings were not the goods subject to the measures.

<sup>38</sup> EPR 638, document no 19: [Importer verification report - SSAB Swedish Steel Pty Ltd](#).

<sup>39</sup> Tariff subheadings 7225.40.00 (statistical codes 21, 22, 23 and 24) and 7225.99.00 (statistical code 39) of Schedule 3 to the *Customs Tariff Act 1995*.

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- SSAB (Finland and Sweden).

The commission also placed a copy of the exporter questionnaire on the commission's website for completion by other exporters that were not contacted directly.

### Cooperative exporters<sup>40</sup>

The commission received a response to the exporter questionnaire (REQ) from SSAB EMEA AB, an exporter from Sweden. The non-confidential version of the REQ<sup>41</sup> and the verification report<sup>42</sup> are available on the public record.

SSAB EMEA AB is the only known manufacturer and exporter of Q&T steel plate in Sweden.

### Uncooperative exporters

The Commissioner considers that JFE and all other exporters from Japan are uncooperative exporters for the purposes of this inquiry.

Section 269T(1) provides that an exporter is an 'uncooperative exporter' in relation to an inquiry where the Commissioner is satisfied that:

- the exporter did not give the Commissioner information that the Commissioner considered to be relevant to the inquiry within a period the Commissioner considered to be reasonable, or
- the exporter significantly impeded the inquiry.

The *Customs (Extensions of Time and Non-cooperation) Direction 2015* (the Customs Direction) states at section 8 that the Commissioner must determine an exporter to be an uncooperative exporter, on the basis that the exporter provided no relevant information in a reasonable period, if that exporter:

- fails, within the legislated period, to:
  - provide a response,<sup>43</sup> or
  - request a longer period to provide a response, or
- provides a response within the legislated period that the Commissioner considers did not provide information relevant to the case.

The Commissioner considered the Customs Direction and section 269T and determined that any exporter, which did any of the following, is an uncooperative exporter for the purposes of this inquiry:

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<sup>40</sup> 'Cooperative exporter' is defined in section 269T(1).

<sup>41</sup> EPR 638, document no 8: [SSAB EMEA AB REQ](#).

<sup>42</sup> EPR 638, document no 20: [Exporter verification report - SSAB EMEA AB](#).

<sup>43</sup> Defined in the Customs Direction as any document or thing provided to the Commissioner in relation to any case, including submissions, information or answers to the questions in questionnaires.

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- failed to provide a response or request a longer period to provide a response within the time specified in ADN No 2023/084, being 10 January 2024,<sup>44</sup> or
- provided a REQ within the legislated period that did not provide information relevant to the case.<sup>45</sup>

JFE provided a REQ within the legislated period, however, the REQ contained several deficiencies that could not, in the Commissioner's view, be quickly and easily rectified in a further response. Accordingly, the Commissioner determined that JFE has significantly impeded the timely and efficient progression of the inquiry and deemed JFE an uncooperative exporter.<sup>46</sup>

Apart from SSAB EMEA AB and JFE, the commission did not receive a response to the exporter questionnaire from any other exporters.

### 2.4.2 Submissions received from interested parties

The commission received the submissions listed in Table 4 before publishing this SEF. Non-confidential versions of these submissions are available on the public record.

EPR document no	Interested party	Date received	Chapter reference
3	SSAB <sup>47</sup>	8 January 2024	Chapter 7
4	The Japan Iron and Steel Federation	10 January 2024	Chapter 7
6 <sup>48</sup>	European Commission	12 January 2024	Chapter 7
9	Bisalloy	13 March 2024	Chapter 7
11 <sup>49</sup>	SSAB <sup>50</sup>	5 April 2024	Chapter 7
13	SSAB	23 April 2024	Chapter 7
14	Bisalloy	3 May 2024	Chapter 7
16	SSAB	7 May 2024	Chapter 7
17	SSAB	16 May 2024	Chapter 7
18	Bisalloy	24 May 2024	Chapter 7

<sup>44</sup> This is the relevant legislated period.

<sup>45</sup> Requests for further information are contained in deficiency letters.

<sup>46</sup> The Commissioner notified JFE of this decision on 1 February 2024.

<sup>47</sup> The commission received several submissions on behalf of 'SSAB'. The commission understands that these submissions are on behalf of SSAB EMEA AB, SSAB AU and other related entities within the SSAB group of companies. These entities are collectively referred to as SSAB throughout this SEF.

<sup>48</sup> The commission met with the Delegation of the European Union to Australia and the Governments of Finland and Sweden on 13 June 2024. EPR 638, [document no 23](#) refers.

<sup>49</sup> The commission met with representatives from SSAB on 8 April 2024 to discuss this submission. EPR 638, [document no 12](#) refers.

<sup>50</sup> Submission made on behalf of SSAB EMEA AB and SSAB AU specifically.

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21	SSAB	29 May 2024	Chapter 7
22	SSAB	13 June 2024	Not considered

**Table 4: Submissions received**

The Commissioner must have regard to any submissions relating generally to the inquiry that are received by the Commissioner within 37 days after the publication of the notice under section 269ZHD(4).<sup>51</sup> The Commissioner is not obliged to have regard to any submissions relating generally to the inquiry that are received after the end of the period referred to in section 269ZHE(2)(a)(ii) if to do so would, in the Commissioner's opinion, prevent the timely placement of the SEF on the public record.<sup>52</sup>

The Commissioner did not have regard to the submission received from SSAB on 13 June 2024 (which is SSAB's sixth submission following the period referred to in section 269ZHE(2)(a)(ii)) as to do so would, in the Commissioner's opinion, prevent the timely placement of this SEF on the public record. However, the Commissioner will have regard to this submission in preparing the final report to the Minister.

The Commissioner has had regard to all other submissions in Table 4 in making their preliminary findings outlined in this SEF. The submissions are addressed throughout this report.

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<sup>51</sup> Section 269ZHE(2)(a)(ii).

<sup>52</sup> Section 269ZHE(3).

### 3 THE GOODS, LIKE GOODS AND THE AUSTRALIAN INDUSTRY

#### 3.1 Preliminary finding

The Commissioner finds that:

- locally manufactured goods are 'like' to the goods subject to the measures
- there is an Australian industry, of which Bisalloy is the sole member, producing like goods, and
- the like goods are wholly manufactured in Australia.

#### 3.2 Legislative framework

To be satisfied that the expiration of the measures would lead, or would be likely to lead, to a continuation or recurrence of dumping and the material injury that the measure is intended to prevent, the Commissioner firstly determines whether the goods produced by the Australian industry are 'like' to the imported goods.

Section 269T(1) defines like goods as:

...goods that are identical in all respects to the goods under consideration or that, although not alike in all respects to the goods under consideration, have characteristics closely resembling those of the goods under consideration.

The definition of like goods is relevant in the context of this inquiry in determining the Australian industry and whether the expiry of the measures would lead to a continuation of, or a recurrence of, the dumping and material injury that the measures are intended to prevent. The commission's framework for assessing like goods is outlined in chapter 2 of the *Anti-Dumping Commission Dumping and Subsidy Manual* (the Manual).<sup>53</sup>

Where the locally produced goods and the imported goods are not alike in all respects, the Commissioner assesses whether the respective goods have characteristics closely resembling each other. The Commissioner considers:

- physical likeness
- commercial likeness
- functional likeness, and
- production likeness.

The Commissioner must also consider whether the Australian industry manufactures 'like' goods in Australia. Section 269T(2) specifies that for goods (other than unmanufactured raw products) to be regarded as being produced in Australia, they must be either wholly or partly manufactured in Australia. Under section 269T(3), to be considered as partly manufactured in Australia, at least one substantial process in the manufacture of the goods must be carried out in Australia.

The following analysis therefore establishes the scope of the commission's inquiry.

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<sup>53</sup> Anti-Dumping Commission, [Dumping and Subsidy Manual](#), December 2021.

### 3.3 The goods subject to the measures

The goods subject to the measures are:

*Flat rolled products of alloyed steel plate commonly referred to as Quenched and Tempered ("Q&T") steel plate (although some Q&T grades may not be tempered), not in coils, not further worked than hot rolled, of widths from 600mm up to and including 3,200mm, thickness between 4.5-110mm (inclusive), and length up to and including 14 metres, presented in any surface condition including but not limited to mill finished, shot blasted, primed (painted) or un-primed (unpainted), lacquered, also presented in any edge condition including but not limited to mill edge, sheared or profiled cut (i.e. by Oxy, Plasma, Laser, etc.), with or without any other minor processing (e.g. drilling).*

*Goods of stainless steel, silicon-electrical steel and high-speed steel, are excluded from the goods covered.*

#### 3.3.1 Tariff classification

The goods are generally classified according to the following tariff subheadings in Schedule 3 to the *Customs Tariff Act 1995*:<sup>54</sup>

Tariff subheading	Statistical code	Description
7225	FLAT-ROLLED PRODUCTS OF OTHER ALLOY STEEL, OF A WIDTH OF 600 mm or more:	
7225.1	- Of silicon-electrical steel:	
7225.40.00	- Other, not further worked than hot-rolled, not in coils, high alloy:	
	21	<i>Quenched and tempered</i>
	22	<i>Other</i>
	- Other, not further worked than hot-rolled, not in coils, other:	
	23	<i>Quenched and tempered</i>
	24	<i>Other</i>
7225.9	- Other:	
7225.99.00	39	-- Other

Table 5: Tariff classification of the goods

### 3.4 Model control codes

The proposed model control code (MCC) structure described in ADN No 2023/084 (reproduced in Table 6 below) describes the key characteristics of the goods.

<sup>54</sup> These tariff classifications and statistical codes may include goods that are both subject and not subject to the measures. The listing of these tariff classifications and statistical codes is for reference only and does not form part of the goods description. Please refer to the goods description for authoritative detail about the goods subject to the measures.

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Item	Category	Sub-category	Identifier	Sales data	Cost data
1	Grade	Structural	S	Mandatory	Mandatory
		Wear	W		
		Armour	A		
2	Tensile strength (this category is only required for "structural" grade Q&T steel plate)	Under 700 Mpa	A	Mandatory	Mandatory
		700-799 Mpa	B		
		800-899 Mpa	C		
		900-999 Mpa	D		
		Above 1000 Mpa	E		
3	Brinell hardness (this category is only required for "wear" or "armour" grade Q&T steel plate)	Under 275	A	Mandatory	Mandatory
		275-324	B		
		325-374	C		
		375-424	D		
		425-474	E		
		475-524	F		
		525-575	G		
		Above 575	H		
4	Thickness	Under 8mm	1	Optional	Optional
		8-50mm	2		
		Above 50mm	3		
5	Width	Under 2000mm	A	Optional	Optional
		2000mm-3000mm	B		
		Above 3000mm	C		
6	Length	Under 6.5m	1	Optional	Optional
		6.5-8.49m	2		
		8.5-10.5m	3		
		Above 10.5m	4		

**Table 6: MCC structure<sup>55</sup>**

<sup>55</sup> Item 1: *Grade* refers to quenched and tempered steel plate manufactured for structural, wear or armour purposes.

Item 2: *Tensile strength* refers to minimum tensile strength.

Item 3: *Brinell hardness* refers to the indentation hardness of the steel plate.

Item 4: *Thickness* refers to the minimum thickness.

Item 5: *Width* refers to the width of the steel plate.

Item 6: *Length* refers to the length of the steel plate.

**SEF 638 – Quenched and tempered steel plate – Finland, Japan and Sweden**



### **3.5 Like goods**

The Commissioner is satisfied that the domestically produced goods are like to the goods subject to the measures because the following characteristics of each closely resemble each other:

- physical likeness
- commercial likeness
- functional likeness, and
- production likeness.

In so finding, the commission has relied on findings in the original investigation (Investigation 234), continuation inquiry 506 (Inquiry 506) and information obtained in the current inquiry from Bisalloy, importers and exporters.

#### **3.5.1 Physical likeness**

The primary physical characteristics of Q&T steel plate that Bisalloy produces is similar to the primary physical characteristics of the goods exported from the subject countries, notwithstanding variations in the technical specifications of those goods (i.e. grade or thickness).

#### **3.5.2 Commercial likeness**

In the Australian market, Q&T steel plate that Bisalloy produces competes directly and indirectly with the goods imported from the subject countries. Bisalloy and importers sell Q&T steel plate to common customers and on similar commercial terms or conditions.

Based on this, the commission considers the locally produced goods to be commercially like to the goods subject to the measures.

#### **3.5.3 Functional likeness**

The Q&T steel plate that Bisalloy produces is interchangeable or substitutable with the goods subject to the measures, given that both goods are sold to the same customers and for identical or comparable end uses. Consequently, the commission considers that the locally produced goods and the goods subject to the measures perform the same function and are used in the same end-use applications.

#### **3.5.4 Production likeness**

The commission considers that while the locally produced goods and the goods subject to the measures are not produced using identical production process,<sup>56</sup> they are produced using similar production processes (i.e. heating and cooling of steel plate). Both goods are produced using similar inputs. This is based on the production processes the commission observed during verification visits and based on the commission's understanding of the production process from the original investigation and Inquiry 506.

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<sup>56</sup> Some exporters are fully integrated steel manufacturers that produce their own raw material used to produce Q&T steel plate.

### 3.6 Australian industry – domestic production

Bisalloy was identified as the sole manufacturer of Q&T steel plate in the original investigation and in Inquiry 506. In this current inquiry, the commission has not found any evidence to suggest that there are other manufacturers of like goods in Australia, and no interested party has claimed the existence of other manufacturers of like goods in Australia. The Commissioner therefore remains satisfied that the Australian industry solely consists of Bisalloy.

#### 3.6.1 Production capability and process

The commission conducted a verification visit to Bisalloy's production premises in Unanderra in NSW. The commission observed the production of Q&T steel plate which involves the heating and cooling of steel plate (greenfeed plate) to achieve the desired strength and hardness of the plate being treated.

The production process is illustrated in Figure 1 below:

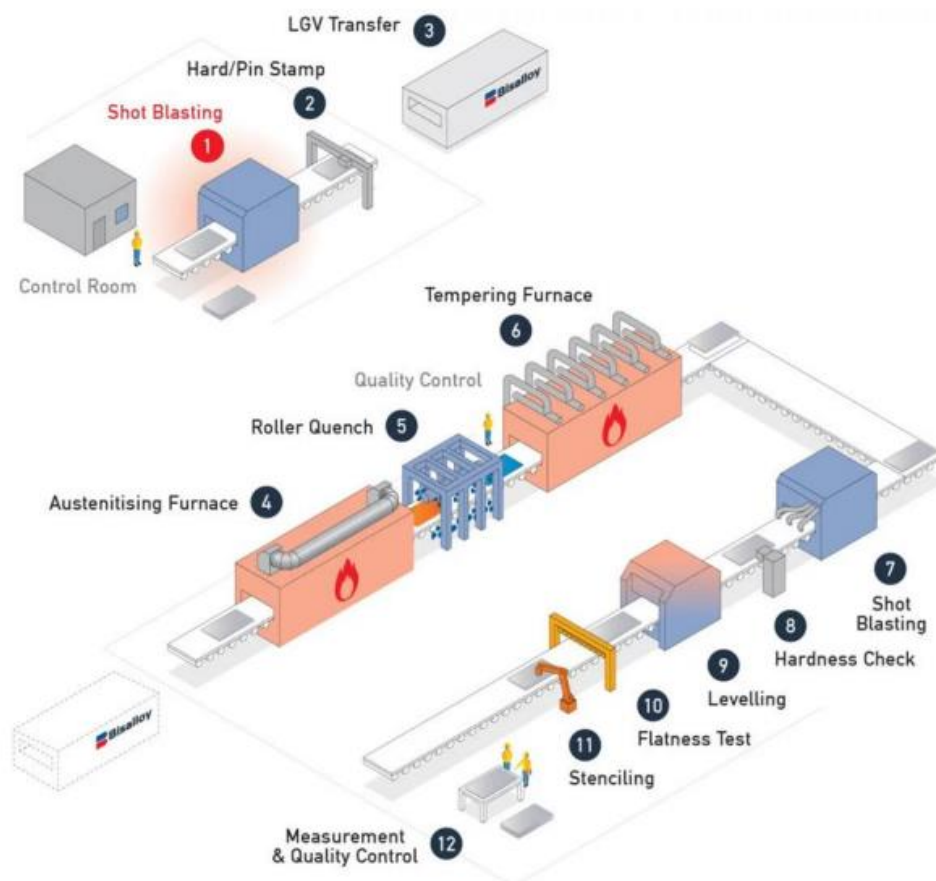


Figure 1: Production process

The main steps in the production process are:

1. Sinto shot blasting (pre-heat treatment): shot blasting greenfeed plates with steel shot removes scale, rust, and dirt, ensuring even heating and cooling during quenching and preserving optimal flatness.

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2. Hard/pin stamp: Plates are hard-stamped with a unique 6-digit plate number. Bisalloy uses the plate numbers to track & trace the processing of the plate in accordance with the Bisalloy quality assurance system.
3. Laser guided vehicle transfer: Plates are transferred between the production lines from building 1 to building 2 with the purpose-built laser guided vehicle. The laser guided vehicle automatically shuttles plates between buildings 24 hours a day.
4. Austenitising furnace: The austenitising furnace heats the plates to 900 degrees Celsius. The time a plate spends in the furnace is dependent on the thickness of the plate. The purpose of heating the plate to 900 degrees Celsius is to change the microstructure in the plate to austenite, which is the ideal microstructure for quenching.
5. Roller quench: The plate then enters the continuous roller quench unit, where cooled water is delivered to both sides of the plate by a series of high-intensity spray pipes. The plate exits the quench unit at just above room temperature. During the quenching operation, a martensitic microstructure forms.
6. Tempering furnace: Tempering the plate at this stage is conducted to achieve the desired strength, hardness and toughness levels. In general, over the broad range of tempering temperatures, hardness decreases, and toughness increases as the tempering temperature is increased.
7. Shot blasting (post-heat treatment): After heat treatment is completed, the plates are then shot blasted in a second shot blaster. This removes any scale formed during heat treatment.
8. Hardness check: Bisalloy performs hardness tests on every plate produced. This testing procedure is fully automated, including automated milling and indentation.
9. Levelling: After the second shot blasting and hardness testing, the plates are then levelled to further improve flatness post-heat treatment.
10. Flatness test: Immediately after the plates are levelled, they run under a laser gate that automatically tests the plate for flatness.
11. Stenciling: In the production line is an automatic stencil arm, which marks on the plate surface the BISALLOY® steel grade, dimensions and weight.
12. Measurement and quality control: Plates are lifted off the production line onto the flatness inspection table, where plates are inspected, which includes surface inspection, dimension checking and test sample cutting.

Based on the above, the commission considers that Bisalloy undertakes at least one substantial process (quenching and tempering greenfeed plate) in the manufacture of Q&T steel plate in Australia.

### **3.6.2 Conclusion – Australian industry**

Based on the information obtained from the verification visit to Bisalloy's production facility, the Commissioner is satisfied that:

- like goods were wholly manufactured in Australia, and
- there is an Australian industry which produces like goods in Australia.

## **4 AUSTRALIAN MARKET**

### **4.1 Preliminary finding**

The Commissioner preliminarily finds that since the measures were continued in 2019:

- the Australian Q&T steel plate market was supplied by Bisalloy and imports from multiple countries including the subject countries (except Finland)
- prices of imported and locally produced Q&T steel plate have generally increased, and
- the market for Q&T steel plate has increased in 2020, and contracted in 2021 and 2022 before increasing again in the inquiry period.

### **4.2 Approach to analysis**

The analysis in this chapter is based on findings in REP 234 and REP 506, verified information submitted by Bisalloy and data captured in the ABF import database as well as verified importer and exporter information.

### **4.3 Market characteristics**

The commission found that the types of products sold in the Australian market, the end uses and key drivers of demand, and distribution arrangements have not changed from those observed in the original investigation and last continuation inquiry.

#### **4.3.1 Types of products sold in the Australian market**

Q&T steel plate is a specialty steel comprising of wear, structural and armour grades.

Based on verified data obtained from Bisalloy and data obtained from SSAB AU and JFE, the commission estimates that the majority of Q&T steel plate that is sold in Australia is of wear plate (approximately 72% of sales in the inquiry period), followed by structural plate (approximately 28% of sales in the inquiry period). Sales of armour plate comprised less than 1% of sales in the Australian Q&T steel plate market in the inquiry period.

#### **4.3.2 End uses and key drivers of demand**

Q&T steel plate is used in the manufacture, maintenance and repair of machinery (including transport), plant and equipment used in the mining, mineral processing, agriculture, construction and defence industries.

In the mining and mineral processing industry, Q&T steel plate is used to manufacture, repair and maintain a range of machinery and equipment including:

- excavator and dragline buckets
- off-highway dump truck bodies
- on-highway truck bodies
- longwall mining equipment applications including roof shields and pan-lines
- front-end loader arms and buckets, and
- primary and secondary ore processing fixed plant equipment such as apron feeders, chute liners, run-of-mine hoppers, train load-out hoppers and rail bins.

Q&T steel plate is also used in the construction industry, and general 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.

Given that Q&T steel plate is primarily used in applications in the mining and construction industries, demand for Q&T steel plate in Australia is principally driven by economic activity and investment in the mining and construction industries.

#### **4.3.3 Distribution**

The commission found that distribution arrangements within the Australian market have remained relatively unchanged since the periods examined in Inquiry 506 and Investigation 234.

Q&T steel plate is either sold directly to end users such as original equipment manufacturers or is sold to steel distributors and processors that on-sell goods to end users.

Bisalloy sells a significant proportion of its locally manufactured Q&T steel plate via a network of distributors and processors. The remainder of its sales are made to large end-user customers in the mining sector where Q&T steel plate is used for major projects involving construction of mine infrastructure and repairs and maintenance of mining equipment.

### **4.4 Condition of Australian Q&T steel plate market**

The following sections outline the condition of the Australian market since the measures were continued in 2019.

#### **4.4.1 Prices**

Since the continuation of the measures in 2019, the Australian market for Q&T steel plate has been affected by the impacts of the COVID-19 pandemic, which adversely affected international supply chains and contributed to the increase in shipping and raw material (such as iron ore and metallurgical coal) costs observed since 2019. Consequently, prices of imported and locally-produced Q&T steel plate increased in the Australian market.

The commission estimates that the price of imports, on a weighted average basis, and the Australian industry's prices increased by over 50% since the measures were continued.

#### **4.4.2 Market size**

Figure 2 depicts the commission's estimate of the size of the Australian market for Q&T steel plate from the year ended (YE) 30 September 2011 to YE 30 September 2023. This period captures the period before and after the imposition of the measures in November 2014, and the period before and after the continuation of the measures in October 2019.

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The commission's estimate is based on import data in the ABF import database and Bisalloy's sales data.<sup>57</sup>

The commission observes that the Australian market has contracted significantly between YE September 2014 to YE September 2016 (consistent with the observed decrease in mining industry capital expenditure over the same period) and steadily increased in the following years.<sup>58</sup>

Since the continuation of the measures in October 2019, the Australian market contracted from YE September 2020 to YE September 2022, which is a period that was affected by disruptions caused by the COVID-19 pandemic. The commission observes while the market has expanded in the inquiry period (YE September 2023), Bisalloy's market share has continued to decline, albeit it remains the single largest supplier of Q&T steel plate in the Australian market.

The commission also found that since 2019, the Australian market was supplied by imports predominantly from China and the US, with the remaining imports supplied from France, Germany, Japan, the Netherlands and Sweden.

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<sup>57</sup> In estimating the size of the Australian market, the commission had regard to imports of goods declared under tariff subheadings 7225.40.00 (statistical codes 21, 22, 23 and 24) and 7225.99.00 (statistical code 39). As the relevant tariff subheadings and statistical codes encompass goods that are both subject and not subject to the anti-dumping measures (for example, greenfeed plate and steel plate other than Q&T steel plate), the commission had regard to the goods description, the value of the importation, the importer and supplier (exporter), and any declarations of exemptions from dumping duty in identifying the goods subject to the measures and other goods that are like to the goods subject to the measures.

<sup>58</sup> According to the Department of Industry, Science and Resources' ['Resources and Energy Quarterly'](#) report for March 2024, mining industry capital expenditure or investment in equipment, plant and machinery rose steadily since 2017, and is expected to further increase in fiscal year 2023-24.

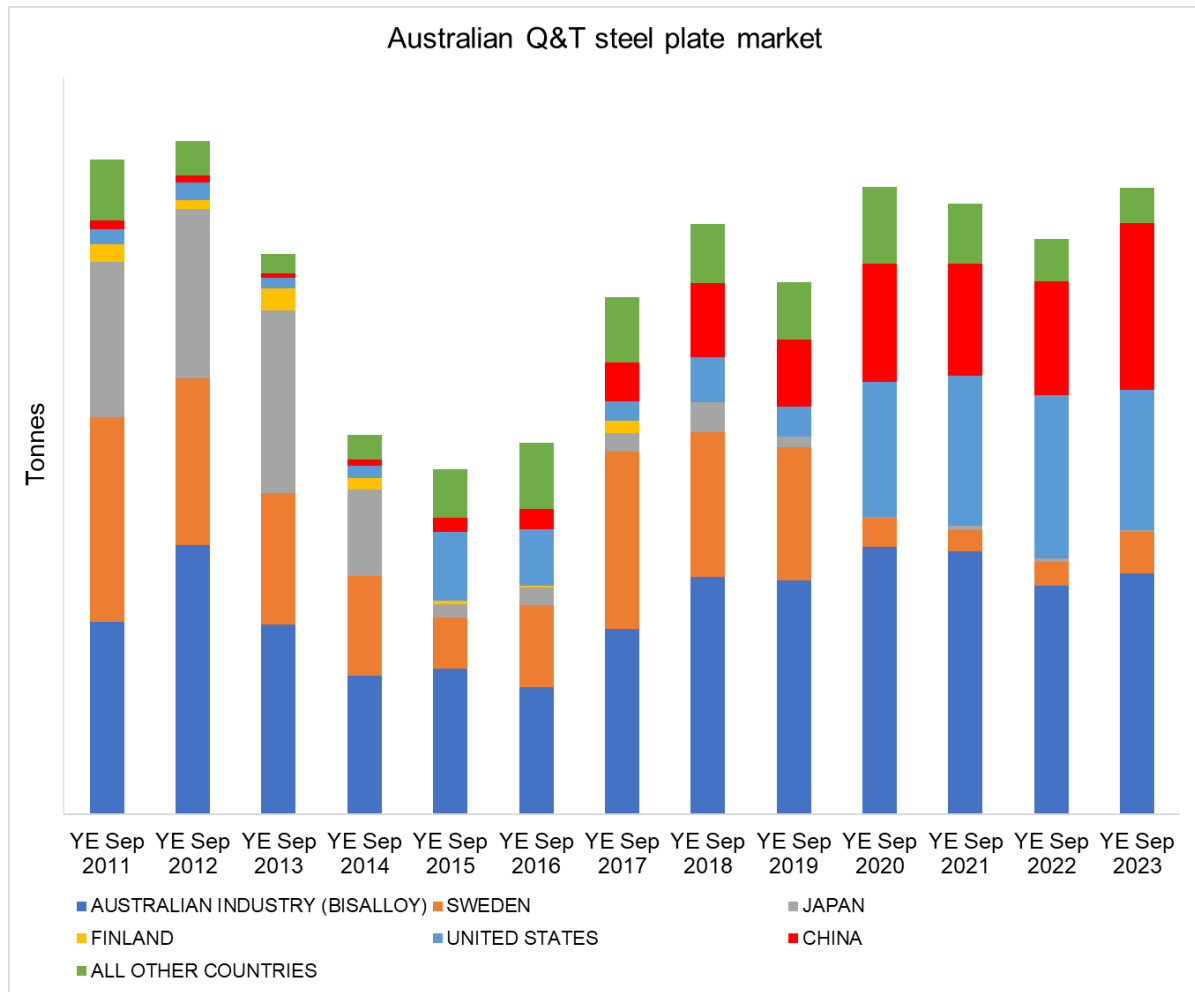


Figure 2: Australian Q&T steel plate market<sup>59</sup>

<sup>59</sup> Confidential Attachment 1.



## 5 ECONOMIC CONDITION OF THE AUSTRALIAN INDUSTRY

### 5.1 Preliminary finding

The commission finds that Bisalloy's overall economic condition improved since the measures were continued in 2019. Bisalloy's prices and profit increased following the continuation of the measures, albeit Bisalloy's market share has gradually decreased over the same period and Bisalloy has experienced price suppression and consequently its profit and profitability decreased during the inquiry period.

### 5.2 Approach to analysis

This chapter considers the economic condition of the Australian industry since the measures were continued. This examination provides the basis for the commission's analysis in chapter 7 of whether material injury is likely to continue or recur.

The commission has assessed the economic condition of the Australian industry from 1 October 2018, using the verified information provided by Bisalloy in this inquiry and data from the ABF import database. Volume, price and profit figures as well as other injury factors have been compiled on an annual basis for years ending 30 September.

The analysis is contained in **Confidential Attachment 2** and is summarised below.

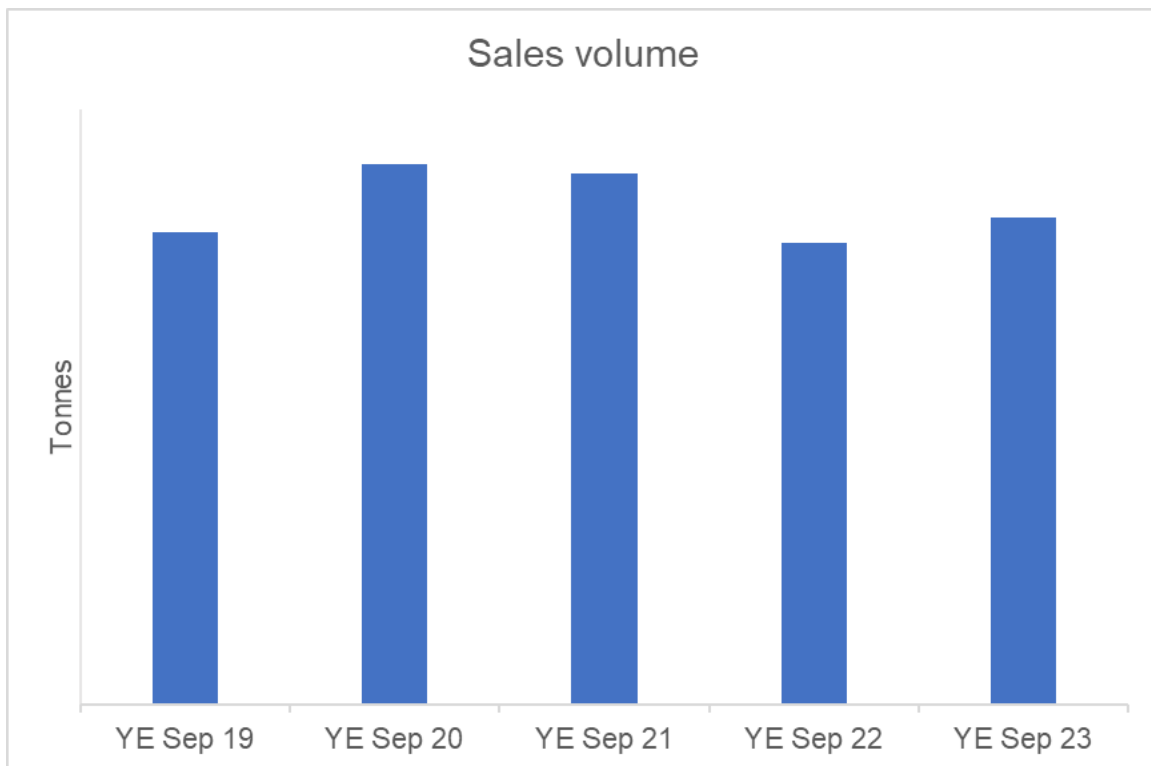
### 5.3 Volume effects

As demonstrated below, the commission preliminarily finds that Bisalloy's sales volume has increased since the measures were continued, albeit its market share has decreased over the same period.

#### 5.3.1 Sales volume

Figure 3 shows that Bisalloy's domestic sales volumes have remained relatively stable since the measures were continued in October 2019. Bisalloy's sales volume has increased in the YE 30 September 2020, and has subsequently decreased in the years ending September 2021 and 2022. Bisalloy's sales volume has increased in the YE 30 September 2023 (the inquiry period), albeit its sales volume remained relatively lower than the sales volume in the YE 30 September 2020.





**Figure 3: Bisalloy's domestic sales volumes**

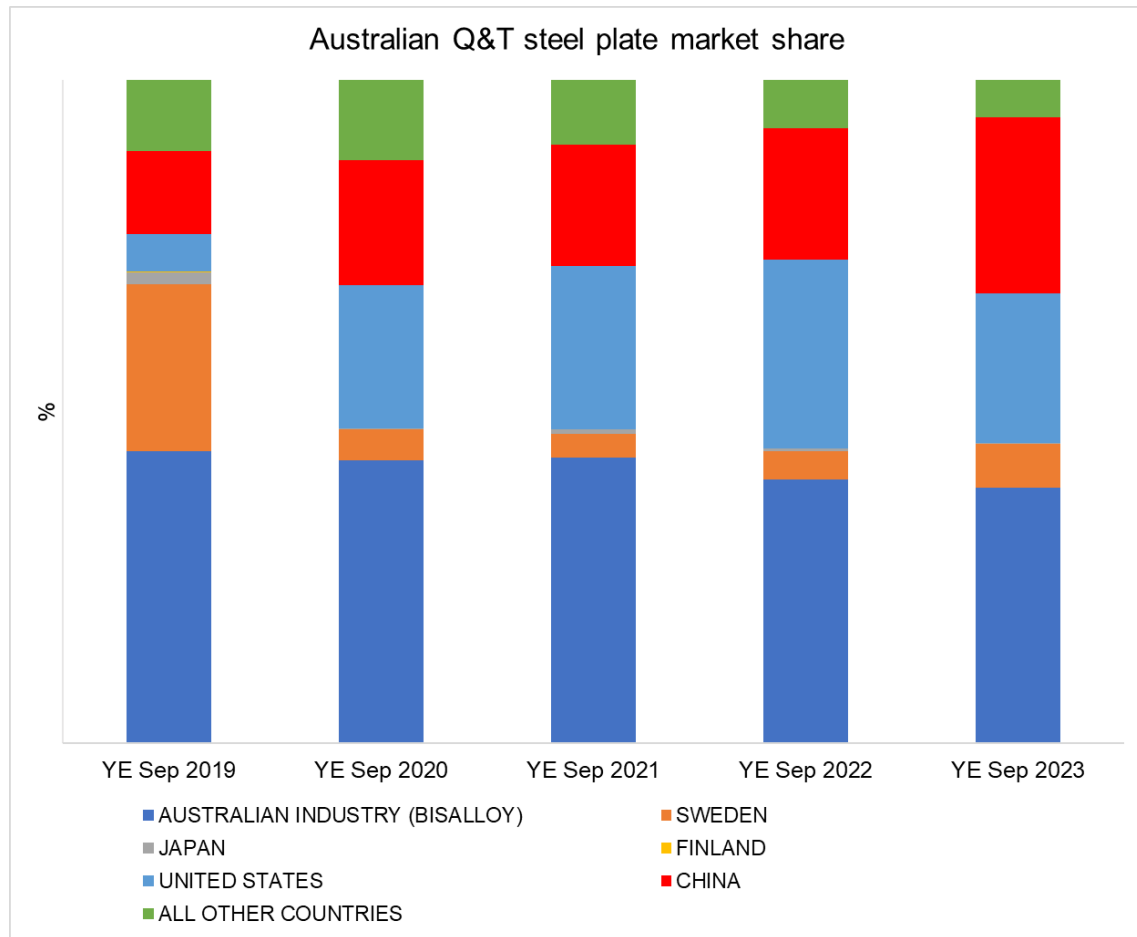
The commission found that the majority of Bisalloy's sales during the inquiry period were of wear and structural grades of Q&T steel plate.

### **5.3.2 Market share**

The commission's analysis of market share in Figure 4 indicates that Bisalloy's market share gradually decreased from the YE September 2019 and since the measures were continued in October 2019 (YE September 2020).

The commission's analysis also shows that since the measures were continued:

- there were no imports of the goods subject to the measures from Finland
- the market share of the goods imported from Japan and Sweden decreased, albeit the market share of goods imported from Sweden increased in the inquiry period (YE September 2023)
- the market share of Q&T steel plate imported from China and the US (which are not subject to the measures) increased, and
- the market share of Q&T steel plate imported from all other countries decreased.



**Figure 4: Australian market share<sup>60</sup>**

## 5.4 Price effects

As demonstrated below, the commission found that Bisalloy's prices increased following the continuation of the measures in October 2019. However, Bisalloy experienced price suppression during the inquiry period as its prices did not increase commensurate with its costs.

### 5.4.1 Price depression and suppression

Price depression occurs when a company, for some reason, lowers its prices. Price suppression occurs when price increases, which otherwise might have occurred, have been prevented. An indicator of price suppression may be the margin between prices and costs. In determining whether price suppression has occurred, the commission may assess:

- whether prices have increased at the same rate as costs over time or within a specified period (e.g. the inquiry period), and/or

<sup>60</sup> The commission estimated market share using Bisalloy's verified sales data and import data from the ABF import database.

- whether prices for the Australian industry's product are lower than prices that may have been achieved in the absence of dumping.

Figure 5 shows that Bisalloy's prices increased following the continuation of the measures in October 2019.

The commission observes that from YE September 2019 to YE September 2022, Bisalloy's margin between its cost to make and sell (CTMS) and price increased. However, in the YE September 2023, the margin between Bisalloy's unit CTMS and price decreased, indicating that prices did not increase commensurate with the increase in costs during the inquiry period. The commission considers that this indicates that Bisalloy experienced price suppression during the inquiry period.

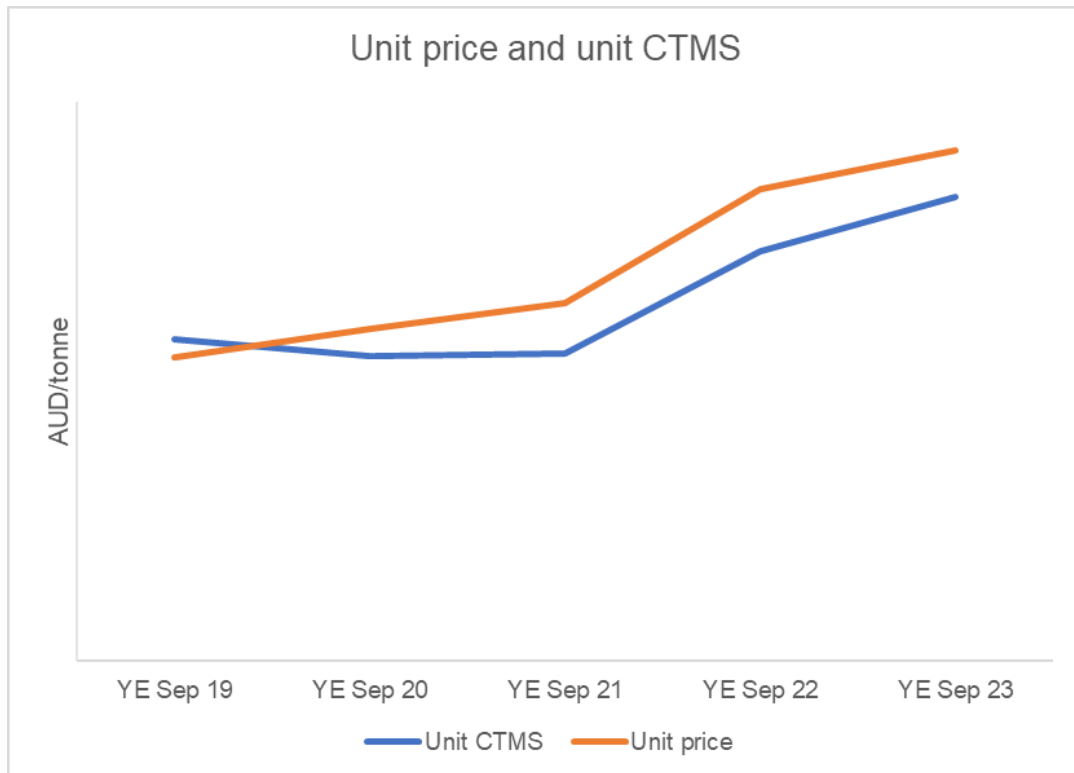


Figure 5: Bisalloy's unit CTMS and unit price

The commission found that Bisalloy's variable costs, including its raw material (greenfeed) and energy (natural gas and electricity) costs, and its selling and distribution (freight) costs, increased significantly from the YE September 2021, which predominantly contributed to the observed increase in its CTMS.

## 5.5 Profit and profitability

Figure 6 shows that Bisalloy's profit achieved on domestic sales increased from YE September 2019 to YE September 2022, however, during the inquiry period (YE September 2023), Bisalloy's profit (and profitability) decreased because its prices did not increase commensurate with its costs.

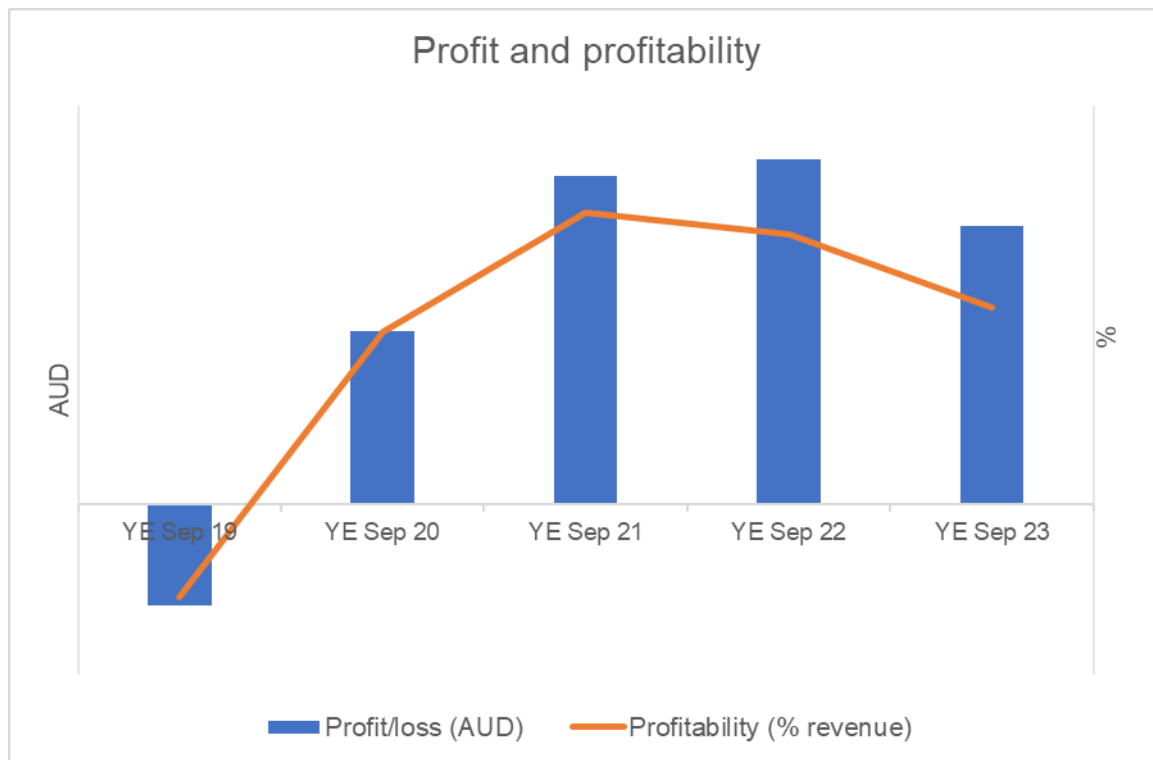


Figure 6: Bisalloy's profit/loss (left axis) and profitability (right axis)

### 5.5.1 SSAB's submission concerning Bisalloy's profit

In its submission of 5 April 2024,<sup>61</sup> SSAB claims that in 2018 and since then, Bisalloy's profit has declined during each inquiry and investigation period examined. SSAB states that it considers those profit movements 'uncharacteristic' considering the surrounding data. SSAB also states that it considers Bisalloy's statement about significant greenfeed<sup>62</sup> cost increases to be 'odd' because the SBB Platts East Asia plate steel index has trended downwards.

In its submission of 3 May 2024,<sup>63</sup> Bisalloy responds to SSAB's submission of 5 April 2024 and noted that its greenfeed purchases are not pegged to SBB Platts' East Asia plate prices and Bisalloy's manufacturing costs are not governed by percentage movements in the CPI.

The commission has verified Bisalloy's cost data, including its greenfeed costs, and found nothing odd or uncharacteristic about it.<sup>64</sup> As indicated in the previous section, Bisalloy's greenfeed costs, including its energy, selling and distribution costs, increased significantly since the YE September 2021. While Bisalloy's prices increased commensurate with its costs in the YE September 2022, Bisalloy's prices did not increase commensurate with its

<sup>61</sup> EPR 638, document no 11: [SSAB submission of 5 April 2024](#).

<sup>62</sup> Greenfeed is the main raw material used to manufacture Q&T steel plate. Section 3.6.1 outlines Bisalloy's production process.

<sup>63</sup> EPR 638, document no 14: [Bisalloy submission of 3 May 2024](#).

<sup>64</sup> The commission's verification findings are outlined in its [report](#) (document no 15 on EPR 638) detailing the verification of Bisalloy's financial data.

costs during the inquiry period, thereby leading to a decrease in profit and profitability during that period.

## 5.6 Other economic factors

The commission used Bisalloy's data for financial years (FY) ending 30 June to assess the change or variations in the following economic factors since FY 2019:<sup>65</sup>

- value of assets
- capital investment
- revenue
- return on sales
- capacity utilisation
- productivity (output per employee)
- employment in manufacturing
- average wage per employee in manufacturing
- inventory (closing stock)
- cash flow (inventory turnover), and
- production volume.

Table 7 shows the change or variation in the aforementioned factors between FY 2019 and FY 2023, indexed with respect to FY 2019.

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Assets	100	114	114	151	157
Capital investment	100	121	122	158	152
Revenue	100	119	115	128	164
Return on sales	100	446	681	1034	638
Capacity utilisation	100	114	95	97	93
Productivity (output per employee)	100	108	95	99	113
Employment (manufacturing)	100	105	100	98	82
Average wage (manufacturing)	100	99	101	105	133
Inventory (closing stock)	100	114	92	122	110
Cash flow (inventory turnover)	100	95	95	102	120
Production	100	114	95	97	93

**Table 7: Other economic factors for Bisalloy**

The commission observes the following:

- the value of assets increased since FY 2019
- capital investment increased from FY 2019 to FY 2022, and decreased in FY 2023
- revenue increased since FY 2019, consistent with increases in Bisalloy's prices
- return on sales increased from FY 2019 to FY 2022, and decreased in FY 2023 consistent with a decrease in profit

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<sup>65</sup> Confidential Attachment 3.

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- capacity utilisation decreased from FY 2020, which is consistent with the decrease in production, and in FY 2023 remained lower than that achieved in FY 2019
- productivity increased in FY 2020 and decreased in the following year before increasing again in FY 2022 and FY 2023 due to the decrease in the number of employees
- the number of employees employed in manufacturing decreased following FY 2020 and decreased markedly in FY 2023. In Bisalloy Steel Group Limited's<sup>66</sup> annual report for FY 2023, it was noted that due the increase in Bisalloy's energy costs, it made the decision to rationalise its manufacturing workforce.
- the average wage per employee increased significantly in FY 2023, consistent with the increase in employee wages and salaries
- the volume of closing inventory fluctuated from FY 2019 to FY 2023
- inventory turnover increased from FY 2021, and
- production volumes decreased following FY 2020.

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<sup>66</sup> Bisalloy is wholly owned by Bisalloy Steel Group Limited.

## 6 DUMPING DURING THE INQUIRY PERIOD

### 6.1 Preliminary finding

To inform whether dumping is likely to continue or recur, the commission has examined whether exports in the inquiry period were dumped. The Commissioner has also used this information to determine whether the variable factors for all exporters have changed.

The commission has preliminarily determined dumping margins for exports from Japan and Sweden in the inquiry period as summarised in Table 8.

Country	Exporter	Dumping margin (%)
Japan	All exporters	18.4
Sweden	SSAB EMEA AB	56.9
	All other exporters	56.9

Table 8: Summary of dumping margins

The commission has not determined a dumping margin relating to exports from Finland due to the absence of exports during the inquiry period.

### 6.2 Legislative framework

Under section 269ZHF(2), the Commissioner must not recommend the Minister to take steps to secure the continuation of 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, dumping. The existence of dumping during the inquiry period may be an indicator of whether dumping may occur in the future.

Dumping occurs when a product from one country is exported to another country at a price less than its normal value. The export price and normal value of the goods are determined under sections 269TAB and 269TAC respectively. Whether dumping has occurred, and the level of dumping is worked out in accordance with section 269TACB.

Further details of the dumping margin calculations for each exporter that exported the goods to Australia during the inquiry period are set out in the following sections.

#### 6.2.1 Export price

Export price is determined in accordance with section 269TAB, taking into account whether the purchase or sale of goods are arms length transactions under section 269TAA.

Section 269TAB(1)(a) provides that the export price of any goods exported to Australia is the price paid (or payable) for the goods by the importer where the goods have been exported to Australia otherwise than by the importer and have been purchased by the importer from the exporter in arms length transactions.

Section 269TAB(1)(b) provides that the export price of goods is the price that the importer sold the goods, less the prescribed deductions, where:

- goods have been exported to Australia otherwise than by the importer, and

- were purchased by the importer from the exporter, but not at arms length, and
- the importer subsequently sells the goods in the condition they were imported to a party not associated with the importer.

Section 269TAB(1)(c) provides that in all other cases, the export price is a price determined by the Minister having regard to all the circumstances of the exportation.

Section 269TAB(3) provides that, where the export price cannot be established under the preceding sections due to sufficient information not being furnished or not available, the export price is determined having regard to all relevant information.

### **6.2.2 Normal value**

Normal value is determined in accordance with section 269TAC.

Section 269TAC(1) provides that the normal value of any goods exported to Australia is the price paid or payable for like goods sold in the ordinary course of trade (OCOT) for home consumption in the country of export in sales that are arms length transactions by the exporter or, if like goods are not so sold by the exporter, by other sellers of like goods. Section 269TAC(1) however cannot be used to calculate the normal value of the goods if one of the circumstances in sections 269TAC(2)(a) or (b) is present. Where one or more of these circumstances are present, the normal value of the goods is to be calculated under either section 269TAC(2)(c) or (d).

Section 269TAC(2)(a)(i) provides that the normal value of goods exported to Australia cannot be ascertained under section 269TAC(1) where there is an absence, or low volume, of sales of like goods in the market of the country of export that would be relevant for the purpose of determining a price under section 269TAC(1). Relevant sales are sales of like goods sold for home consumption that are arms length transactions and sold in the OCOT.

Domestic sales of like goods are taken to be in a low volume where the total volume of like goods is less than 5% of the total volume of the GUC that are exported to Australia by the exporter (unless the Minister is satisfied that the volume is still large enough to permit a proper comparison). As per the the Manual,<sup>67</sup> where the total volume of relevant sales is 5% or greater than the total volume of the goods under consideration, and where comparable models exist, the commission also considers the volume of relevant domestic sales of like goods for each model (or MCC).

Section 269TAC(2)(c) provides for the normal value to be a constructed amount, being the sum of the cost of production or manufacture of the goods in the country of export, and, on the assumption that the goods had been sold for home consumption in the OCOT in the country of export instead of being exported, the selling, general and administrative (SG&A) costs and the profit on that sale.

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<sup>67</sup> [The Manual](#), pages 26-29.



If the Minister directs that it applies, section 269TAC(2)(d) provides that the normal value is the price of like goods sold in the OCOT in arms length transactions from the country of export to an appropriate third country.

Section 269TAC(6) provides that, where the normal value cannot be established under sections 269TAC(1), 269TAC(2)(c) or 269TAC(2)(d) due to sufficient information not being furnished or not available, the normal value is determined having regard to all relevant information.

### **6.2.3 Dumping margin**

Dumping margins are determined in accordance with section 269TACB.

In this inquiry, the commission determined the dumping margin in accordance with section 269TACB(2)(a) by comparing the weighted average export price over the whole of the inquiry period with the weighted average of corresponding normal values over the whole of the inquiry period.

## **6.3 Assessment of variable factors and dumping**

The Commission considered the variable factors and dumping margins for exporters that have exported the goods to Australia during the inquiry period. The following sections outline the assessment for each exporter.

### **6.3.1 SSAB EMEA AB**

#### **6.3.1.1 Verification**

The commission conducted an on-site verification of SSAB EMEA AB's REQ.

The Commissioner is satisfied that the information provided by SSAB EMEA AB is accurate and reliable for the purpose of ascertaining the variable factors applicable to its exports of the goods. A report containing the verification findings is available on the public record.<sup>68</sup>

#### **6.3.1.2 Export price**

##### The exporter

The commission considers that, for all Australian export sales during the inquiry period, SSAB EMEA AB is the exporter of the goods because SSAB EMEA AB:<sup>69</sup>

- manufactured the goods
- is named as the supplier on the commercial invoice
- is named as consignor on the bill of lading

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<sup>68</sup> EPR 638, document no 20: [Exporter verification report - SSAB EMEA AB](#).

<sup>69</sup> The commission generally identifies the exporter as a principal in the transaction, located in the country of export from where the goods were shipped, that gave up responsibility by knowingly placing the goods in the hands of a carrier, courier, forwarding company, or its own vehicle for delivery to Australia; or a principal in the transaction, located in the country of export, that owns, or previously owned, the goods but need not be the owner at the time the goods were shipped.

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- arranges and pays for the inland transport to the port of export
- arranges and pays for the port handling charges at the port of export, and
- arranges and pays for the ocean freight and marine insurance.

### The importer

The commission considers SSAB AU to be the beneficial owner of the goods at the time of importation and therefore the importer, because SSAB AU:

- is named as the purchaser on the commercial invoice
- is named as the consignee on the bill of lading
- is declared as the importer on the Australian Customs import declaration
- pays for all the importation charges including customs duty and IDD, and
- arranges delivery from the port.

### Arms length assessment

The commission finds that SSAB EMEA AB did not sell the goods exported to Australia in arms length transactions as defined under section 269TAA.

In respect of SSAB EMEA AB's Australian sales of the goods to its only Australian customer, SSAB AU, during the inquiry period, the commission found that the price was influenced by a commercial or other relationship between SSAB EMEA AB and SSAB AU as:<sup>70</sup>

- SSAB AU is a wholly owned subsidiary of SSAB EMEA AB
- prices between SSAB EMEA AB and SSAB AU are determined in accordance with the SSAB group's internal transfer pricing guidelines, and
- SSAB EMEA AB issued credit notes to SSAB AU for off-invoice adjustments to the transfer price in relation to certain sales made during the inquiry period. The commission considers these credit notes to be reimbursements of SSAB AU in respect of its sales of the goods during the inquiry period which were made at a loss.

The commission considers the adherence to internal transfer pricing indicates that SSAB AU effectively serves as the selling and distribution arm of SSAB EMEA AB in the Australian market. Collectively, SSAB EMEA AB and SSAB AU are a single entity that manufactures, exports and sells the goods in the Australian market.

Based on the above findings, the commission therefore considers that SSAB EMEA AB's Australian sales of the goods during the inquiry period were not made in arms length transactions, pursuant to section 269TAA.<sup>71</sup> As SSAB EMEA AB's export sales to SSAB

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<sup>70</sup> Section 269TAA(1)(b).

<sup>71</sup> The finding in this SEF that the export sales from SSAB EMEA AB to SSAB AU did not take place at arms length relates to the assessment of export prices under section 269TAB of the Act. It is not an assessment of SSAB's transfer pricing policy with respect to compliance with the revenue and taxation laws of any jurisdiction.

AU were not at arms length, the commission considers that it is not appropriate to determine the export price in accordance with section 269TAB(1)(a).

The commission found that the goods that were exported to Australia by SSAB EMEA AB were stored in warehouses located across Australia for a prolonged period of time and were not immediately sold by SSAB AU to customers in Australia. Given this, the specific goods that were exported to Australia by SSAB EMEA AB in the inquiry period cannot be directly traced to their respective sales by SSAB AU to its unrelated customers in the Australian market. Further, a considerable proportion of goods or models exported by SSAB EMEA AB in particular quarters or in the inquiry period were not subsequently sold by SSAB AU in the same quarter or period. Due to the lack of information on the confirmation of sale to unrelated customers, the commission considers that it is not appropriate to determine the export price in accordance with section 269TAB(1)(b).

Given the circumstances of the exportation of the goods from Sweden to Australia, the commission determined the export price in accordance with section 269TAB(1)(c). The commission calculated the export price using a deductive export price method, being the price at which SSAB AU sold the goods to unrelated customers in Australia, less the following deductions:

- amounts for SSAB AU's SG&A costs and profit<sup>72</sup>
- importation costs such as Australian general customs duty, Australian port and handling charges, inland freight and warehousing costs
- post exportation costs such as ocean freight and marine insurance, and
- the cost of credit provided by SSAB AU to its Australian customers.

Where the commission was not able to match the relevant models or MCCs exported by SSAB EMEA AB and sold by SSAB AU in Australia in the same quarter in the inquiry period, the commission used the price at which SSAB AU sold the goods to unrelated customers in the closest quarter and applied a timing adjustment having regard to the change in SSAB AU's quarterly weighted average selling prices. For one model exported by SSAB EMEA AB during the inquiry period but not sold by SSAB AU in the same period, the commission used the price of the MCC which SSAB AU sold during the inquiry period that was most similar to the relevant model exported by SSAB EMEA during the inquiry period.

The commission's export price calculations are at **Confidential Attachment 4**.

#### **6.3.1.3 Normal value**

The commission found that there were sufficient volumes of sales of like goods sold for home consumption in the country of export that were arms length transactions and at prices that were within the OCOT. Accordingly, the commission has determined the normal value under section 269TAC(1).

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<sup>72</sup> The commission had regard to SSAB AU's operating profit for the year ending 31 December 2023 (encompassing three quarters of the inquiry period) as it incorporates the adjustment to the transfer price between SSAB EMEA AB and SSAB AU.

The commission's normal value calculations are at **Confidential Attachment 4**. The following sections outline the commission's normal value assessment.

#### Arms length assessment

In respect of SSAB EMEA AB's domestic sales of like goods to its related and unrelated customers during the inquiry period, the commission found no evidence that:

- there was any consideration payable for, or in respect of, the goods other than their price
- the price appeared to be influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller
- the buyer, or an associate of the buyer, was directly or indirectly reimbursed, compensated or otherwise received a benefit for, or in respect of, the whole or any part of the price.

The commission therefore considers that all sales made by SSAB EMEA AB to its domestic customers during the inquiry period were arms length transactions.<sup>73</sup>

#### Ordinary course of trade and sufficiency of domestic sales

Section 269TAAD states that domestic sales of like goods are not in the OCOT if arms length transactions are both of the following:

- unprofitable in substantial quantities over an extended period, and
- unlikely to be recoverable within a reasonable period.

The commission tested profitability by comparing the unit price with the corresponding unit CTMS for each domestic sales transaction. The commission tested whether the unprofitable sales were in substantial quantities (not less than 20%) by comparing the volume of unprofitable sales to the total sales volume, for each MCC over the inquiry period. The commission then tested recoverability by comparing the net invoice price against the relevant weighted average cost over the inquiry period for each domestic sales transaction.

Based on the above analysis, the commission found that SSAB EMEA AB's domestic sales were in the OCOT.

Section 269TAC(2) provides alternative methods for calculating the normal value of goods exported to Australia where there is an absence, or low volume, of relevant sales of like goods in the market of the country of export. Section 269TAC(14) provides that an exporter's domestic sales of like goods are taken to be in a low volume where the total volume of sales of like goods for home consumption in the country of export by the exporter is less than 5% of the total volume of the goods under consideration that are exported to Australia by the exporter (unless the Minister is satisfied that the volume is still large enough to permit a proper comparison for the purposes of assessing a dumping margin).

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<sup>73</sup> Section 269TAA refers.

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The commission assessed the total volume of relevant domestic sales of like goods as a percentage of the total volume of goods exported to Australia and found that the volume of relevant domestic sales was not less than 5%. Accordingly, the commission considers that the normal value of the goods exported by SSAB EMEA AB can be determined in accordance with section 269TAC(1).

When calculating a normal value under section 269TAC(1), in order to ensure a proper comparison between the goods exported to Australia and the goods sold on the domestic market, the commission considers the volume of sales of each exported MCC on the domestic market. Where the volume of domestic sales of an exported MCC is less than 5% of the volume exported, the commission will consider whether it can make a proper comparison at the MCC level. In these situations, the commission may consider whether a surrogate domestic MCC should be used to calculate normal value for the exported MCC.

The commission has considered whether each exported MCC was sold on the domestic market and the volume of domestic sales, as shown in Table 9 below.

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Export MCC	Is volume of domestic sales of same MCC 5% or greater as a proportion of export volume?	Treatment of normal value
A--E-1	Yes	The commission considers domestic sales of same MCC permits a proper comparison to exported goods.
A--F-1	Yes	The commission considers domestic sales of same MCC permits a proper comparison to exported goods.
A--F-2	Yes	The commission considers domestic sales of same MCC permits a proper comparison to exported goods.
A--H-1	Yes	The commission considers domestic sales of same MCC permits a proper comparison to exported goods.
A--H-2	Yes	The commission considers domestic sales of same MCC permits a proper comparison to exported goods.
S-B--1	Yes	The commission considers domestic sales of same MCC permits a proper comparison to exported goods.
S-B--2	Yes	The commission considers domestic sales of same MCC permits a proper comparison to exported goods.
S-B--3	Yes	The commission considers domestic sales of same MCC permits a proper comparison to exported goods.
W--C-2	No	No sales of W--C-2. Surrogate model W--D-2 used, with specification adjustment under section TAC(8).
W--C-3	No	No sales of W--C-3. Surrogate model W--D-2 used, with specification adjustment under section TAC(8).
W--E-3	Yes	The commission considers domestic sales of same MCC permits a proper comparison to exported goods.
W--F-2	Yes	The commission considers domestic sales of same MCC permits a proper comparison to exported goods.
W--F-3	Yes	The commission considers domestic sales of same MCC permits a proper comparison to exported goods.
W--G-2	Yes	The commission considers domestic sales of same MCC permits a proper comparison to exported goods.
W--H-2	Yes	The commission considers domestic sales of same MCC permits a proper comparison to exported goods.

**Table 9: MCC volume assessment**

The commission found that for MCCs W--C-2 and W--C-3, there were insufficient sales of like goods sold in the OCOT on the basis that there was an absence of relevant sales of like goods in the domestic market. For these MCCs, the commission was satisfied that there were sufficient domestic sales volumes of a surrogate MCC based on the MCC with the closest physical characteristics under the MCC hierarchy structure. Accordingly, the commission has applied a specification adjustment to these MCCs when calculating the normal value as detailed in Table 9.

As the volume of domestic sales of the remainder of SSAB EMEA AB's exported MCCs are 5% or more of the volume exported, the commission has determined it can make a proper comparison at the MCC level.

#### **6.3.1.4 Adjustments**

The commission considers that there is sufficient information to justify the following adjustments in accordance with section 269TAC(8). The commission considers these adjustments to be necessary to ensure a fair comparison of normal values and export prices.

<b>Adjustment</b>	<b>Deduction or addition</b>
Domestic credit terms	Deducted
Domestic inland transport	Deducted
Export inland transport and port charges	Added
Specification	Either added or deducted
Timing	Either added or deducted

**Table 10: Summary of adjustments**

#### **6.3.1.5 Dumping margin**

The preliminary dumping margin for the goods exported to Australia by SSAB EMEA AB for the inquiry period is **56.9%**.

The commission's dumping margin calculations are at **Confidential Attachment 4**.

#### **6.3.2 All other exporters from Sweden**

As SSAB EMEA AB is the only known manufacturer of the goods exported to Australia from Sweden, the commission considers that it is appropriate to ascertain the export price and normal value for all other exporters (if any) in Sweden as equal to SSAB EMEA AB's weighted average export price and normal value respectively.

The preliminary dumping margin for all other exporters from Sweden is **56.9%**.

#### **6.3.3 All exporters from Finland**

The commission did not find that there were any exports of the goods from Finland during the inquiry period.<sup>74</sup> In the absence of exports of the goods to Australia from Finland during the inquiry period, the commission has not determined a dumping margin relating to exports from Finland in the inquiry period.

#### **6.3.4 All exporters from Japan**

As noted in chapter 2 of this SEF, the Commissioner has determined all exporters from Japan (including JFE) to be uncooperative exporters.

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<sup>74</sup> While SSAB AU has imported goods from Finland that were declared under the relevant tariff subheadings during the inquiry period, the commission is satisfied that those goods are not the goods subject to the measures.



Section 269TACAB(1) sets out the provisions for calculating export prices and normal values for uncooperative exporters.<sup>75</sup>

#### **6.3.4.1 Export price**

The export price of goods exported by all exporters from Japan was determined having regard to all relevant information under section 269TAB(3).

As noted in section 2.4.1.3 of this SEF, the commission received a response to the exporter questionnaire from JFE.

JFE provided information and data relating to its exports of the goods to Australia during the inquiry period. Given that JFE was the only exporter of the goods from Japan in the inquiry period, the commission considers the information provided by JFE with respect to its exports to be relevant information.

While information relevant to imports from Japan is also available from the ABF import database, the commission considers that, in ascertaining the export price, the information provided by JFE is preferable to the information from the ABF import database. The commission considers that the information and data provided by JFE is more detailed than the information from the ABF import database and would enable the commission to calculate an export price at the same terms and level of trade as the normal value, thereby ensuring a fair comparison between the export price and normal value. Therefore, commission has used the data provided by JFE to calculate a weighted average price for the goods exported from Japan during the inquiry period.

#### **6.3.4.2 Normal value**

The normal value of goods exported by all exporters from Japan was determined having regard to all relevant information under section 269TAC(6).

The commission has not received any information relevant to the normal value of the goods exported from Japan during the inquiry period. While JFE has responded to the exporter questionnaire, it has not provided any information or data to enable the commission to ascertain the normal value of the goods.<sup>76</sup>

The commission considers that the most relevant information it possesses in relation to the normal value of the goods exported from Japan is the normal value ascertained for 'all other exporters' from Japan in the original investigation (Investigation 234). The commission considers it appropriate to refer to the normal value ascertained in Investigation 234 as it was based on verified information and data.

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<sup>75</sup> Section 269TACAB(1)(d) specifies that for uncooperative exporters, export prices are to be calculated under section 269TAB(3). Section 269TACAB(1)(e) specifies that for uncooperative exporters, normal values are to be calculated under section 269TAC(6).

<sup>76</sup> JFE has not provided any information relating to its sales of like goods in its domestic market, nor has it provided information relating to the cost of production or manufacture of the goods exported to Australia. JFE also did not provide any information relating to exports to countries other than Australia.



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The commission calculated a normal value for the inquiry period by adjusting the normal value ascertained in Investigation 234 by the movement or change in prices of hot rolled plate<sup>77</sup> between the original investigation period and the current inquiry period.

### **6.3.4.3 Dumping margin**

The preliminary dumping margin in respect of the goods exported to Australia from Japan by all exporters during the inquiry period is **18.4%**.

The commission's calculations are at **Confidential Attachment 5**.

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<sup>77</sup> The commission has used Japanese domestic hot rolled steel plate prices as a proxy of prices of domestic Q&T steel plate. Prices for Japanese domestic hot rolled plate are available from MEPS International. While hot rolled plate is not Q&T steel plate and is not a like good, it is an intermediate steel product and is closely related to the raw material feed for Q&T steel plate.

## **7 LIKELIHOOD THAT DUMPING AND MATERIAL INJURY WILL CONTINUE OR RECUR**

### **7.1 Preliminary finding**

On the basis of the evidence obtained in the course of this inquiry, the Commissioner is preliminarily satisfied that the expiration of the measures applying to Q&T steel plate exported to Australia from Finland, Japan and Sweden would lead, or would be likely to lead, to a continuation of, or recurrence of dumping and the material injury that the measures are intended to prevent.

After considering the commission's analysis and findings, the Commissioner is preliminarily satisfied that the following will occur if the measures expire:

- Exporters from Japan and Sweden will likely continue exporting the goods to Australia because:
  - exports of the goods from Japan and Sweden have continued following the imposition of the measures in 2014 and have continued following the continuation of the measures in 2019
  - exporters of the goods from Japan and Sweden have maintained distribution links to the Australian market, and
  - exporters from Japan and Sweden have the capacity to continue to export the goods to Australia.
- Exporters from Finland will likely resume exporting the goods to Australia because:
  - an exporter (Rautaruukki Oyj) that has previously exported the goods to Australia has a link to the Australia market via a related importer (SSAB AU) of the goods
  - while there were no exports of the goods from Finland since the measures were continued in 2019, the commission considers that due to the common ownership and coordinated supply arrangements between Rautaruukki Oyj (including SSAB Europe Oy), SSAB EMEA AB and SSAB AU, exports from Finland would likely recur should the measures on goods exported from Finland (but not Sweden) expire as the importer SSAB AU substitutes supply to Australia from Sweden with some supply from Finland, and
  - Finnish producers of Q&T steel plate have the capacity to resume exporting the goods to Australia.
- Those exports will likely be dumped because:
  - goods exported from Japan by JFE and goods exported from Sweden by SSAB EMEA AB during the inquiry period were dumped
  - goods exported by all exporters from Japan and Sweden were dumped in the periods examined in the original investigation (Investigation 234) and in the previous continuation inquiry (Inquiry 506)
  - goods exported from Finland were dumped in original investigation, and in the absence of any information provided by Finnish producers or exporters of the goods, the commission considers that if exports resume from Finland, then those exports would likely be dumped at similar prices (specifically, the export price and normal value) to those of SSAB EMEA AB, and

- the consistency in exporters dumping the goods indicates that exporters have a propensity to dump the goods exported to Australia.
- The dumping will likely lead to a continuation or recurrence of material injury to the Australian industry in the form of price depression and/or price suppression, lost sales volumes and market share, and reduced profit and profitability because:
  - there is close competition between Bisalloy and SSAB AU, and dumped imports from Sweden undercut the Australian industry's prices in relation to the most commonly sold grade of Q&T steel plate in the Australian market
  - in the absence of the measures, the price advantage that SSAB AU currently maintains on wear grade plate would likely be even greater, while the premium it currently enjoys on structural grade plate would likely be lessened as SSAB AU seeks to regain some of its lost market share
  - SSAB AU's price advantage will likely lead to price depression and/or price suppression should the Australian industry seek to compete against these dumped exports on price, or lost sales volumes and market share if it is unable or unwilling to compete on price
  - in the absence of the measures on goods exported from Finland, SSAB AU would likely source the goods from a related party in Finland when advantageous to do so at dumped prices that would undercut the Australian industry, likely leading to price depression and/or price suppression should the Australian industry seek to compete against these dumped exports on price, or lost sales volumes and market share if it is unable to compete on price
  - noting the excess production capacity of Japanese exporters and the prior reliance by current customers of Australian industry on exports from Japan, it is likely in the absence of the measures, Japanese exporters would seek to regain market share by exporting Q&T steel plate from Japan at dumped prices that undercut the Australian industry, leading to reduced sales volume and market share for the Australian industry.

## **7.2 Legislative framework**

Under section 269ZHF(2) the Commissioner must not recommend that the Minister take steps to secure the continuation of measures unless they are 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 and the material injury that the measure is intended to prevent.

The commission notes that its assessment of the likelihood of certain events occurring and their anticipated effect, as is required in a continuation inquiry, necessarily requires an assessment of a hypothetical situation. The commission must consider what will happen (or what would be likely to happen) in the future should a certain event, being the expiry of the measures, occur. The Commissioner however must base their conclusions and recommendations on facts.<sup>78</sup>

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<sup>78</sup> [ADRP Report No 44](#) (Clear Float Glass).

### 7.3 The commission's approach

The commission considered a number of relevant factors to assess the likelihood that dumping and material injury will continue or recur, as outlined in the Manual.<sup>79</sup> The commission's view is that the relevance of each factor varies depending on the nature of the goods and the market into which the goods are sold. In this instance, no one factor can provide decisive guidance. The following analysis therefore examines a range of factors that the commission considers relevant to this inquiry.

### 7.4 Australian industry claims

In its application, Bisalloy made the following claims regarding the continuation or recurrence of dumping and injury should the measures expire:<sup>80</sup>

- Following the continuation of the measures in October 2019, exports of the goods to Australia from Finland, Japan and Sweden have continued. The continuing exports to Australia indicate the presence of well-utilised distribution links to the Australian market.
- The goods exported to Australia from Finland, Japan and Sweden were dumped following the imposition of the measures and were dumped in the year ending 30 September 2023 (the proposed inquiry period).
- Exports from Finland, Japan and Sweden comprised approximately 13% of the Australian market during the proposed inquiry period, which is a substantial share of the market demonstrating a continued presence in the market that impacts the Australian industry's sales volumes and selling prices.
- Despite declining steel demand globally, and a weak outlook, capacity expansions continue at a robust pace, often in pursuit of export markets. The OECD's *2023 Latest Developments in Steelmaking Capacity* report concludes that global steelmaking capacity continues to increase at a rapid pace in a period of weakening steel market conditions. Excess capacity, over and above domestic demand, means that producers will seek to offload excess production by exporting the subject goods to open markets including to Australia at dumped and injurious prices.
- Exporters from the subject countries have extensive production capacity, and they have the means and motive to export substantial volumes of the goods to Australia. These exporters will seek to further increase export volumes to Australia in the absence of the measures, which will cause material injury to the Australian industry in the form of reduced sales volume and market share.
- The current measures on exporters from the subject countries are not reflective of contemporary prices of the goods, which have increased substantially since the measures were continued in 2019. Further, Bisalloy has experienced price pressures from importers of the goods during the year ending 30 September 2023. Consequently, the Australian industry has experienced price suppression, reduced profit and profitability.

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<sup>79</sup> [The Manual](#), pages 137-138.

<sup>80</sup> EPR 638, document no 1: [Application for the continuation of the measures](#).

## PUBLIC RECORD

In its response to the industry questionnaire, Bisalloy also made the following claims in support of the continuation of measures:<sup>81</sup>

- Since the measures were continued in 2019, economic conditions have been affected by several major external factors, namely the COVID-19 pandemic and the effects it had on global supply chains, the war in Ukraine and inflationary cost pressures, particularly for gas, electricity and labour. The various supply constraints saw Q&T steel prices rise globally. These factors began to normalise in 2023 and Bisalloy is seeing more market pricing pressures from the subject countries.
- The price-related 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.
- 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 the goods to Australia in the absence of continued measures.
- Claims specifically relating to goods exported from Japan:
  - The measures have had a restraining volume effect on goods exported to Australia from Japan. This has not been the case for Japan's other main export destinations for Q&T steel plate. Since 2011, Japanese exports to its top-10 export markets (by volume) have increased by an average 232%. Australia, on the other hand, has declined by approximately 90%.
  - Since the continuation of measures, 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%, 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%. Under the *ad valorem* measure currently applicable to Japan, it has been able to effectively absorb the impact of the measure by not increasing the export price commensurate with rising normal values.
  - Recent economic analysis suggests that Japan's steel making capacity utilisation is approximately 64%. This excess capacity will necessitate a focus on exports. A consequent reversion to pre-measures volumes at material margins of dumping, motivated by excess capacity and the absence of trade measures, would therefore clearly have an injurious market-share impact on the Australian industry.
- Claims specifically relating to goods exported from Finland and Sweden:
  - The relationship between Ruukki<sup>82</sup> (Finland) and SSAB Sweden remains unchanged, and the purchasing relationship between SSAB Ruukki and SSAB AU is stronger than ever as SSAB's AU's purchases from Finland have increased from 2020 to 2022. This increase over the three years is

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<sup>81</sup> EPR 638, document no 7: [Bisalloy's response to Australian industry questionnaire](#).

<sup>82</sup> The commission understands that Bisalloy is referring to Rautaruukki Oyj, which is owned by SSAB AB.

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

- Over the same period assessed for Japan above, Finnish and Swedish export prices to Australia have increased by approximately 45% to 49%, whereas home market European plate prices have increased by approximately 137%.
- The increase in European prices indicates relatively healthy home market steel pricing environments in Finland and Sweden, however, this buoyancy has and is expected to continue to reverse, with crude steel production in Sweden generally now in decline due to declining demand in Europe.
- Excess steel production in the face of declining domestic demand will see Sweden and Finland seek to add volume to existing export supply channels including to Australia. As goods from both countries compete directly with Bisalloy's products, an exacerbation of this competition, in the absence of continued measures, will cause material price-related injury to the Australian industry.
- 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 and translate to material volume-related injury to Bisalloy in the absence of continued measures.

The commission has considered Bisalloy's claims in its analysis throughout this chapter.

## **7.5 Are exports likely to continue or recur?**

The commission considers that, should the measures expire, exports from Japan and Sweden are likely to continue.

The commission considers that, should the measures expire, exports from Japan and Sweden are likely to continue. This finding is based on the following facts:

- exports of the goods from Japan and Sweden have continued following the imposition of the measures in 2014 and have continued following the continuation of the measures in 2019 (section 7.5.1 refers)
- exporters of the goods from Japan and Sweden have maintained distribution links to the Australian market (section 7.5.2 refers), and
- exporters from Japan and Sweden have the capacity to continue to export the goods to Australia (section 7.5.3.2 refers).

The commission also considers that exports from Finland would likely recur should the measures expire. This finding is based on the following:

- an exporter (Rautaruukki Oyj) that has previously exported the goods to Australia has a link to the Australia market via a related importer (SSAB AU) of the goods (section 7.5.2 refers)
- while there were no exports of the goods from Finland since the measures were continued in 2019, the commission considers that due to the common ownership and coordinated supply arrangements between Rautaruukki Oyj (including SSAB Europe Oy), SSAB EMEA AB and SSAB AU, exports from Finland would likely recur should the measures on goods exported from Finland (but not Sweden)

expire as the importer SSAB AU substitutes supply to Australia from Sweden with some supply from Finland (section 7.5.1 refers), and

- Finnish producers of Q&T steel plate have the capacity to resume exporting the goods to Australia (section 7.5.3.2 refers).

To form this view, the commission has assessed import volumes, distribution links and available exporter capacity as outlined in the sections below.

### 7.5.1 Import volumes

Figure 7 shows that following the imposition of the measures in November 2014, imports of the goods from the subject countries have continued.

Figure 7 also shows that following the continuation of the measures in October 2019, imports from Japan and Sweden have continued, albeit in relatively lower volumes than in the years prior. There is no evidence of any imports of the goods from Finland since the measures were continued.<sup>83</sup>

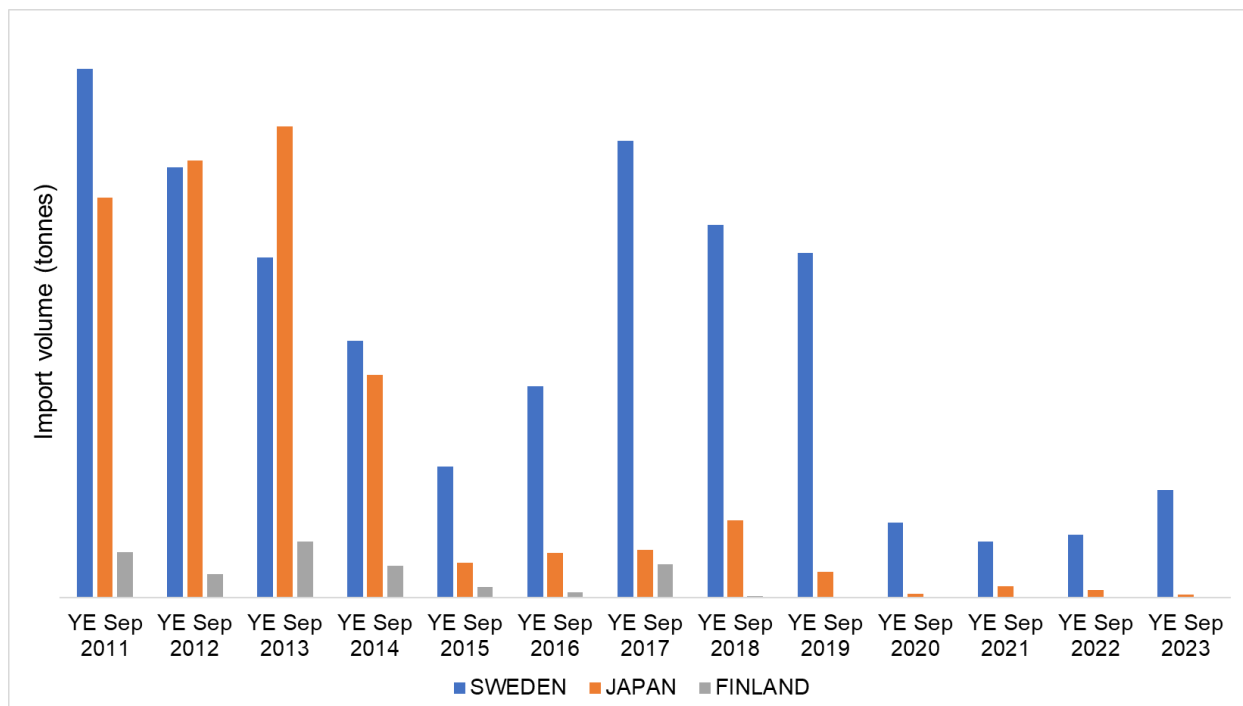


Figure 7: Import volumes from the subject countries<sup>84</sup>

The commission considers that the imposition of the measures on the goods exported from Finland, Japan and Sweden had a dampening or restraining effect on the importation of the dumped goods.

<sup>83</sup> There were imports from Finland classified to tariff subheadings 7225.40.00 (statistical codes 23 and 24) and 7225.99.00 (statistical code 39), however, these imports were not imports of the goods that are subject to the measures.

<sup>84</sup> Confidential Attachment 6.



The commission considers that the decrease in import volumes from the subject countries following the continuation of the measures in 2019 was likely because the measures (specifically, the rate of IDD payable) changed following the continuation of the measures.<sup>85</sup> The effective rate of duty payable on the goods exported from the subject countries increased,<sup>86</sup> which was intended to remedy the injury caused by the goods exported from the subject countries which were found to be dumped at significant margins during the inquiry period for Inquiry 506. Consequently, the increase in the effective rate of dumping duty payable led to importers increasingly sourcing Q&T steel plate from other countries which are not subject to the measures.

Figure 8 shows the proportion or share of the total import volume of Q&T steel plate imported into Australia from the subject countries, and from the US, China (the two largest countries by import volume during the inquiry period) and all other countries.

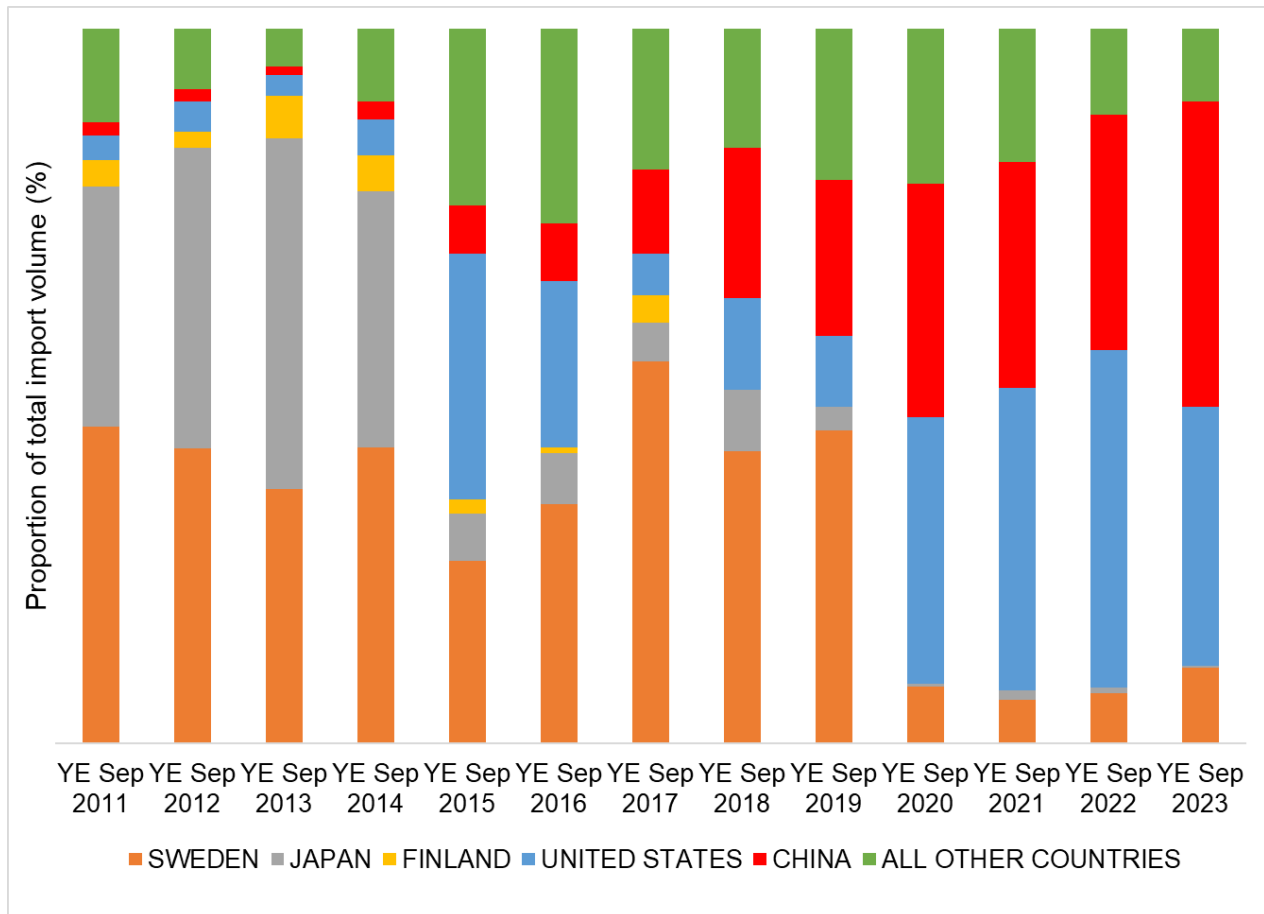
The commission observes that prior to the imposition of the measures in 2014, imports from the subject countries comprised over 80% of the total volume of Q&T steel plate imported into Australia. Following the imposition of the measures in 2014, the proportion of the total volume of Q&T steel plate imported into Australia from the subject countries decreased significantly, particularly from Japan. While imports from the subject countries decreased as a proportion of the total import volume since the imposition of the measures, the proportion of imports from other countries (in particular, the US and China which are not subject to the measures) increased.

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<sup>85</sup> EPR 506, [ADN No 2019/113](#).

<sup>86</sup> Following the continuation of the measures in October 2019, the effective rate of duty payable changed for each country subject to the measures. The effective rate of duty payable on the goods exported from Japan increased for JFE from 24.5% to 25.8%. The effective rate of duty payable on the goods exported from Finland and Sweden increased from 10.8% and 9.6% respectively, to 58.6% for goods exported from both countries.





**Figure 8: Proportion of total import volume of Q&T steel plate<sup>87</sup>**

The commission further observes that, following the continuation of the measures in 2019, the proportion of the total volume of Q&T steel plate imported into Australia from the subject countries decreased even further, while the share of the total volume of Q&T steel plate imported from the US and China increased.

The commission notes that since the measures were continued in 2019, Q&T steel plate imported from the US by SSAB AU has supplanted or displaced some of its imports from Sweden. The commission considers that the increase in the effective rate of duty payable on goods imported from Sweden following the continuation of the measures precipitated this displacement.

In quickly supplanting its exports from Sweden with exports from the US, this demonstrates SSAB's ability to quickly alter its supply arrangements in response to a change in the measures. This also demonstrates that the measures have a direct influence on SSAB's supply arrangements and trade of dumped goods to Australia. As a result of the measures, SSAB displaced some of the volume of dumped imports from Sweden (SSAB EMEA AB) with imports from the US (SSAB Alabama Inc). SSAB did this

<sup>87</sup> Confidential Attachment 6.

despite SSAB EMEA AB being significantly more dependent on exports than the US producer, SSAB Alabama Inc.<sup>88</sup>

While imports from Sweden and Finland have declined since the measures were continued in 2019, SSAB remains the single largest supplier of imported Q&T steel plate in the Australian market and remains Bisalloy's main competitor in the market.

Based on the pattern of trade observed above, the commission considers that should the measures expire, exports from Japan and Sweden will likely continue. Further, while there were no exports of the goods from Finland since the measures were continued, the commission considers that due to the common ownership and coordinated supply arrangements between Rautaruukki Oyj (including SSAB Europe Oy), SSAB EMEA AB and SSAB AU, exports from Finland would likely recur should the measures on goods exported from Finland, but not Sweden, expire. As demonstrated above, SSAB can quickly change its supply arrangements in response to the measures. The commission considers that the expiration of the measures on Finland would likely lead to SSAB AU substituting supply to Australia from Sweden with some supply from Finland, thereby leading to a resumption of exports of the goods to Australia from Finland.

### **7.5.2 Maintenance of distribution links**

Since the measures were continued in 2019, exporters from the subject countries have maintained their distribution links to the Australian market.

The commission found that following the continuation of the measures in 2019, SSAB EMEA AB continued to export the goods from Sweden to its related importer SSAB AU, which exclusively distributes and sells the goods from Sweden within the Australian market. The commission considers that SSAB AU is an established importer and distributor of Q&T steel in the Australian market and therefore will likely remain a major participant in the Australian market should the measures expire.

While the commission has not found any evidence that Rautaruukki Oyj<sup>89</sup> exported the goods subject to the measures following the continuation of the measures, the commission considers that it has an existing distribution link to the Australian market through its related importer SSAB AU.<sup>90</sup>

With respect to exporters from Japan, the commission found that JFE has continued to export the goods to Australia from Japan via a trader that is related to an importer and distributor in Australia. Therefore, JFE has maintained its distribution link to the Australian market.

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<sup>88</sup> During the inquiry period, approximately 95% of SSAB EMEA AB's total sales were sales made outside its domestic market, indicating that SSAB EMEA AB is an export-dependent producer. Based on information obtained in Investigation 578, SSAB Alabama's exports less than 40% of its total sales. The majority of SSAB Alabama's exports are to other countries in North America, indicating that SSAB Alabama is more focussed on its domestic and North American market.

<sup>89</sup> Rautaruukki Oyj is the only known manufacturer of Q&T steel plate in Finland. Rautaruukki Oyj has previously exported the goods to Australia from Finland.

<sup>90</sup> Rautaruukki Oyj is wholly owned by SSAB AB, which also owns SSAB EMEA AB.

The commission considers that the continued export activity via the established pathways outlined above indicates that exports will likely continue (in the case of exports from Japan and Sweden) or recur (in the case of exports from Finland) should the measures expire.

### **7.5.3 Capacity to export the goods to Australia**

#### **7.5.3.1 Submissions from interested parties concerning production capacity**

Interested parties made the following claims concerning production capacity. The commission's consideration of production capacity is detailed in section 7.5.3.2.

##### *The Japan Iron and Steel Federation (JISF)*

In its submission dated 10 January 2024, the JISF claims that the Japanese steel industry's response to the 'global steel capacity situation' distinguishes it from that of other countries. The JISF claims that the Japanese steel industry has reduced, rather than increased, its production capacity and production of steel.<sup>91</sup>

The JISF cited the OECD's *Latest Developments in Steelmaking Capacity 2023* report, which notes that Japan's nominal crude steel making capacity decreased by over 7% from 2010 to 2021. The JISF noted that during the period that Japan's nominal crude steel making capacity fell, its production of both ordinary steel and steel plate also decreased. The JISF referred to statistics published by Japan's Ministry of Economy, Trade and Industry which shows that production of ordinary steel and steel plate declined by 20.2% and 12.4% respectively between 2013 and 2022.

The JISF claims that it is expected that the reduction in capacity and production will continue in the near term. In support of this, the JISF referred to the Nippon Steel Group's plans for further consolidation of its steel production in Japan, including the consolidation of its plate production lines from four lines to two.

##### *SSAB*

In its submission of 5 April 2024, SSAB claims that the demand for its steel is strong and there is no excess capacity.<sup>92</sup>

In its submission of 16 May 2024, SSAB reiterates that SSAB EMEA AB's Oxelösund mill (which produces the goods exported to Australia and like goods) is at capacity.<sup>93</sup>

##### *Bisalloy*

In its submission of 3 May 2024, Bisalloy claims that SSAB EMEA AB's capacity utilisation has been driven by prosperity in European and world steel markets which is now reversing.<sup>94</sup> Bisalloy claims that contemporaneous commentary confirms a declining steel demand outlook for Europe amid worsening geopolitical tensions, growing economic

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<sup>91</sup> EPR 638, document no 4: [Japan Iron and Steel Federation submission of 10 January 2024](#).

<sup>92</sup> EPR 638, document no 11: [SSAB submission of 5 April 2024](#).

<sup>93</sup> EPR 638, document no 17: [SSAB submission of 16 May 2024](#).

<sup>94</sup> EPR 638, document no 14: [Bisalloy submission of 3 May 2024](#).

uncertainty, high energy prices, inflation and higher interest rates. Bisalloy notes that the European Steel Association (EUROFER) has recently lowered its 2024 apparent steel consumption growth forecast to 3.2% from 5.6%, and notes that moderate quarterly improvements are expected throughout 2024 but consumption will remain below pre-pandemic levels.<sup>95</sup>

#### **7.5.3.2 Commission's consideration of production capacity**

Based on available information, including information submitted by JFE and SSAB EMEA AB, the commission estimates that exporters from the subject countries have spare or excess production capacity and have the capacity to continue (or resume) exporting the goods to Australia.<sup>96</sup>

While the JISF referred to the reduction in steel production capacity in Japan since 2012, including Nippon Steel's plan to consolidate its plate production capacity, the commission observes that JFE significantly increased its production capacity following 2018. The commission also observes that JFE had significant excess capacity during the inquiry period that was sufficient to supply the entire Australian Q&T steel plate market. Given the significant available capacity, the commission considers that this excess capacity will likely persist in the foreseeable future.

In relation to SSAB EMEA AB's production capacity at its Oxelösund mill in Sweden, the commission observes that SSAB EMEA AB has increased its total production capacity in 2023 relative to its production capacity in 2018. During the inquiry period, SSAB EMEA AB's production capacity was nearly fully utilised, albeit capacity utilisation decreased in 2023 and likely reduced further in the first quarter of 2024 because shipments and steel production decreased in that quarter.<sup>97</sup> The commission estimates that the spare production capacity available was still sufficient to supply up to 9% and 58% of the total Australian Q&T steel market in the inquiry period and in 2023 respectively.

The commission also notes that during the inquiry period, SSAB EMEA AB produced Q&T steel plate in excess of the total volume of Q&T steel plate it sold.<sup>98</sup> The excess Q&T steel plate produced during the inquiry period was sufficient to supply the entire Australian market in the inquiry period. Further, based on information provided in SSAB EMEA AB's REQ, the commission estimates that SSAB EMEA AB's warehousing facilities have capacity to hold inventory in excess of the entire size of the Australian market.

The commission also found that SSAB EMEA AB also produced Q&T steel plate in excess of the total volume of Q&T steel plate it sold in the period examined in Inquiry 506.

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<sup>95</sup> In its submission of 16 May 2024 (EPR 638, document no 17), SSAB responds to Bisalloy's claims concerning SSAB EMEA AB's capacity utilisation and noted that the EUROFER statements referred to by Bisalloy relate to the 'mainstream steel industry', and not specific mills like SSAB's Oxelösund mill in Sweden which only produces Q&T steel plate.

<sup>96</sup> Confidential Attachment 7.

<sup>97</sup> According to SSAB AB's [interim report for the March 2024 quarter](#), shipments and production of the SSAB Special Steels division (which SSAB EMEA AB is part of) decreased in the March 2024 quarter and shipments and production were lower than they were in the same quarter in 2023 and 2022.

<sup>98</sup> This includes the total volume of Q&T steel plate sold domestically in Sweden and the total volume exported to Australia and other countries.

Based on this, the commission considers that SSAB EMEA AB has maintained significant inventories of unsold Q&T steel plate and therefore has the capacity to increase its export volumes to Australia should the measures expire.

In relation to production capacities of Finnish Q&T steel plate producers and exporters, the commission has not received any information from any party. The commission has therefore estimated the spare or available production capacity by having regard to a Finnish exporter's production capacity which was verified in Investigation 234 and publicly available information relating to actual production in the inquiry period.<sup>99</sup> Based on this information, the commission estimates that Finnish producers of Q&T steel plate have spare production capacity sufficient to supply nearly a quarter of the Australian market and therefore have the capacity to resume exporting the goods to Australia.

The analysis of production capacity and capacity utilisation is at **Confidential Attachment 7**.

## **7.6 Will dumping continue or recur?**

The commission considers that the expiry of the measures would be likely to lead to a continuation of dumping of the goods from Japan and Sweden.

This finding is based on the following facts:

- the goods exported from Japan by JFE and goods exported from Sweden by SSAB EMEA AB during the inquiry period were dumped (section 7.6.2.1)
- the goods exported by exporters from Japan and Sweden were dumped in the periods examined in the original investigation and in Inquiry 506 (section 7.6.2.2), and
- the consistency in exporters dumping the goods indicates that exporters have a propensity to dump the goods exported to Australia (section 7.6.2.2).

To form this view, the commission has assessed dumping in the inquiry period and dumping in the periods examined in the original investigation and in Inquiry 506, as outlined in the sections below.

The commission considers that based on each exporter's consistent behaviour in exporting goods at dumped prices, and based on the available production capacity and inventory which is significant, the commission considers that dumping from Japan and Sweden would likely continue should the measures expire.

The commission also considers that the expiry of the measures would be likely to lead to a recurrence of dumping of the goods from Finland for the following reasons:

- the goods exported from Finland were dumped in the original investigation (section 7.6.2.2), and

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<sup>99</sup> The commission estimated available Finnish production capacity using information provided by Ruukki Metals Oy in the original investigation, and publicly available information relating to crude steel production capacity and crude steel production for SSAB Europe and the Rautaruukki Steelworks in Raahé, Finland.

- exports would likely be dumped at similar prices (specifically, the export price and normal value) to those of SSAB EMEA AB, noting the relationship between Rautaruukki Oyj, SSAB EMEA AB and SSAB AU (section 7.6.2.3).

### 7.6.1 Submissions concerning likelihood of continuation or recurrence of dumping

Interested parties made the following claims concerning dumping:

- In its submission of 5 April 2024, SSAB submitted that given it enjoys high prices in a high-priced domestic market in Sweden, and given SSAB's business model and transfer pricing obligations, the possibility that dumping would persist or recur in the future cannot be discounted.<sup>100</sup>
- In its submission of 9 January 2024, the European Commission claims that there is no evidence that imports from Finland and Sweden are being dumped or would be dumped in the future.<sup>101</sup>
- The commission met with the Delegation of the European Union to Australia and the Governments of Finland and Sweden on 13 June 2024.<sup>102</sup> At this meeting, the delegation reiterated that the likelihood of dumping and material injury continuing or recurring must be based on positive evidence, and there is no evidence that imports from Finland and Sweden are being dumped or would be dumped in the future.

The commission's consideration of the likelihood of the continuation or recurrence of dumping should the measures expire is detailed in the following sections.

### 7.6.2 Commission's consideration of likelihood of dumping

#### 7.6.2.1 Dumping in the inquiry period

As outlined in chapter 6 of this report, the commission determined the following dumping margins in the inquiry period.

Country	Exporter	Dumping margin (%)
Japan	All exporters	18.4
Sweden	SSAB EMEA AB	56.9
	All other exporters	56.9

Table 11: Dumping in the inquiry period

The commission found that the goods exported from Japan by JFE (deemed an uncooperative exporter), and goods exported from Sweden by SSAB EMEA AB (the only known manufacturer and exporter of the goods from Sweden), were dumped during the inquiry period.

<sup>100</sup> EPR 638, document no 11: [SSAB submission of 5 April 2024](#).

<sup>101</sup> EPR 638, document no 6: [European Commission submission of 9 January 2024](#). In its submission of 29 May 2024, SSAB reiterates this claim (along with other claims) made by the European Commission.

<sup>102</sup> EPR 638, [document no 23](#).



### 7.6.2.2 Previous dumping margin assessments

Table 12 details the dumping margins assessed for exporters from the subject countries in all previous cases where variable factors have been ascertained.

Country	Exporter	Original investigation (%)	Continuation inquiry 506 (%)
Finland	All exporters	21.7	129.7
Japan	JFE	24.6	33.9
	All other exporters	33.9	33.9
Sweden	SSAB EMEA AB	34.0	129.7
	All other exporters	34.0	129.7

**Table 12: Previous dumping margin assessments<sup>103</sup>**

In the original investigation, the commission found that all exporters have dumped the goods during the original investigation period. Exporters that have continued to export the goods to Australia since the measures were imposed have also dumped the goods in the periods examined in Inquiry 506 and in the current inquiry.

The commission considers that this consistency in exporter behaviour indicates that exporters have a propensity to dump the goods exported to Australia. Given this, the commission considers that dumping will likely continue from Japan and Sweden (and recur from Finland) should the measures expire.

### 7.6.2.3 Recurrence of dumping from Finland

The commission considers that the expiration of the measures would likely lead to a recurrence of dumping from Finland.

In the absence of any information provided by Finnish producers or exporters of the goods, the commission considers that if exports recur from Finland, then those exports would likely be dumped at similar prices (specifically, the export price and normal value) to those of SSAB EMEA AB for the following reasons:

- the Finnish exporter Rautaruukki Oyj is wholly owned by SSAB AB, which also owns and controls SSAB EMEA AB
- Rautaruukki Oyj has an established link to the Australian market via a related importer (SSAB AU) of the goods
- SSAB Europe Oy (a Finnish entity owned by Rautaruukki Oyj) has exported goods to Australia during the inquiry period that are similar to the goods the subject of the measures, and sold those goods to a related importer (SSAB AU)
- the transfer price between SSAB AU and its related suppliers in Finland and Sweden is determined in accordance with the SSAB group's internal transfer pricing guidelines, and the transfer price between SSAB AU and each related supplier is the same, and

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<sup>103</sup> [REP 234](#) and [REP 506](#).

- the normal value of goods exported by Rautaruukki Oyj would likely be similar to the normal value of goods exported by SSAB EMEA AB, which sells like goods in an adjacent Nordic country (Sweden) and is also likely the sole producer of Q&T steel plate in its domestic market.

## **7.7 Will material injury continue or recur?**

The commission considers that the expiry of the measures would be likely to lead to a continuation of or a recurrence of material injury that the measures are intended to prevent.

In relation to Sweden, this finding is based on the following significant factors:

- despite an increasing volume of imports from other countries, Bisalloy and SSAB remain the dominant suppliers of Q&T steel plate in the Australian market (section 7.7.2.4 refers)
- there is a significant overlap among all suppliers in the Australian market in terms of supplying the same or common customers and therefore SSAB AU and Bisalloy compete in the same market for the same customers (section 7.7.2.3 refers)
- a comparison of prices shows that in relation to wear grade plate (encompassing the largest volume of Q&T steel plate sold in the Australian market) SSAB AU's imports of dumped goods from Sweden undercut the Australian industry's prices (section 7.7.2.1 refers)
- the magnitude of price undercutting is highest in relation to MCCs produced and sold by both the Australian industry and SSAB AU (section 7.7.2.1 refers)
- in the absence of the measures, the price advantage that SSAB AU currently maintains on wear grade Q&T steel plate would likely be even greater, while the premium it currently enjoys on structural grade Q&T steel plate would likely be lessened as it seeks to regain some of its lost market share, and
- SSAB AU's price advantage in the absence of the measures will likely lead to price depression and/or price suppression should Australian industry seek to compete against these dumped exports on price, or lost sales volumes and market share if it is unable or unwilling to compete on price. Consequently, the Australian industry would suffer material injury in the form of reduced profit and profitability, as well as other factors related to price and volume injury.

In relation to Finland, this finding is based on the following significant factors:

- Rautaruukki Oyj is wholly owned by SSAB AB which also owns and controls the Swedish exporter SSAB EMEA AB
- SSAB submitted that it is committed to origin-agnostic pricing
- SSAB AU consistently undercuts the Australian industry's prices, particularly on sales of wear grade Q&T steel plate but also in on sales of structural grade Q&T steel plate as observed in the previous inquiry (section 7.7.2.1 refers)
- in the absence of the measures on goods exported from Finland, SSAB AU would likely source the goods from Finland when advantageous to do so at dumped prices that would undercut the Australian industry, likely leading to price depression and/or price suppression should Australian industry seek to compete against these dumped exports on price, or lost sales volumes and market share if it is unable to compete on price.



In relation to Japan, this finding is based on the following significant factors:

- prior to the imposition of the measures, imports from Japan accounted for up to one third of the volume of sales in the Australian market and undercut the Australian industry's prices (section 7.7.2.4 refers)
- around 10% of imports prior to the imposition of the measures were imported by current customers of the Australian industry that shifted their sources of supply to countries not subject to measures as the effective rate of IDD was maintained (or increased for JFE) over time (section 7.7.2.4 refers)
- Japanese exporters currently have excess production capacity (section 7.5.3.2 refers), and
- noting the excess production capacity of Japanese exporters and the prior reliance by current customers of Australian industry on imports from Japan at prices that undercut the Australian industry, it is likely in the absence of the measures, Japanese exporters would seek to regain market share by exporting Q&T steel plate from Japan at dumped prices that undercut the Australian industry, leading to reduced sales volume and market share for the Australian industry.

The commission's analysis and reasoning are detailed in the remainder of this chapter.

#### **7.7.1 Submissions concerning continuation or recurrence of material injury**

Interested parties made the following claims concerning the likelihood of the continuation or recurrence of material injury. The commission's consideration of the likelihood of the continuation or recurrence of material injury should the measures expire is detailed in section 7.7.2.

#### **SSAB**

In its submissions of 8 January 2024<sup>104</sup> and 5 April 2024, SSAB claims the following:

- In only expressing its concern about the recurrence of material injury, rather than its continuation, Bisalloy admits that it has not been suffering material injury by reason of exports from Finland and Sweden. This indicates that it is not suffering material injury at present and means that some factor or factors other than the evidence of SSAB's prices in the past must be brought forward to compel a conclusion that SSAB would materially injure the Australian industry on a price basis in the future.
- The commission must ask what incentive there would be for SSAB to reduce prices in a market where the two dominant participants, being the applicant and SSAB, are already operating profitably. As SSAB AU is the highest priced participant in the Australian Q&T steel plate market, with a well-established market share and good profitability, there is no commercial reason for it to reduce its prices and undercut Bisalloy.
- The measures imposed by the commission in previous proceedings can be seen to have had their intended effect in the market. The sales behaviour of the leading players, Bisalloy and SSAB, has settled into a pattern that is non-injurious of

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<sup>104</sup> EPR 638, document no 3: [SSAB submission of 8 January 2024](#).

Bisalloy, and there are no grounds of any probability related to SSAB itself to establish that this will change.

- At all times since the measures were continued in 2019, SSAB AU has sold Q&T steel plate into the Australian market at prices higher than Bisalloy's unsuppressed selling price (USP). In remaining well clear of the USP, and occupying its own market segment, SSAB has not caused material injury to Bisalloy.
- SSAB AU pricing has achieved a significant upward price gap over Bisalloy and Bisalloy distributor prices, and SSAB AU's profitability has been maintained at higher prices. SSAB has maintained its sales volumes and retained its market share at prices that have been increasingly higher than the Australian industry's. Its customers are not price sensitive.
- The Q&T steel plate market is segmented between premium and commodity Q&T steel plate.
- SSAB AU occupies a market segment that is separate and distinct from the Q&T market segment where 'who is the cheapest' and 'what's available' drives prices and wins volumes.
- 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.

In its submission of 29 May 2024,<sup>105</sup> SSAB reiterates some of the points raised in its earlier submissions and also in the European Commission's submission. SSAB specifically alleges that the Q&T steel prices in Sweden are very high and that SSAB's steel products command a price premium in the markets in which they are sold including in Australia. SSAB alleges that it has received full refunds of duty paid in each duty assessment since the measures were continued and that this is indicative of 'non-harmful sales behaviour' on SSAB's part as SSAB's prices have exceeded the USP.

#### *European Commission and Governments of Finland and Sweden*

In its submission dated 9 January 2024, the European Commission claims the following:<sup>106</sup>

- The measures have been effective. EU imports have decreased and the situation of the domestic industry (Bisalloy) has improved.
- Eurostat data show that following the continuation of measures in 2019, EU (Finland and Sweden) exports to Australia have decreased while prices have increased. Based on this, it appears that the measures have been effective as EU imports have decreased significantly since 2019 and prices are almost three times higher.
- It would seem that the measures have indeed been effective, as imports have decreased significantly and the situation of the domestic industry appears to be 'quite good'.

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<sup>105</sup> EPR 638, document no 21: [SSAB submission of 29 May 2024](#).

<sup>106</sup> EPR 638, document no 6: [European Commission submission of 9 January 2024](#). The commission met with the Delegation of the European Union to Australia and the Governments of Finland and Sweden on 13 June 2024 (EPR 638, document no 23 refers). At this meeting, the delegation reiterated claims made in the submission of 9 January 2024.

- Bisalloy's FY23 outlook indicated that there may be other reasons for reduced profits than imports from the countries concerned. In any event, imports are subject to the measures and therefore are not injurious.

## **7.7.2 Commission's consideration of likelihood of material injury**

### **7.7.2.1 Pricing analysis**

Previous inquiries conducted by the commission indicate that price is a significant factor in customers' purchasing decisions.<sup>107</sup> Based on the evidence available in this inquiry, the commission considers that price remains a significant factor in customers' purchasing decisions.

To inform its consideration of the likely effect of dumped imports on prices, the commission has analysed:

- price undercutting within the Australian market during the inquiry period, and
- landed prices of imports from the subject countries as well as from other countries not subject to the measures.

The commission used verified information obtained from Bisalloy and SSAB AU as well as ABF import data for its pricing analysis.

#### Price undercutting

Price undercutting occurs when imported goods are sold in the Australian market at a price below that of the Australian-produced like goods. The commission analysed the effect of dumped imports on the Australian industry's prices over the inquiry period and whether these imports caused, or were likely to have caused, injury in the form of price depression and price suppression.

#### *Sweden*

The commission found that SSAB AU's Swedish sourced imports undercut Bisalloy's prices for wear grade Q&T steel plate, which is the most common grade of Q&T steel plate sold in the Australian market.

The commission compared the quarterly FIS selling prices<sup>108</sup> of Bisalloy and SSAB AU's Swedish sourced imports (on a weighted average basis) for the inquiry period. The commission first compared prices for wear and structural grades of Q&T steel plate in aggregate. The commission excluded sales of armour plate from this analysis because of the significant price premium associated with this grade of plate. While armour plate accounts for less than 1% of sales in the Australian market,<sup>109</sup> the timing of those particular sales was observed to distort the aggregated pricing analysis when those sales were included.

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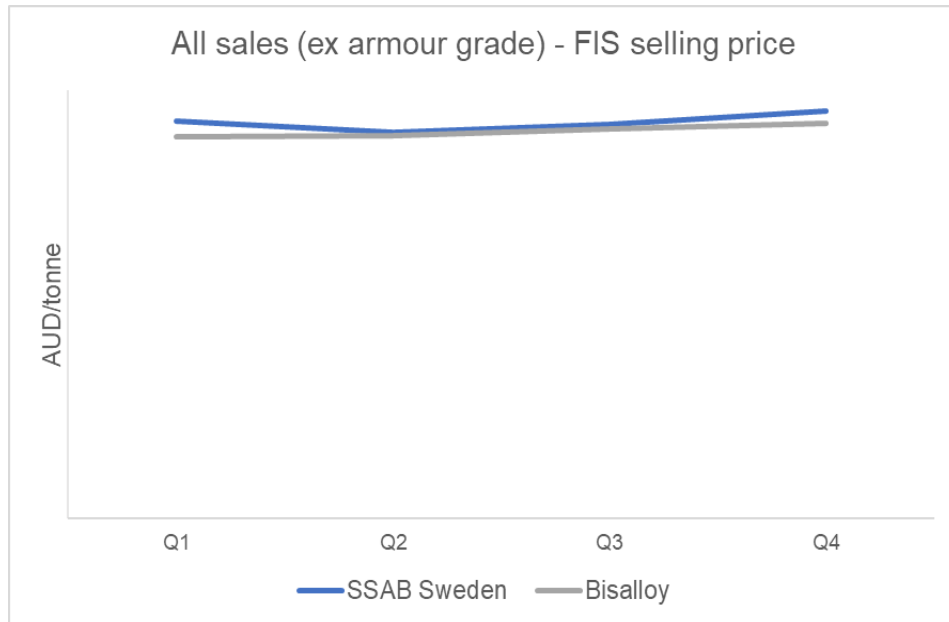
<sup>107</sup> Investigation 234 and Continuation Inquiry 506.

<sup>108</sup> The commission identified that some of SSAB AU's sales were on an ex-warehouse equivalent basis. For these sales the commission added an amount for inland freight to arrive at a notional FIS price.

<sup>109</sup> Confidential Attachment 10.

## PUBLIC RECORD

Figure 9 shows the comparison of quarterly prices of the totality of Bisalloy's and SSAB AU's verified sales of wear and structural grades during the inquiry period.



**Figure 9: Aggregate price comparison between Bisalloy and SSAB AU during the inquiry period**

The commission found that prices of Bisalloy's like goods and SSAB AU's Swedish imports were broadly comparable, with prices clustered within a 4% price range.

The commission also separately compared prices of structural and wear grade plate sold by Bisalloy and SSAB AU, noting that structural grade plate accounts for around one quarter of the combined sales of Bisalloy and SSAB AU's imports, while wear grade accounts for just under three quarters. Figure 10 and Figure 11 below show the comparison of quarterly selling prices of Bisalloy's and SSAB AU's Swedish sourced structural and wear grades respectively during the inquiry period.



**Figure 10 and Figure 11: Aggregate price comparison between Bisalloy and SSAB AU's Swedish sourced structural and wear grades respectively**

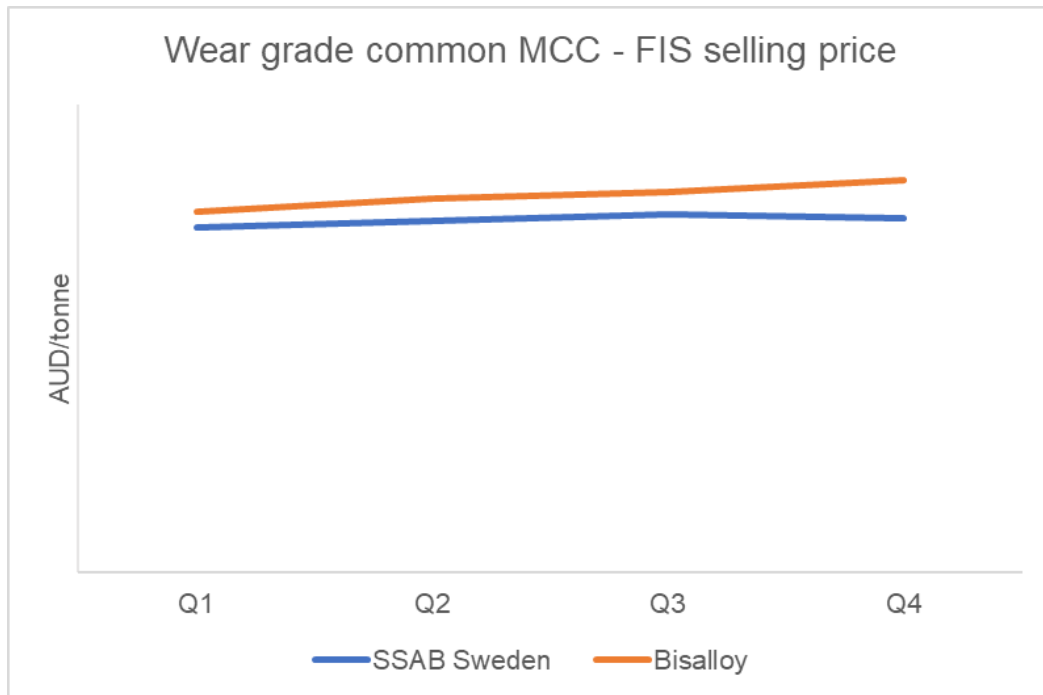
**SEF 638 – Quenched and tempered steel plate – Finland, Japan and Sweden**

SSAB AU on aggregate had a higher price for structural grade plate with a price premium of up to 28%, while Bisalloy had on aggregate a higher price for wear plate with undercutting by SSAB AU of up to 5%.

The commission considers that this analysis demonstrates that Bisalloy's prices are undercut with respect to wear grade plate, while SSAB AU enjoys a significant price premium for structural grade plate.

Given the range of different specifications available within the wear grade and consequent potential for price variances, the commission undertook an analysis of price undercutting by models identified by MCCs. The commission identified 10 wear grade models (MCCs) sold by both Bisalloy and SSAB AU during the inquiry period. These 10 MCCs accounted for nearly half of all wear grade products sold by Bisalloy and SSAB AU in the Australian market and accounted for around 78% of SSAB AU's Swedish imports.<sup>110</sup>

Figure 12 below shows the quarterly FIS price comparison between Bisalloy and SSAB AU relating to these 10 MCCs during the inquiry period.



**Figure 12: Price comparison between Bisalloy and SSAB AU for common MCCs of wear grade**

Figure 12 shows that in relation to common MCCs for wear plate, Bisalloy is undercut by SSAB AU's Swedish imports. The commission noted that the magnitude of price undercutting is higher in relation to these common MCCs than for the wear grade category in general.

<sup>110</sup> Confidential Attachment 8.

In relation to SSAB AU's 2 highest volume wear grade MCCs price undercutting ranged between 8% and 19%.<sup>111</sup> The commission considers this demonstrates that SSAB AU is prepared to price more aggressively where direct competition exists within the wear grade category.

The commission also conducted an undercutting analysis by model or MCC for structural grade plate. The commission identified 7 structural grade models or MCCs sold by both Bisalloy and SSAB AU. These 7 MCCs accounted for over 90% of all structural grade products sold by Bisalloy and SSAB AU in the Australian market during the inquiry period. Due to this high concentration of common structural grade plates the overall price comparison was consistent with Figure 10 above, that is, SSAB AU enjoyed a significant price premium for these common structural grade products.

The commission considers that if measures expire the competitive price advantage that SSAB AU currently maintains on wear plate would likely be even greater, while the premium it enjoys on structural grade Q&T would likely be lessened, reducing the competitive advantage the Australian industry presently enjoys in relation to structural grade plate. In a price competitive market, the expiration of measures would therefore further increase the attractiveness of dumped exports from Sweden relative to the Australian industry's like goods.

#### *Finland*

In relation to Finland, the commission concluded at section 7.5.1 that due to the common ownership and coordinated supply arrangements between Rautaruukki Oyj (including SSAB Europe Oy), SSAB EMEA AB and SSAB AU, it is likely that exports from Finland would likely recur should the measures on goods exported from Finland expire.

In terms of price, the commission notes SSAB's submission that [REDACTED] [REDACTED].<sup>112</sup> The commission's pricing analysis does not evidence [REDACTED] premium pricing [REDACTED] in relation to wear grade plate. Given the level of undercutting by SSAB AU observed in the inquiry period, SSAB's stated commitment to origin-agnostic pricing, and the common ownership and coordinated supply arrangements between the entities within the SSAB group, the commission considers it likely that if the measures expire, SSAB will substitute supply to Australia from Sweden with some supply from Finland. As such, the commission finds that if the measures expire, exports will likely recur from Finland at dumped prices that undercut the Australian industry's prices, resulting in price depression and/or prices suppression and a recurrence of material injury.

#### *Japan*

The commission considers that in the absence of the measures, customers that had previously imported significant volumes of the goods from Japan would likely revert to sourcing the goods from Japan at dumped prices that would undercut the Australian

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<sup>111</sup> Confidential Attachment 8.

<sup>112</sup> [REDACTED].

industry's prices as Japanese exporters strive to increase their volumes and compete with lower-priced goods from other suppliers in the Australian market.

The commission conducted a price undercutting analysis using information provided by an importer (Total Steel) of the goods from Japan. The commission compared the prices (inclusive of duties) of the imported goods sold in the condition in which they were imported from Japan<sup>113</sup> against the Australian industry's selling prices for the relevant MCC. The commission observes that the imported goods were sold at a significant premium, and that the premium would have still been evident had no IDD been paid.<sup>114</sup> The commission notes however that this analysis relates to a small volume of sales of a single MCC to a single customer in the Australian market. The commission does not consider this to be indicative of a change in pricing behaviour.

In section 7.7.2.4 below, the commission identified the significant change in the pattern of imports by customers of the Australian industry that have in the past imported from Japan. That analysis shows that prior to the imposition of measures, imports from Japan held a significant share of the Australian market at prices that undercut the Australian industry's prices, and that as the effective rate of dumping duty was maintained and even increased for some exporters over time, the volume of imports from Japan has reduced to relatively low levels. The analysis further shows that the Australian customers of the Australian industry that had imported the goods from Japan had almost entirely shifted to sourcing Q&T steel plate from countries not subject to the measures.

The commission considers that in the absence of the measures, the Australian market would likely see an increased volume of dumped goods imported from the subject countries at prices that undercut those of the Australian industry. This would likely lead to price depression and/or price suppression and a reduction in profit and profitability should the Australian industry seek to compete with these dumped imports on price. Should the Australian industry choose not to lower prices to compete with dumped imports, it is likely that the Australian industry will cede sales volume and market share to dumped exports. This is discussed in more detail in section 7.7.2.4 below.

#### USP and SSAB pricing

The commission did not find that SSAB AU's prices were higher than Bisalloy's USP at all times since the continuation of the measures.<sup>115</sup>

The commission has calculated a USP<sup>116</sup> for the inquiry period and compared it to SSAB AU's sales on a free-into-store (FIS) equivalent basis. The commission observed that the weighted average price of all SSAB AU's sales of imports from Sweden was below the

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<sup>113</sup> There were some imported goods that were processed before they were sold in the Australian market. The commission excluded these goods from the analysis.

<sup>114</sup> Confidential Attachment 8.

<sup>115</sup> In its submission of 5 April 2024 (ERP 638, document no , SSAB submitted that at all times since the continuation of measures in 2019, it has sold into the Australian market at prices higher than Bisalloy's estimated USP.

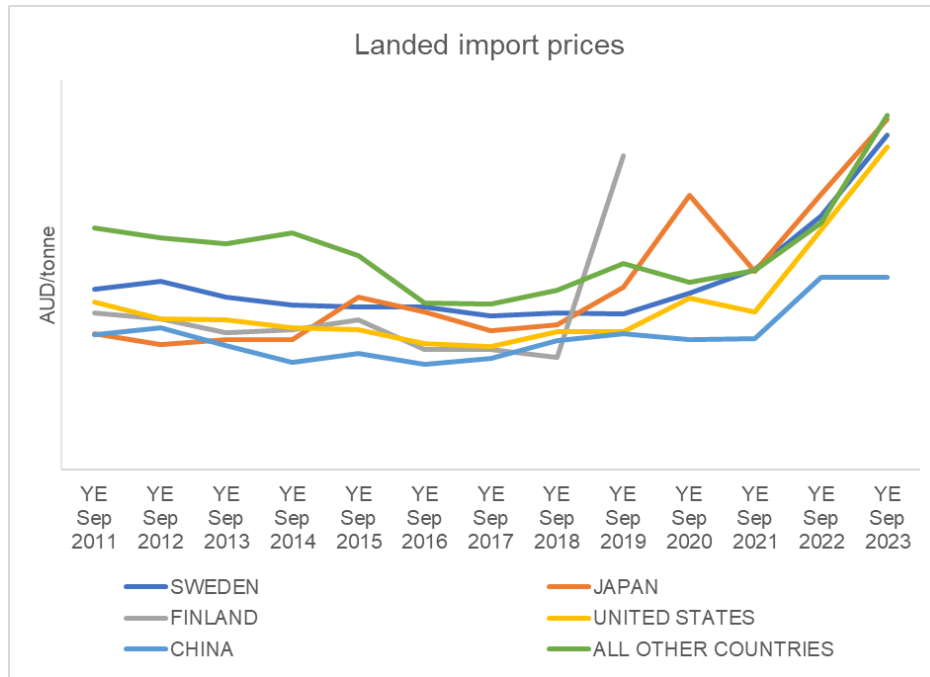
<sup>116</sup> Chapter 8 refers.



USP during the inquiry period.<sup>117</sup> The commission considers that this analysis does not support SSAB's submission that all sales made into the Australian market since the measures were continued in 2019 were at a price above Bisalloy's USP.

#### Landed prices of imports

Noting the discussion concerning import volumes in section 7.5.1 above, the commission has also undertaken an analysis of landed import prices to inform its consideration of the likely effect on prices in the Australian market in the absence of measures. Figure 13 below shows the landed prices of imports from China, Finland, Japan, Sweden, the US and all other countries.<sup>118</sup>



**Figure 13: Landed price of imports (AUD/tonne)**

Figure 13 indicates that while the landed price of imports from China have historically been amongst the lowest of the identified countries<sup>119</sup> and broadly followed a similar trend to prices of goods imported from other countries, the landed price of imports from China began to diverge from prices of imports from other countries following the continuation of measures in 2019. Certainly, from YE September 2021 the landed price of imports from all countries other than China have increased to a significantly greater extent than China. This divergence coincides with an increasing volume of imports from China, and an increasing market share for imports from China at the expense of both the Australian industry and SSAB AU. This observation is also consistent with information provided by both the Australian industry and SSAB.

<sup>117</sup> Confidential Attachment 9.

<sup>118</sup> Confidential Attachment 10.

<sup>119</sup> In its submission of 3 May 2024 (EPR 638, document no 14), Bisalloy claims that the Chinese Q&T steel plate is not a premium product as it does not offer the reliability and performance of premium Q&T steel plate and therefore is priced accordingly.



The commission considers that exports from China that are undercutting other participants in the Australian market are likely a source of injury to the Australian industry. Nonetheless, the commission's analysis of price and volume effects in the preceding sections indicates that SSAB AU remains Bisalloy's main competitor in the Australian market, particularly in relation to supply to large users of Q&T steel plate that are concerned about the quality and reliability of the steel plate used in their respective applications. The commission considers that these customers will continue to purchase SSAB's and Bisalloy's Q&T steel plate regardless of the availability of cheaper Chinese plate.

The commission's price analysis further showed that dumped exports from Sweden have undercut the Australian industry's prices during the inquiry period and would likely continue to do so should the measures expire.

As such, while the Australian industry may be vulnerable to the injurious effects of lower priced imports from China to some extent, the commission considers that in the absence of the measures, dumped exports from the subject countries would likely gain a significant price advantage in a price sensitive market. The commission considers that this would likely lead to price depression and/or price suppression should the Australian industry seek to compete on price against these lower priced dumped exports.

#### **7.7.2.2 Market segmentation**

The commission did not find that SSAB operates in a different market segment to Bisalloy.

In its submission of 5 April 2024, SSAB submitted that 'the Australian Q&T steel plate market is very clearly segmented between premium and commodity Q&T'.<sup>120</sup> SSAB claimed that Bisalloy is selling into the price sensitive distributor segment of the market while SSAB operates in its own market segment and commands a large price premium for its products. SSAB asserts that in occupying its own market segment, SSAB has not caused material injury to Bisalloy.

In its submission of submission of 3 May 2024, Bisalloy responds to SSAB's submission of 5 April 2024 and claims that SSAB seeks to conflate Bisalloy's Australian distribution channel for Q&T steel plate as being a commodity channel for the goods, which therefore appears to place SSAB AU in its own distinct market segment.<sup>121</sup> Bisalloy submits that a steel distribution channel in any market is a conduit to servicing the end user and has not, and does not, somehow commoditise Bisalloy's products or create a separate market or market segment between Bisalloy and SSAB AU.

In its submission of 12 March 2024, Bisalloy notes that in Inquiry 506, the commission was satisfied that Bisalloy's Q&T steel plate and the goods imported from the subject countries were substitutable, and that Bisalloy and SSAB AU have common customers that purchase from both companies.<sup>122</sup> Bisalloy submits that there has been little deviation

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<sup>120</sup> ERP 638, document no 11: [SSAB submission of 5 April 2024](#).

<sup>121</sup> EPR 638, document no 14: [Bisalloy submission of 3 May 2024](#).

<sup>122</sup> EPR 638, document no 9: [Bisalloy's submission of 12 March 2024](#).

in the fundamentals of the Australian Q&T steel plate market and therefore there is no reason for the commission to reach a different conclusion in the current inquiry.

To assess SSAB's claim that Bisalloy and SSAB compete in different market segments, the commission conducted an analysis of customers that Bisalloy and SSAB both sell to. This analysis of common customers assesses the degree of direct competition between Bisalloy and SSAB.<sup>123</sup> To undertake the analysis, the commission used verified sales data for the inquiry period for Bisalloy and SSAB AU, noting that SSAB AU's sales data includes sales of Q&T steel plate manufactured in a range of countries.

The commission found that there are customers that sourced Q&T steel plate from both Bisalloy and SSAB AU during the inquiry period. As a proportion of Bisalloy's sales volumes during the inquiry period, the common customers overall represented approximately 70% of Bisalloy's total sales volume. Common customers represented almost a quarter of SSAB AU's total sales volume in the inquiry period. Given that some of Bisalloy's distributors also supply Bisalloy's plates to SSAB AU's customers, common customers are likely to comprise a larger share of SSAB AU's sales than initially stated. While these figures suggest that SSAB AU has a broader customer base than Bisalloy, it is evident that SSAB AU nonetheless supplies a large proportion of Bisalloy's customer base and directly competes with Bisalloy.

The commission also analysed the ABF import database and identified that common customers of SSAB AU and Bisalloy also imported the goods from Belgium, China, France, Japan and the Netherlands during the inquiry period.

The commission consider that this analysis does not support SSAB's claim that it operates in a different market segment to Bisalloy. The commission further considers that, based on the level of commonality of customers between Bisalloy, SSAB AU and imports from other suppliers and countries, Q&T steel plate supplied by each party is substitutable and the Australian market for Q&T steel plate is a competitive one.

### **7.7.2.3 Volume analysis**

To inform its consideration of the likely effect of imports from Sweden, Finland and Japan on the Australian industry's sales volume and market share should the measures expire, the commission has had regard to the following facts and analysis:

- Bisalloy and SSAB AU remain the dominant suppliers in the Australian market, accounting for over two thirds of all sales in the market despite the emergence of an increasing volume of exports from countries not subject to the measures
- the commission's analysis of price undercutting detailed in section 7.7.2.1 above
- the commission's analysis of price undercutting in REP 506
- relative changes in the volume of sales for Bisalloy and SSAB AU in aggregate terms and by grade since REP 506, within the context of the commission's price undercutting analysis, and

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<sup>123</sup> Confidential Attachment 8.

- the impact of the measures on imports from Japan by customers of the Australian industry and the likely reversion to supply from Japan in the absence of the measures.

#### Sweden

The commission notes that in REP 506, SSAB AU was found to be undercutting the Australian industry's selling prices on structural grade plate while achieving a premium on wear grade plate. The commission's findings outlined in section 7.7.2.1 above indicate that this scenario has reversed during the current inquiry period, with SSAB AU enjoying a significant price premium in relation to structural grade plate while undercutting on wear grade plate.

SSAB asserted in its submission of 5 April 2024 that [REDACTED].<sup>124</sup> The commission found that SSAB AU maintained premium pricing in relation to structural grades of Q&T steel plate in the inquiry period, but did not maintain premium pricing in the larger wear grade market.

To further understand the impact of this change to SSAB AU's pricing dynamic on sales volumes and market share since the measures were last continued, as well as the likely effect on sales volumes should measures expire, the commission:

- assessed changes in the overall size of the Australian market since the period examined in Inquiry 506<sup>125</sup>
- analysed the change in the composition of the Australian Q&T steel plate market over that time
- compared sales volumes for wear and structural grade models for Bisalloy and SSAB AU (encompassing its sales of goods imported from Sweden and the US) over that time.

Table 13 below summarise the relevant changes (indexed) in sales volumes between Inquiry 506 and the current inquiry.<sup>126</sup>

	Inquiry 506	Inquiry 638
Bisalloy wear grade	100	93
Bisalloy structural grade	100	113
Bisalloy total	100	100
SSAB wear grade	100	109
SSAB structural grade	100	52
SSAB total	100	93
Imports from other suppliers	100	129
Australian market size	100	106

**Table 13: Changes or variations in sales volumes between Inquiry 506 and the current inquiry (Inquiry 638)**

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<sup>124</sup> [REDACTED].

<sup>125</sup> In Inquiry 506, the commission examined imports in calendar year 2018.

<sup>126</sup> Confidential Attachment 10.

Table 13 indicates that:

- the Australian market has grown in size since Inquiry 506
- despite the growth in the total size of the Australian market for Q&T steel plate, Bisalloy has not achieved growth in its aggregate sales volume, and SSAB AU has suffered a reduction in its aggregate sales volume
- imports from other countries, notably China, have captured additional sales volume
- despite overall stagnant growth, Bisalloy has grown its structural grade sales volume, while its wear grade volume has been in decline
- despite a decline in its total sales volume, SSAB AU has grown its wear grade sales volume.

Based on the above analysis, the commission considers that the shift in SSAB AU's pricing since Inquiry 506 has resulted in a redistribution of sales volumes between Bisalloy and SSAB AU. The increase in SSAB AU's pricing of structural grade Q&T steel plate to levels at a significant premium to Bisalloy has been reflected in its sales volumes falling while Bisalloy has achieved growth in sales of structural grade Q&T steel plate (Table 13 refers). Conversely, SSAB AU's significant price undercutting of wear grade Q&T steel plate in the current inquiry period has seen it grow its sales volume of wear grade Q&T steel plate at the expense of Bisalloy.

The commission notes the increasing influence of imports from countries not subject to measures, most notably China. The commission however considers that given SSAB AU has increased its sales volume of wear grade Q&T steel plate coincident with the rise in the volume of imports from other countries, while Bisalloy's sales volume of wear grade decreased, Bisalloy has experienced volume injury in respect of its sales of wear grade plate, and that injury has been caused by both dumped goods from Sweden as well as imports from other countries that have undercut Bisalloy's prices.

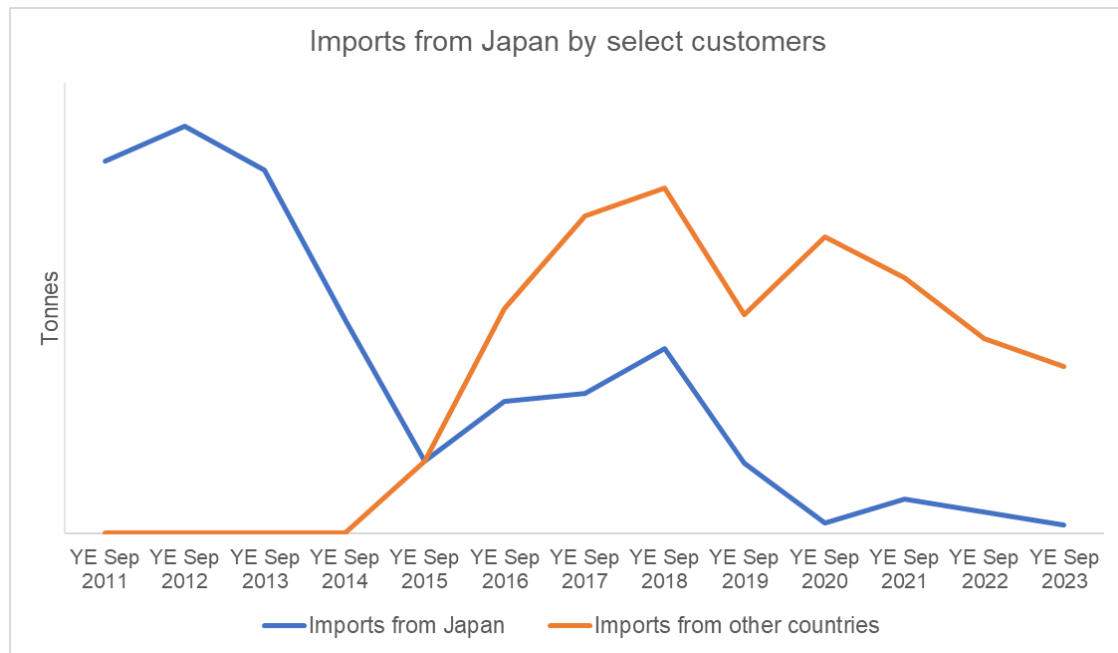
#### *Finland*

Given the level of undercutting by SSAB AU identified in section 7.7.2.1, its stated commitment to origin-agnostic pricing, and the common ownership of Rautaruukki Oyj (including SSAB Europe Oy), the commission considers that should the measures expire, exports will likely recur from Finland at dumped prices that undercut the Australian industry's prices. Should the Australian industry reduce its prices to compete with the lower priced dumped exports from Finland, the Australian industry would likely suffer price depression and price suppression, resulting in a recurrence of material injury. Should the Australian industry elect not to reduce its prices to compete with the lower priced dumped exports from Finland, it will likely cede sales volumes and market share to those dumped exports, resulting in a recurrence of material injury.

#### *Japan*

In relation to Japan, the commission identified that there are several current customers of Bisalloy that have historically imported Q&T steel plate from Japan. The commission

examined the pattern of imports for these customers since 1 October 2010. The commission's analysis is summarised in Figure 14.<sup>127</sup>



**Figure 14: Pattern of imports by Bisalloy's customers that have imported from Japan**

Figure 14 indicates that until the imposition of the measures in November 2014, customers of Bisalloy had relied solely on exports from Japan to supplement their supply from Bisalloy. Following the imposition of measures, these customers commenced importing from other countries at the expense of imports from Japan. With an increase in the effective rate of duty on imports from JFE in 2019, imports from Japan reduced to negligible levels, though distribution links remained in place.

Prior to the imposition of the measures, imports from Japan accounted for up to one third of sales in the Australian market, and imports by current customers of the Australian industry up to 10% of the Australian market.<sup>128</sup> Noting the significant market share held by exports from Japan prior to the imposition of measures, the effect of the measures in stemming the flow of dumped exports from Japan, the extent of excess production capacity of Japanese exporters and the maintenance of distribution links into the Australian market, the commission considers that in the absence of measures, it is likely that importers would likely seek to source a greater volume of Q&T steel plate from Japan, resulting in a recurrence of the material injury the measures were intended to prevent.

The commission considers that should measures expire, dumped exports from each of the subject countries will enjoy a competitive price advantage relative to the Australian industry. In the event that the Australian industry does not reduce its price to compete

<sup>127</sup> Confidential Attachment 10.

<sup>128</sup> Confidential Attachment 10.

with the lower priced dumped exports, it will likely cede sales volumes and market share to those dumped exports.

#### **7.7.2.4 Other injury factors**

The commission received the following submissions from interested parties concerning other factors that may have caused injury to the Australian industry.

##### **SSAB**

In its submission dated 5 April 2024, SSAB provided examples purporting to demonstrate price pressure on Bisalloy from imports of Q&T steel plate from China. SSAB also made the following claims (among others) in its submission of 5 April 2024:<sup>129</sup>

- The factors impacting Bisalloy's prices are Bisalloy's distributors and import competition from countries not subject to measures (and not from SSAB)—Bisalloy's distributors play-off import prices against Bisalloy's local prices.
- Bisalloy is diverting production towards armoured steel plate and will increasingly turn to its Chinese joint venture partner for supply of wear and structural grades of Q&T steel plate because the diversion to armoured steel plate will consume an increasingly large part of its production capacity (from 1,500 tonnes to 3,000-5,000 tonnes over the next two years).

SSAB provided further information in subsequent submissions on 23 April 2024<sup>130</sup> and 7 May 2024<sup>131</sup> concerning price offers relating to Q&T steel plate sourced from China and Germany respectively.

In this submission of 23 April 2024, SSAB alleges that Bisalloy is in a market segment where it competes with low-priced non-SSAB imported steel plate, and that distributors selling Bisalloy's steel plate compete with other importers/distributors selling non-SSAB imported steel plate.<sup>132</sup>

In its submission of 7 May 2024, SSAB alleges that price offers relating to Q&T steel plate from Germany have undercut SSAB's prices and that they impact 'price ambitions' that Bisalloy may have and will continue to impact the Australian market in the future.<sup>133</sup>

In its submission of 16 May 2024, in relation to Bisalloy's armour steel plate, SSAB noted that Bisalloy's success in securing supply contracts for armour steel plate will likely improve its financial performance.<sup>134</sup> SSAB further queries why there are exports to

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<sup>129</sup> EPR 638, document no 11: [SSAB submission of 5 April 2024](#).

<sup>130</sup> EPR 638, document no 13: [SSAB submission of 23 April 2024](#).

<sup>131</sup> EPR 638, document no 16: [SSAB submission of 7 May 2024](#).

<sup>132</sup> EPR 638, document no 13: [SSAB submission of 23 April 2024](#).

<sup>133</sup> EPR 638, document no 16: [SSAB submission of 7 May 2024](#).

<sup>134</sup> EPR 638, document no 17: [SSAB submission of 16 May 2024](#).



Australia from China by Bisalloy's joint venture partner Shandong Steel Plate Co., Ltd if there is excess capacity at Bisalloy's Unanderra plant.<sup>135</sup>

*Bisalloy*

In its submission of 3 May 2024,<sup>136</sup> Bisalloy responds to SSAB's submission of 5 April 2024 and alleges (among other claims) the following:

- Chinese exporters offer a different product, into a different segment, with different competitive pressures in the Australian market. The Chinese Q&T steel plate is not a premium product, and Chinese Q&T steel 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. This 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 segment as it 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.
- Bisalloy maintains excess capacity that can be directed towards production of wear and structural grades of Q&T steel plate.

In its submission of 24 May 2024,<sup>137</sup> Bisalloy disagrees with SSAB's contention that exports from Germany have grown market share in Western Australia and in the eastern states of Australia. Bisalloy submits that Australian processors order limited quantities of thick plates (often bundled with some thinner plates) which exceed Bisalloy's capability.

The commission has considered the factors raised in SSAB's and Bisalloy's submissions, as detailed in the following sections.

Imports from countries not subject to measures

The commission considers that while the Australian industry may be vulnerable to the injurious effects of lower priced imports from China to some extent, it does not detract from the commission's conclusion that in the absence of the measures, dumped exports from the subject countries would likely cause a continuation or recurrence of material injury to Australian industry.

SSAB submitted that Bisalloy's competition comes from other import sources.<sup>138</sup> SSAB asserts that imports from countries not subject to the measures, principally China, have

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<sup>135</sup> In its submission of 5 April 2024 (EPR 638, document no 11), SSAB provided a copy of a quality certificate relating to a certain product produced by Bisalloy Shangang (Shandong) Steel Plate Co., Ltd as evidence of exports from Bisalloy's related company in China. The commission observes that the product appears to be thermo-mechanically controlled processed steel plate ('TMCP'), which Bisalloy does not produce.

<sup>136</sup> EPR 638, document no 14: [Bisalloy submission of 3 May 2024](#).

<sup>137</sup> EPR 638, document no 18: [Bisalloy submission of 24 May 2024](#).

<sup>138</sup> EPR 638, document no 11: [SSAB submission of 5 April 2024](#).



aggressively entered Bisalloy's market segment. SSAB also provided information in relation to imports from Germany.<sup>139</sup>

To assess SSAB's claims, the commission examined changes in the Australian Q&T steel plate market share since the YE September 2011, as detailed in section 7.5.1 above.

Figure 8 in section 7.5.1 indicates that:

- Australian production as well as imports from Sweden and Japan accounted for the majority of the Australian market prior to the imposition of measures in 2014
- the imposition of measures saw an initial increase in the Australian industry's market share, a reduction in import volumes from the countries subject to measures and a shift in the origin of imports toward the US, China and other countries not subject to the measures
- Sweden continued to export significant volumes until the measures were continued in 2019, at which time SSAB AU sourced the majority of Q&T steel plate from the US in response to the increase in the effective rate of IDD payable on the goods imported from Finland and Sweden
- imports from China increased following the continuation of measures in 2019, such that by the conclusion of the inquiry period imports from China and the US accounted for the vast majority of imports, while the countries subject to the measures and other countries maintain a smaller market share
- since the continuation of the measures, the Australian industry's market share and SSAB AU's market share (considering SSAB AU imports from multiple countries) have both reduced, coincident with the rise in imports of the goods from China. While their respective market share has decreased, the Australian industry and SSAB AU remain the largest suppliers of Q&T steel plate in the Australian market.<sup>140</sup>

The commission notes that most Q&T steel plate from China was imported by established traders in steel products that on sell the Chinese goods to customers in the Australian market. The commission notes an increasing volume of imports from China was either offered to or sold to some common customers of both the Australian industry and SSAB AU.<sup>141</sup>

This analysis indicates that imports from China are competing to some extent with the Australian industry and exporters subject to measures and have taken some market share from both.

The commission has further assessed the changes in market share within the context of its analysis of landed import prices detailed in section 7.7.2.1 above.

As discussed at section 7.7.2.1, the landed price of imports from China began to diverge following the continuation of measures in 2019, with the landed price of Chinese imports clearly emerging as the lowest priced in the market. This divergence coincided with

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<sup>139</sup> EPR 638, document no 16: [SSAB submission of 7 May 2024](#).

<sup>140</sup> Confidential Attachment 10.

<sup>141</sup> Ibid.

increasing volumes of imports from China, and an increasing market share for imports from China at the expense of both the Australian industry *and* SSAB AU.

The commission considers that exports from China that are undercutting other participants in the market are likely a source of injury to the Australian industry. Nonetheless, the commission's analysis of price and volumes effects above indicates that SSAB remains the main competitor to Bisalloy, particularly in relation to supply to large users of Q&T steel plate that are concerned about the quality and reliability of the steel plate used in their respective applications. The commission considers that these customers will continue to purchase SSAB's and Bisalloy's Q&T steel plate regardless of the availability of cheaper Chinese plate.

The commission's analysis further shows that dumped exports from Sweden have undercut the Australian industry's prices during the inquiry period and would likely continue to do so should the measures expire.

As such, while the Australian industry may be vulnerable to the injurious effects of lower priced imports from China to some extent, it does not detract from the commission's conclusion that in the absence of the measures, dumped exports from the subject countries would likely cause a continuation or recurrence of material injury to Australian industry.

In relation to SSAB's claims concerning low-priced imports from Germany, the commission notes that the volume of imports from Germany was less than 1% over the period since measures were continued, and was also less than 1% of all imports during and following the inquiry period.<sup>142</sup> The commission does not consider that any injurious effects relating to this small volume of imports from Germany detracts from the commission's conclusion that in the absence of the measures, dumped exports from the subject countries would likely cause a continuation or recurrence of material injury to the Australian industry.

#### Distributor price pressure on Bisalloy

The commission found that the majority of Bisalloy's sales are to customers that also purchase from SSAB AU. The commission does not accept SSAB AU's assertion that it operates in a different market segment and therefore cannot be the source of any injury suffered by the Australian industry.

SSAB submitted that the Australian Q&T steel plate market is distinctly segmented with its customer base comprising end users while Bisalloy's customer base is distributors.<sup>143</sup> SSAB submitted that as a result, Bisalloy's prices are impacted by its distributors playing off import prices against Bisalloy's prices, and not by SSAB, whose prices are significantly higher than Bisalloy's and Bisalloy's distributors' prices.

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<sup>142</sup> Confidential Attachment 10.

<sup>143</sup> EPR 638, document no 11: [SSAB submission of 5 April 2024](#).

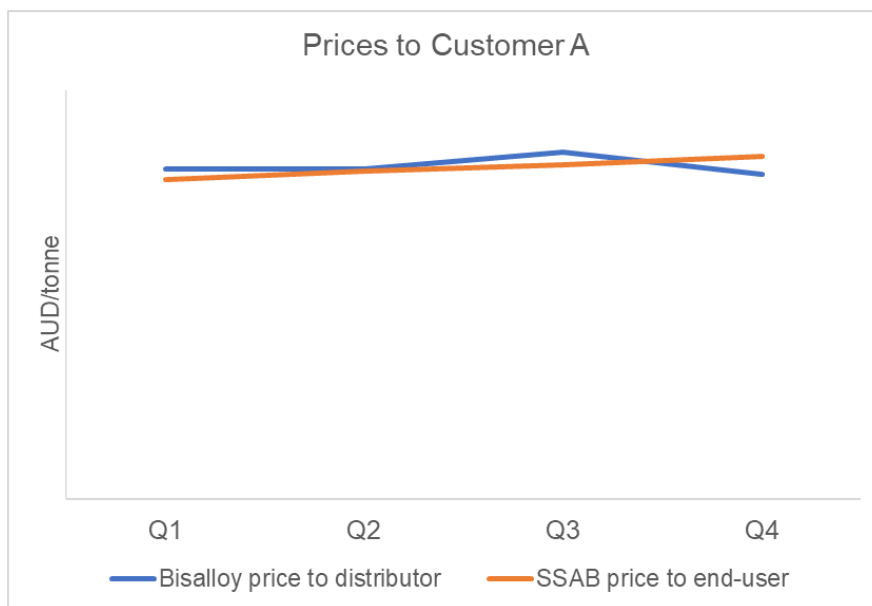
SSAB provided examples of its customers being approached by distributors offering to supply Q&T steel plate at prices which were purportedly lower than SSAB's prices.<sup>144</sup> The examples predominantly referenced distributors offering Chinese imports. SSAB asserts that this evidences the fact that Bisalloy is facing downward price pressure from its own distributors that have access to lower priced imports, and this is the source of injury to Bisalloy.

The commission has analysed Bisalloy's sales for the inquiry period and has identified that Bisalloy sells to both end users and distributors. As detailed in section 7.7.2.3 above, the majority of Bisalloy's sales are to customers that also purchase from SSAB AU.

In terms of pricing, the commission detailed in section 7.7.2.1 above that SSAB AU enjoys a significant price premium for structural grade plate, while undercutting the Australian industry's prices for wear grade plate. This finding undermines SSAB's claim that Bisalloy's prices are significantly lower than SSAB's prices.

To further test SSAB's claims, the commission undertook an analysis of SSAB AU's sales to one of its largest customers by volume (Customer A).<sup>145</sup> Customer A also purchases from Bisalloy's largest customer by volume (a distributor). While the commission does not have final selling prices from that distributor to Customer A, the commission has identified the sales from Bisalloy to the distributor that are ultimately sold to Customer A.

In Figure 15, the commission compared SSAB AU's selling price of Swedish-sourced wear grade Q&T steel plate to Customer A against Bisalloy's selling price to its distributor that also supplies Customer A.



**Figure 15: Price comparison between SSAB AU's Swedish sourced wear grade and Bisalloy's wear grade plate**

<sup>144</sup> SSAB has provided copies of its internal price guides or price lists to substantiate its prices. These guides or price lists do not evidence the prices or sales quoted or realised by SSAB.

<sup>145</sup> Confidential Attachment 8.

The commission established that for the first 3 quarters of the inquiry period, SSAB AU's prices to Customer A were in fact lower than Bisalloy's price to its distributor. Assuming the distributor would have additional costs to supply Customer A as well as seeking a profit margin on its sales, the level of undercutting in relation to Customer A by SSAB AU would be even more significant. The commission considers that it would be reasonable for Bisalloy's distributor to seek a reduced price from Bisalloy to allow it to more effectively compete with SSAB (as may be evidenced by the significant reduction in price from Bisalloy to its distributor in quarter 4). The commission further considers that the level of undercutting by SSAB AU would therefore be a cause of price depression and/or price suppression experienced by Bisalloy in relation to these sales.

This analysis indicates that SSAB AU competes in the same market segment for the same customers as Bisalloy and Bisalloy's distributors. The analysis further indicates that in relation to wear grade Q&T steel plate, which is the most common grade sold in the Australian Q&T steel plate market, SSAB AU's Swedish sourced goods consistently undercut Bisalloy's prices, despite SSAB AU's claims that it sets prices at a significant premium.

#### Bisalloy's armoured steel production

The commission is satisfied that Bisalloy has sufficient capacity to meet any projected increase in its production of armour grade Q&T steel plate without compromising its production of the higher volume wear and structural grades. As such, the commission does not agree with SSAB's assertion that Bisalloy will increasingly turn to China to maintain its supply of its wear and structural steel plate to customers.

SSAB submits that Bisalloy will become more engaged in the importation of industrial, construction and mining Q&T steel plate from China as it focuses more on the production and sale of armoured steel plate.<sup>146</sup> SSAB submits that Bisalloy has no competition in the armoured plate segment of the market and will therefore enjoy high profitability. SSAB submits that there can be no material injury by reason of imports from Sweden because the Australian industry will be increasingly profitable, while any price pressure that the Australian industry does experience will be the result of Chinese imports, including by the Australian industry itself, of commodity Q&T steel plate.

In support of its submission, SSAB provided estimates of Bisalloy's projected commitment to armour grade production in the next 2 years. While SSAB's estimates are speculative, the commission has nonetheless assessed them within the context of Bisalloy's production capacity and current reliance on imports.

Based on verified production data, the commission is satisfied that Bisalloy has sufficient capacity to meet any such projected increase in its production of armour grade Q&T steel plate without compromising its production of the higher volume wear and structural grades.

The commission has also verified that Bisalloy's imports from China mostly relate to particular product specifications or dimensions that it does not produce. The verified volume of Bisalloy's imports from China during the inquiry period, and since the

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<sup>146</sup> EPR 638, document no 11: [SSAB submission of 5 April 2024](#).

continuation of measures in 2019, is negligible and is not indicative of Bisalloy increasingly turning to sourcing Q&T steel plate from China to service its customers.<sup>147</sup> The commission does not consider that this supports SSAB's assertion that Bisalloy is, or will be, increasingly reliant on imports from China.

In relation to SSAB's conclusion as to 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',<sup>148</sup> the commission notes that the Australian industry can experience material injury while maintaining profitability. The commission notes that the Q&T steel plate market is composed of 3 product segments, being armour, wear and structural grade Q&T steel plate. The commission further accepts that each segment may have differing profit profiles. The fact that the Australian industry may enjoy higher profits on one grade of Q&T steel plate does not detract from the potential for injury in relation to one or more grades, and moreover the potential for material injury in aggregate terms.

The commission's pricing and volume analysis demonstrates that the largest segment by grade in the Australian Q&T steel plate market is the wear grade segment, and that it is in this segment that the Australian industry has been undercut in the inquiry period. In the absence of the measures, the commission considers that the Australian industry would likely be undercut by a greater margin because prices of dumped goods would no longer be bound or influenced by the measures. In the absence of measures and independent of the structural and armour grades, the commission considers that the injury that would likely result to the Australian industry in the wear grade market in isolation would be material both within that segment as well as to the Australian industry in its totality by virtue of the importance of that segment to its overall economic performance.

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<sup>147</sup> Imports by Bisalloy comprised less than 1% of its total sales during the inquiry period.

<sup>148</sup> EPR 638, document no 11: [SSAB submission of 5 April 2024](#), page 10.

## 8 NON-INJURIOUS PRICE

### 8.1 Preliminary finding

The commission found that the NIP in respect of the goods exported to Australia from Finland, Japan and Sweden during the inquiry period has changed.

The commission found that the NIP is less than the normal value established for all exporters from Finland, Japan and Sweden. Consequently, the Minister is required to have regard to the desirability of specifying a lesser amount of duty in respect of the goods exported by each exporter. The commission therefore recommends that the NIP be the operative measure for all exporters of the goods from Finland, Japan and Sweden and that any IDD payable be calculated by reference to the lesser duty rule.

### 8.2 Lesser duty

The NIP is defined in subsection 269TACA as the minimum price necessary to prevent the injury, or a recurrence of the injury, caused by dumping. The NIP is a variable factor relevant to determining IDD payable under the *Customs Tariff (Anti-Dumping) Act 1975* (Dumping Duty Act).

Where the Minister is required to determine the IDD, section 8(5B) of the Dumping Duty Act applies.

Section 8(5B) of the Dumping Duty Act requires the Minister to consider the desirability of specifying a lesser amount of duty such that the sum of the ascertained export price and the IDD does not exceed the NIP (the 'lesser duty rule'). However, pursuant to section 8(5BAA) of the Dumping Duty Act the Minister is not required to have regard to specifying a lesser amount of duty where one or more of the following circumstances apply:<sup>149</sup>

- the normal value of the goods was not ascertained under section 269TAC(1) because of the operation of section 269TAC(2)(a)(ii)
- there is an Australian industry in respect of like goods that consists of at least 2 small-medium enterprises, whether or not that industry consists of other enterprises.<sup>150</sup>

Where any of the above circumstances apply, the Minister is not required to have mandatory consideration of the lesser duty rule but may still wish to exercise their discretion to do so.

For all exporters of the goods subject to the measures, the commission does not consider that any of the circumstances in the Dumping Duty Act apply because:

- section 269TAC(2)(a)(ii) did not apply to any exporter, and
- the Australian industry does not consist of at least 2 small-medium enterprises.

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<sup>149</sup> Sections 8(5BAAA)(a) to (c) of the Dumping Duty Act concern the calculation of dumping duty and sections 10(3DA)(a) to (c) of the Dumping Duty Act concern the calculation of countervailing duty.

<sup>150</sup> As defined in the Customs (Definition of 'small-medium enterprise') Determination 2013.



On the basis that none of the circumstances listed above apply, the Minister must consider the desirability of applying a lesser amount of duty for all exporters subject to the measures where the NIP is less than the normal value of the goods exported by each exporter.

### **8.3 Determination of the NIP**

The legislation does not prescribe a method for calculating the NIP.

The commission generally derives the NIP by first establishing a price at which the Australian industry might reasonably sell its product in a market unaffected by dumping. This price is referred to as the USP.

The commission's preferred approach to establishing the USP is outlined in chapter 24 of the Manual<sup>151</sup> and observes the following hierarchy:

- Australian industry's selling prices at a time unaffected by dumping or subsidisation (market price method)
- constructed industry prices, using the Australian industry's CTMS and a rate for profit, or
- selling prices of undumped imports.

Having calculated the USP, the commission then calculates a NIP by deducting the costs incurred in getting the goods from the export Free on Board (FOB) point (or another point if appropriate) to a comparable level of trade in Australia. The deductions normally include overseas freight, insurance, into-store costs and amounts for importer selling expenses and profit.

The commission's assessment of the NIP is outlined in the following sections.

### **8.4 Commission's approach and findings**

The commission has found that the NIP is less than the normal value for each exporter. The commission's approach to determining the USP and NIP is outlined in the following sections.

#### **8.4.1 Approach in the original investigation and previous continuation inquiry**

In the original investigation, the commission determined a USP based on the Australian industry's weighted average selling prices over calendar years 2010 to 2012.<sup>152</sup> The commission determined that this period (1 January 2010 to 31 December 2012) was a period unaffected by dumping. To derive the NIP, the commission deducted from the USP costs incurred in getting the goods from the relevant point of export in each country to the relevant level of trade in Australia.

In the previous continuation inquiry (Inquiry 506), the commission had regard to the USP from the original investigation and updated the USP by indexing it based on the change in

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<sup>151</sup> The [Manual](#) (December 2021), pages 106 to 108.

<sup>152</sup> [REP 234](#), chapter 10.



Bisalloy's variable costs from the original investigation to the period examined in Inquiry 506. The commission published the USP in REP 506.<sup>153</sup>

To derive a NIP for the period examined in Inquiry 506, the commission deducted from the USP costs incurred in getting goods from the relevant point of export in each country to the relevant level of trade in Australia.

#### **8.4.2 Commissioner's assessment of USP and NIP**

In this inquiry, the commission updated the USP determined in the previous continuation inquiry by adjusting (indexing) it to reflect the change in Bisalloy's costs and profit from 2018 to the current inquiry period. The commission considers that the USP updated to reflect the increase in Bisalloy's costs and profit reflects a price that the Australian industry could reasonably achieve in the market in the absence of dumped imports.

The commission considers it appropriate to update the USP to reflect the change in Bisalloy's costs and profit because Bisalloy's costs (variable, fixed and selling costs) and profit increased since 2018 and were in line with the increase in its prices.

The commission also observes that the profit achieved by Bisalloy in the years since the measures were continued and in the inquiry period (which is a period affected by dumped imports and in which price suppression is evident) was higher than the profit achieved by Bisalloy in the period from 1 January 2010 to 31 December 2012. The commission determined in the original investigation that the period from 1 January 2010 to 31 December 2012 was a period unaffected by dumping. The commission therefore considers that it is reasonable to take into consideration the increase in Bisalloy's profit in determining a USP in order to ensure that it is contemporaneous with the current inquiry.

To derive a NIP at FOB terms for goods exported from Finland and Sweden, the commission deducted the following costs from the USP based on verified information from SSAB AU:<sup>154</sup>

- importer SG&A expenses and an amount for profit
- delivery expenses
- warehousing costs
- importation costs
- customs duty, and
- ocean freight and marine insurance.

To derive a NIP at FOB terms for the goods exported from Japan, the commission deducted the following costs from the USP based on information provided by Total Steel and verified information from SSAB AU:

- importer SG&A expenses<sup>155</sup> and an amount for profit

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<sup>153</sup> [REP 506](#), page 72.

<sup>154</sup> Given the relationship between SSAB AU, SSAB EMEA AB and Rautaruukki Oyj (including SSAB Europe Oy in Finland), the commission considers it appropriate to make the same deductions from the USP in calculating a NIP for goods exported from Finland and Sweden.

<sup>155</sup> The commission had regard to SSAB AU's verified SG&A expenses.

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- delivery expenses
- importation costs, and
- ocean freight and marine insurance.

The commission's calculation of the USP and NIP is contained in **Confidential Attachment 11**.

### **8.4.3 Application of the lesser duty rule**

The commission compared the NIP to the normal value and found that the NIP is less than the normal value for each exporter. As the NIP is less than the normal value determined for each exporter, the Minister is required to have regard to the desirability of specifying a lesser amount of duty in respect of the goods in accordance with section 8(5B) of the Dumping Duty Act.

## 9 FORM OF MEASURES AND EFFECTIVE RATE OF DUTY

### 9.1 Preliminary findings and recommendations

The Commissioner found that the variable factors relevant to the determination of duty payable on the goods exported from each country have changed. Consequently, the current effective rates of interim duties payable on the goods exported from each subject country have changed.

The Commissioner considers the IDD payable on the goods exported from Finland, Japan and Sweden should be worked out using the combination duty method.

### 9.2 Legislative framework

The *Customs Tariff (Anti-Dumping) Regulation 2013* prescribes the methods available to the Minister for working out the IDD payable on the goods the subject of the measures. The prescribed methods are:

- combination of fixed and variable duty method (combination duty method)
- floor price duty method
- fixed duty method, and
- *ad valorem* duty method.

The various forms of dumping duty all have the purpose of removing the injurious effects of dumping. In achieving this purpose, certain forms of duty will better suit particular circumstances than others. More detail on the nature and operation of the various forms of duty are contained in the *Guidelines on the Application of Forms of Dumping Duty November 2013*.

### 9.3 Current form of measures

The IDD payable on the goods exported from Japan is currently worked out in accordance with the *ad valorem* duty method.

The IDD payable on the goods exported from Finland and Sweden is currently worked out using the combination of fixed and variable duty method, where the fixed duty amount is a specified unit amount applied on a per tonne basis.

### 9.4 Variable factors relevant to the determination of duty

The Commissioner found that the variable factors (specifically, the export price and normal value<sup>156</sup>) relevant to the determination of duty payable on the goods exported from each country have changed.

The following sections summarise the determination of variable factors for each exporter.

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<sup>156</sup> The NIP is discussed in Chapter 8.

*Japan*

The commission determined the export price and normal value of the goods exported from Japan under sections 269TAB(3) and 269TAC(6) respectively, having regard to all relevant information as outlined in section 6.3.4.

*Sweden*

As outlined in section 6.3.1, the commission determined the export price and normal value of the goods exported from Sweden by SSAB EMEA AB under sections 269TAB(1)(c) and 269TAC(1) respectively.

The export price and normal value of the goods exported by all other exporters from Sweden was determined under sections 269TAB(3) and 269TAC(6) respectively, having regard to all relevant information as outlined in section 6.3.2.

*Finland*

Sufficient information is not available to enable the export price and normal value to be determined under the subsections preceding subsections 269TAB(3) and 269TAC(6) respectively. Given that information has not been furnished and is not available to enable the export price and normal value to be determined under the preceding subsections, the commission determined the export price and normal value under sections 269TAB(3) and 269TAC(6) respectively, having regard to all relevant information.

Given the common ownership and close commercial relationship between Rautaruukki Oyj in Finland (including SSAB Europe Oy), SSAB EMEA AB in Sweden and SSAB AU, where all companies operate under the same corporate and transfer pricing policies, the commission considers it appropriate to ascertain the export price and normal value for all exporters in Finland as equal to the ascertained export price and normal value for SSAB EMEA AB.

## **9.5 Proposed form of measures and effective rates of duty**

*Japan*

The commission considers that the IDD payable on the goods exported from Japan should be worked out using the combination duty method, which is different to the current form of measures used to work out the IDD payable on the goods exported from Japan.

Given that the effective rate of duty is significantly lower than that determined in Inquiry 506, the commission considers that the duty worked out using the current duty method (*ad valorem*) could be easily circumvented by exporters by lowering the export price of the goods to avoid the effects of the duty. Given this, the commission considers that the appropriate form of measures is the combination duty method rather than the *ad valorem* method as it effectively imposes a floor price which could prevent exporters from lowering export prices to avoid the effects of the duty.

Using the combination duty method, the fixed IDD payable on the goods exported from Japan is worked out by calculating the amount of the difference between the ascertained

export price of the goods and the NIP.<sup>157</sup> The amount of the difference is specified on a fixed per unit (tonne) basis and is levied on the imported goods on a per unit basis. Variable IDD may also be payable if the export price of the goods is less than the ascertained export price (a specified amount) of the goods. If the export price is less than the ascertained export price, the variable IDD payable will be equal to the amount of the difference between the actual export price of the goods and the ascertained export price.

The effective rate of IDD payable on the goods imported from Japan is summarised in Table 14.

#### *Sweden*

The commission considers that it is appropriate to continue with the combination duty method for the goods exported from Sweden.

The commission found that the transfer price between SSAB EMEA AB and SSAB AU (a wholly owned subsidiary of SSAB EMEA AB) is determined in accordance with the SSAB group's internal pricing policy and that the sales transactions between these two entities are not at arms length. The commission considers that SSAB EMEA AB is effectively able to set the transfer price for the goods exported to Australia and the selling price in the Australian market.

Since the transfer price between SSAB EMEA AB and SSAB AU can be agreed or manipulated in such a way to circumvent the measures, the commission considers that the floor price and *ad valorem* duty methods would be inadequate in these circumstances.

The commission considers that the combination duty method (combination of fixed and variable duty) is appropriate where circumvention behaviour is likely (particularly because of related party dealings), where complex company structures exist between related parties and where there has been a proven case of price manipulation in the market. Given that there are related entities involved in the production and exportation of the goods to Australia from Sweden and given the complex company structures that exist between the related parties, the commission considers that a combination duty method may be better suited in these particular circumstances.

Using the combination duty method, the fixed IDD payable on the goods exported from Sweden is worked out by calculating the amount of the difference between the ascertained export price of the goods and the NIP.<sup>158</sup> The amount of the difference is specified on a fixed per unit (tonne) basis and is levied on the imported goods on a per unit basis. Variable IDD may also be payable if the export price of the goods is less than the ascertained export price (a specified amount) of the goods. If the export price is less than the ascertained export price, the variable IDD payable will be equal to the amount of the difference between the actual export price of the goods and the ascertained export price.

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<sup>157</sup> As the NIP is less than the normal value determined for all exporters from Japan, the NIP is the operative measure.

<sup>158</sup> As the NIP is less than the normal value determined for SSAB EMEA AB, the NIP is the operative measure.

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The effective rate of IDD payable on the goods imported from Sweden is summarised in Table 14.

### *Finland*

The commission considers that it is appropriate to continue with the combination duty method for the goods exported from Finland.

Given the common ownership and close commercial relationship between Rautaruukki Oyj in Finland (including SSAB Europe Oy), SSAB EMEA AB in Sweden and SSAB AU, where all companies operate under the same corporate and transfer pricing policies, the commission considers it appropriate to work out the IDD payable on the goods exported from Finland using the same method (combination duty method) as for the goods exported from Sweden.

The effective rate of IDD payable on the goods imported from Finland is summarised in Table 14 below.

Country	Exporter	Method	Effective rate of IDD (%)
Finland	All exporters	Combination of fixed and variable duty	8.6
Japan	All exporters	Combination of fixed and variable duty	5.2
Sweden	SSAB EMEA AB	Combination of fixed and variable duty	8.6
	All other exporters	Combination of fixed and variable duty	8.6

**Table 14: Effective rates of IDD**

The confidential information and calculations of the effective rates of IDD are at **Confidential Attachment 12**.

## 10 PROPOSED RECOMMENDATIONS

Based on the evidence currently available, the Commissioner proposes to recommend that the Minister **declare**:

- in accordance with section 269ZHG(1)(b), that they have decided to secure the continuation of the anti-dumping measures in relation to exports from Finland, Japan and Sweden.

Based on the evidence currently available, the Commissioner proposes to recommend that the Minister **determine**:

- pursuant to section 269ZHG(4)(a)(iii), that the dumping duty notice continues in force after 5 November 2024 but that, after that day, the notice has effect in relation to exporters in Finland, Japan and Sweden as if the Minister had fixed different specified variable factors relevant to the determination of duty.



## **11 ATTACHMENTS**

Confidential Attachment 1	Australian market
Confidential Attachment 2	Economic condition of the Australian industry
Confidential Attachment 3	Other economic factors
Confidential Attachment 4	Variable factors and dumping margin (SSAB EMEA AB)
Confidential Attachment 5	Variable factors and dumping margin (all exporters from Japan)
Confidential Attachment 6	Import volumes
Confidential Attachment 7	Production capacity and capacity utilisation
Confidential Attachment 8	Price undercutting
Confidential Attachment 9	Comparison to USP
Confidential Attachment 10	Volume and price analysis
Confidential Attachment 11	USP and NIP
Confidential Attachment 12	Effective rates of interim dumping duty