



Australian Government  
Department of Industry, Science,  
Energy and Resources

Anti-Dumping  
Commission

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*Customs Act 1901 Part XVB*

## **CONSIDERATION REPORT NO. 578**

Application for a dumping duty notice

Submitted by Bisalloy Steels Pty Ltd  
in relation to quenched and tempered steel plate  
exported to Australia from the United States of America

9 March 2021

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<b>ABBREVIATIONS</b>
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Abbreviation / short form	Full reference
ABF	Australian Border Force
ABS	Australian Bureau of Statistics
the Act	<i>Customs Act 1901</i>
AS	Australian Standard
Bisalloy, or the applicant	Bisalloy Steels Pty Ltd
the Commission	Anti-Dumping Commission
the Commissioner	Commissioner of the Anti-Dumping Commission
CTMS	cost to make and sell
the Direction	<i>Ministerial Direction on Material Injury 2012</i>
FOB	Free on Board
injury analysis period	the period from 1 January 2017
investigation period	1 January 2020 to 31 December 2020
the Manual	<i>Dumping and Subsidy Manual</i>
the Minister	the Minister for Industry, Science and Technology
Q&T steel plate, or the goods	quenched and tempered steel plate
REP 506	<i>Anti-Dumping Commission Report No. 506</i>
SG&A	selling, general and administrative
SSAB Australia	SSAB Swedish Steel Pty Ltd
SSAB Sweden	SSAB EMEA AB
USA	United States of America

# 1 FINDINGS AND RECOMMENDATIONS

This report provides the result of the consideration by the Anti-Dumping Commission (the Commission) of an application under section 269TB(1) of the *Customs Act 1901* (the Act)<sup>1</sup> by Bisalloy Steels Pty Ltd (Bisalloy) for the publication of a dumping duty notice in respect of quenched and tempered (Q&T) steel plate (the goods) that has been imported into Australia from the United States of America (USA). Bisalloy alleges that the Australian industry producing Q&T steel plate has experienced material injury caused by Q&T steel plate exported to Australia from the USA at dumped prices, and that there is also a threat that material injury will occur as a result of future imports of Q&T steel plate from the USA at dumped prices.

The legislative framework that underpins the making of an application and the consideration of an application is contained in Divisions 1 and 2 of Part XVB of the Act. The Commission has prepared this report to support the Commissioner of the Anti-Dumping Commission (the Commissioner) in his consideration of the application, pursuant to the Commission's function specified in section 269SMD.

## 1.1 Findings

In accordance with section 269TC(1), the Commission has examined the application and is satisfied that:

- the application complies with the requirements of section 269TB(4) (as set out in chapter 2.2 of this report);
- there is an Australian industry in respect of like goods (as set out in chapter 2.4 of this report); and
- there appear to be reasonable grounds for the publication of a dumping duty notice in respect of the goods the subject of the application (as set out in chapters 3, 4 and 5 of this report).

## 1.2 Recommendations

Based on the above findings, the Commission recommends that the Commissioner decide not to reject the application and initiate an investigation to determine whether a dumping duty notice should be published.

The Commission further recommends that:

- exports to Australia during the period 1 January 2020 to 31 December 2020 (the investigation period) be examined for dumping; and
- details of the Australian market from 1 January 2017 be examined for injury analysis purposes (injury analysis period).

If the Commissioner agrees with these recommendations, the Commissioner must give public notice of the decision (**Attachment 1**) in accordance with the requirements set out in section 269TC(4).

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<sup>1</sup> All legislative references in this report are to the *Customs Act 1901* unless otherwise specified.

## 2 THE APPLICATION AND THE AUSTRALIAN INDUSTRY

### 2.1 Lodgement of the application

#### 2.1.1 Legislative framework

The procedures for lodging an application are set out in section 269TB. The procedures and timeframes for the Commissioner’s consideration of the application are set out in section 269TC.

#### 2.1.2 The Commissioner’s timeframe

Event	Date	Details
Application lodged and received by the Commissioner under sections 269TB(1) and (5)	8 February 2021	The Commission received an application from Bisalloy which alleges that the Australian industry has experienced material injury caused by Q&T steel plate that has been or will be imported into Australia from the USA at dumped prices.
	15 February 2021	The Commission notified Bisalloy that the application contained important deficiencies which, if left unaddressed, may create doubt on the reasonableness of the grounds for the publication of a dumping duty notice.
Applicant provided further information in support of the application under section 269TC(2A)	19 February 2021	Bisalloy provided further information and/or data in support of its application without having been requested to do so (as provided in section 269TC(2A)). This provision of further information and data restarted the 20 day period for consideration of the application and the application was taken to have been lodged and received from the last date this information was provided.
Consideration decision due under section 269TC(1)	11 March 2021	The Commissioner shall decide whether to reject or not reject the application within 20 days after Bisalloy provided further information.

Table 1: Commissioner’s timeframe

### 2.2 Compliance with section 269TB(4)

#### 2.2.1 Finding

Based on the information submitted by Bisalloy, the Commission considers that the application complies with section 269TB(4).

#### 2.2.2 Legislative framework

Section 269TC(1) requires that the Commissioner reject an application for a dumping duty notice if, among other things, the Commissioner is not satisfied that the application complies with section 269TB(4).

**2.2.3 The Commission’s assessment**

The table below summarises the Commission’s assessment of compliance with section 269TB(4).

<b>Requirement for the application</b>	<b>Details</b>
Lodged in writing under section 269TB(4)(a)	Bisalloy lodged, in writing, confidential and non-confidential versions of the application.
Lodged in an approved form under section 269TB(4)(b)	The application is in the approved form (B108) for the purpose of making an application under section 269TB(1).
Contains such information as the form requires under section 269TB(4)(c)	<p>Bisalloy:</p> <ul style="list-style-type: none"> <li>• provided a completed declaration;</li> <li>• answered all questions that were required to be answered by the applicant;</li> <li>• completed all appendices; and</li> <li>• provided sufficient detail in the non-confidential version of the application to enable a reasonable understanding of the substance of the information submitted in confidence.</li> </ul>
Signed in the manner indicated in the form under section 269TB(4)(d)	The application was signed in the manner indicated in Form B108 by a representative of the applicant.
Supported by a sufficient part of the Australian industry under section 269TB(4)(e) and determined in accordance with section 269TB(6)	<p>Bisalloy’s application states that it is the sole Australian manufacturer of Q&amp;T steel plate. This corresponds with the information available from previous investigations concerning Q&amp;T steel plate (see below) and the Commission’s own research.</p> <p>As set out in chapter 2.4, the Commission is satisfied that persons, being Bisalloy, who produce or manufacture like goods in Australia and who support the application:</p> <ul style="list-style-type: none"> <li>• account for not less than 25 per cent of the total production in Australia on the basis that Bisalloy is the sole Australian producer of Q&amp;T steel plate; and</li> <li>• account for more than 50 per cent of the total production of like goods produced or manufactured by that portion of the Australian industry that has expressed either opposition to or support for the application, on the basis that Bisalloy is the sole Australian producer of Q&amp;T steel plate.</li> </ul>
Lodged in the manner approved under section 269SMS for the purposes section 269TB(4)(f)	The application was lodged in a manner approved in the Commissioner’s instrument made under section 269SMS, being by email to an address provided in that instrument. The application was therefore lodged in a manner approved under section 269SMS(2).

**Table 2: Commission’s assessment of application**

## 2.3 The goods the subject of the application

The table below outlines the goods as described in the application, and the tariff classifications the goods are generally, but not exclusively, classified to.

<b>Full description of the goods, as subject of the application</b>
<p>Flat rolled products of alloyed steel plate commonly referred to as Quenched and Tempered (“Q&amp;T”) steel plate (although some Q&amp;T grades may not be tempered), not in coils, not further worked than hot rolled, of widths from 600 mm up to and including 3,200 mm, thickness between 4.5 – 110 mm (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).</p> <p>Goods of stainless steel, silicon-electrical steel and high-speed steel, are excluded from the goods covered.</p>
<b>Further information</b>
<p>The relevant goods are hereafter referred to as ‘Q&amp;T steel plate’ or ‘the goods’.</p> <p>Bisalloy stated that Q&amp;T steel plate comprises the following typical mechanical properties:</p> <ul style="list-style-type: none"> <li>• High Hardness/Abrasion resistant Q&amp;T steel plate (more commonly referred to as ‘Wear’ Grade Q&amp;T steel plate) of Brinell hardness (HBW – 10/3000) range 320-640 or equivalent Rockwell C hardness range 34 - 59 or equivalent Vickers hardness range 230 – 670;</li> <li>• High Strength Q&amp;T steel plate (commonly referred to as ‘Structural/High Tensile’ Grade Q&amp;T steel plate) of 0.2% Proof Stress of 475 – 890 MPa (min); and</li> <li>• High Hardness/Impact resistant Armour Grades (more commonly referred to as ‘Armour’ Grade Q&amp;T steel plate) of hardness up to 640 Brinell (HBW – 10/3000).</li> </ul> <p>Bisalloy stated that Q&amp;T steel plate has chemical compositions up to:</p> <ul style="list-style-type: none"> <li>• Carbon – maximum of 0.5%;</li> <li>• Manganese – maximum of 2.5%;</li> <li>• Silicon – maximum of 0.65%;</li> <li>• Sulphur – maximum of 0.04%;</li> <li>• Phosphorous – maximum of 0.04%;</li> <li>• Nickel – maximum of 3.0%;</li> <li>• Chromium – maximum of 3.0%;</li> <li>• Molybdenum – maximum of 2.0%;</li> <li>• Vanadium – maximum of 0.2%;</li> <li>• Boron – maximum of 0.01%;</li> <li>• Aluminium – maximum of 0.1%;</li> <li>• Titanium – maximum of 0.1%;</li> <li>• Copper – maximum of 0.5%;</li> <li>• Niobium – maximum of 0.1%.</li> </ul> <p>The percentage of the above individual alloying elements may vary in accordance with each manufacturer’s grade specifications and not all elements may be utilised in all Q&amp;T steel plate grades. Additional other quantities of trace elements up to a maximum 0.1% each may also be utilised or found (as trace elements) in Q&amp;T steel plate.</p> <p>Bisalloy noted that there are some Australian Standards (AS) that are relevant to the goods, however these are not a requirement that the goods must comply with. The relevant standards are:</p> <ul style="list-style-type: none"> <li>• AS 3597 – Structural and pressure vessel steel – Quenched and tempered plate;</li> <li>• AS 4100 – Steel structures; and</li> <li>• AS 1554.4 – Structural steel welding – welding of high strength Quenched and Tempered steels.</li> </ul>

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<b>Tariff classification (Schedule 3 to the <i>Customs Tariff Act 1995</i>)</b>		
<u>Tariff Subheading</u>	<u>Statistical Code</u>	<u>Description</u>
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	- <i>Other, not further worked than hot-rolled, not in coils, high alloy:</i>	
	21	.Quenched and tempered
	22	.Other
	- <i>Other, not further worked than hot-rolled, not in coils, other:</i>	
	23	.Quenched and tempered
	24	.Other
7225.9	- Other:	
7225.99.00	39	-- Other
<b>Previous investigations</b>		
Anti-dumping measures have been imposed on Q&T steel plate exported to Australia from Finland, Japan and Sweden after 19 May 2014 as per the decision published in The Australian newspaper and Commonwealth of Australia Gazette on 5 November 2014. The measures were continued for a further five years as a result of recommendations contained in <i>Anti-Dumping Commission Report No. 506 (REP 506)</i> and the decision of the Minister for Industry, Science and Technology (the Minister) in Anti-Dumping Notice No. 2019/113.		
<b>Other administrations</b>		
As at 15 February 2021, there is no record of anti-dumping measures being imposed with respect to Q&T steel plate exported from the USA by any administration. <sup>2</sup>		

**Table 3: The goods**

## 2.4 Like goods and the Australian industry

### 2.4.1 Finding

The Commission is satisfied that there is an Australian industry producing like goods to the goods the subject of the application on the basis that:

- Bisalloy produce goods that have characteristics that closely resemble the goods the subject of the application; and
- at least one substantial process of manufacture is carried out in Australia.

### 2.4.2 Legislative framework

Section 269TC(1) requires that the Commissioner reject an application for a dumping duty notice if, among other things, the Commissioner is not satisfied that there is, or is likely to be established, an Australian industry in respect of like goods.

Like goods are defined under section 269T(1). Sections 269T(2), (3), (4) and (4A) are used to determine whether the like goods are produced in Australia and whether there is an Australian industry.

<sup>2</sup> World Trade Organization *Integrated Trade Intelligence Portal*, viewed 15 February 2021: <https://i-tip.wto.org/goods/default.aspx?language=en>.



### 2.4.3 Locally produced like goods

The table below summarises the Commission’s preliminary assessment of whether the locally produced goods are identical to, or closely resemble, the goods the subject of the application and are therefore like goods. This assessment is based on Bisalloy’s application, the Commission’s past findings (REP 506 and associated verification activity in particular) and its analysis of the Australian Border Force (ABF) import database.

<b>Factor</b>	<b>The Applicant’s claims</b>	<b>The Commission’s assessment</b>
<b>Physical likeness</b>	Products made locally possess similar physical characteristics to the goods exported from the USA, including in terms of the shape, dimensions, appearance, strength, hardness and weight. The products also have similar chemical compositions. Both the locally produced goods and the imported goods are manufactured to the requirements of Australian and International standards, or in the case of ‘wear grade’ Q&T products to recognised industry hardness, toughness and/or elongation requirements.	Both the imported goods and the goods manufactured by the Australian industry have similar physical characteristics in terms of shape, dimensions, appearance and weight. The imported goods and the goods manufactured by the Australian industry have similar chemical compositions and mechanical properties.
<b>Commercial likeness</b>	The locally produced goods compete directly with the imported goods, and are sold to common customers in the Australian market.	Both the imported goods and the goods manufactured by the Australian industry are commercially alike, directly competitive and are sold to common customers in the Australian market.
<b>Functional likeness</b>	The locally produced and the imported goods have comparable or identical end-uses. They are both functionally substitutable and capable of performing to the same standards.	Both the imported goods and the goods manufactured by the Australian industry have substantially the same end uses, having regard to the grade required by the customer. The goods are functionally substitutable (explored in some detail in response to submissions in REP 506) and are capable of performing to the same standards.
<b>Production likeness</b>	The locally produced goods are manufactured in a similar manner, via similar production processes, to the imported goods.	Both the imported goods and the goods manufactured by the Australian industry have similar production processes in relation to the quenching and tempering of steel.
<b>Commission’s assessment</b>		
The Commission’s assessment is that the locally produced goods closely resemble the goods the subject of the application and are like goods, given that the primary physical characteristics are similar, are commercially alike as they are sold to common end users, are functionally alike as they have substantially the same end uses, and the imported and locally produced goods are manufactured in a similar manner.		

**Table 4: Like goods assessment**

### 2.4.4 Manufacture in Australia

The table below summarises the Commission’s assessment of whether at least one substantial process of manufacture is carried out in Australia and whether the like goods are therefore considered to have been manufactured in Australia.

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<b>The Applicant's claims</b>
<p>Bisalloy claims that at least one substantial process of manufacture is carried out in Australia. It provided a diagram of its production process, indicating discrete production steps such as shot blasting, austenitising, roller quenching, tempering, cutting, testing and packing. Raw steel inputs are not produced, instead purchased from both domestically produced and imported sources.</p> <p>Bisalloy notes that it has a manufacturing facility at Unanderra, New South Wales where it carries out this production.</p>
<b>The Commission's assessment</b>
<p>Based on the production steps outlined by Bisalloy and information gathered in previous cases, the Commission considers that at least one substantial process of manufacture is carried out in Australia and considers the like goods to have been manufactured in Australia.</p>

**Table 5: Manufacture of like goods**

## 2.5 Australian industry information

The table below summarises the Commission's assessment of whether Bisalloy has provided sufficient information in the application to analyse the performance of the Australian industry.

<b>Have the relevant appendices to the application been completed?</b>		
A1	Australian production	Yes
A2	Australian market	Yes
A3	Sales turnover	Yes
A4	Domestic sales	Yes
A5	Sales of other production	Yes
A6.1	Cost to make and sell (& profit) – Domestic sales	Yes
A6.2	Cost to make and sell (& profit) – Export sales	Yes
A7	Other injury factors	Yes
<b>General administration and accounting information</b>		
History	Bisalloy is Australia's only manufacturer of high-tensile and abrasion-resistant Q&T steel plate, with a 40 plus year history in the industry. Its products are marketed under the brand name BISALLOY® and exported to countries throughout Asia, the Middle East, Europe, North America and South America.	
Ownership	Bisalloy Steels Pty Ltd is fully owned by Bisalloy Steel Group Limited, a publicly listed company on the Australian Stock Exchange.	
Operations	Bisalloy is a producer of Q&T steel plate for use in structural, wear and armoured applications. It has a 42 per cent equity stake in a Cooperative Joint Venture in the People's Republic of China (China) for the manufacture and distribution of Q&T steel plate in China. It imports some limited grades of Q&T steel plate from this joint venture.	
Financial year	1 July to 30 June.	
Audited accounts and annual reports	Bisalloy provided audited financial statements relating to its parent company, the Bisalloy Steel Group Limited. These statements cover the 2019 and 2020 financial years, and are publically available at <a href="http://www.bisalloy.com.au">www.bisalloy.com.au</a> .	

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<b>Production and sales information</b>	<b>Cost to make and sell information</b>	<b>Other injury factors</b>
The Commission considers the information relating to sales and production to be reasonable.	The Commission considers the information relating to cost to make and sell to be reasonable.	No research and development expenses were noted by Bisalloy. The Commission has no other significant concerns regarding the data provided in Appendix A7 to the application.
<b>The Commission's assessment</b>		
Based on the information in the application, which covers the period between 1 January 2017 and 31 December 2020, the Commission is satisfied that there is sufficient data on which to analyse the performance of the Australian industry.		

**Table 6: Information about the Australian industry**

### 3 REASONABLE GROUNDS – DUMPING

#### 3.1 Findings

Pursuant to section 269TC(1)(c), the Commission considers that there appear to be reasonable grounds to support the claims that:

- the goods have been exported to Australia from the USA at dumped prices;
- the estimated dumping margin for exports from the USA is greater than 2 per cent and therefore is not negligible; and
- the estimated volume of goods from the USA that appear to have been dumped is greater than 3 per cent of the total Australian import volume of goods and therefore is not negligible.

#### 3.2 Legislative framework

Section 269TC(1) requires that the Commissioner reject an application for a dumping duty notice if, among other things, the Commissioner is not satisfied that there appear to be reasonable grounds for the publication of a dumping duty notice.

Under section 269TG, one of the matters that the Minister must be satisfied of in order to publish a dumping duty notice is that the export price of goods that have been exported to Australia is less than the normal value of those goods, i.e. that dumping has taken place (to an extent that is not negligible). This issue is considered in the following sections.

#### 3.3 Export price

##### 3.3.1 Legislative framework

Export price is determined by applying the requirements in section 269TAB, taking into account whether the purchase or sale of goods was an arms length transaction under section 269TAA.

##### 3.3.2 The Applicant's estimate

The table below summarises the approach taken by Bisalloy to estimate export prices and the evidence relied upon.

Country	Basis of estimate	Details
USA	The price paid by the importer – section 269TAB(1)(a). Bisalloy used data sourced from the Australian Bureau of Statistics (ABS) and TradeData International to estimate the export price and export volumes for each quarter of 2020.	Bisalloy considers that the sourced import data accurately reflects the declared Free on Board (FOB) prices for the exported goods from the USA.

Table 7: Bisalloy’s estimate of export prices

##### 3.3.3 The Commission's assessment

The Commission examined calculations and supporting evidence provided by Bisalloy for the estimation of export prices. In making this assessment, the Commission has also had regard to data sourced from the ABF import database.

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There are some variances in the export prices as estimated by Bisalloy to those reported in the ABF import database. The FOB export prices presented by Bisalloy are generally higher than those reported in the ABF import database.

The Commission accepts that an applicant can only provide information in its application that is reasonably available to it. The Commission considers that Bisalloy’s sources of information are reasonable and contemporaneous. Accordingly, the Commission considers Bisalloy’s estimates and calculations of Q&T steel plate export prices from the USA are reasonable for the purposes of making this application. However, for the purposes of this report, the Commission considers the ABF import data, specifically the FOB export price and export volumes, to be more reliable than Bisalloy’s estimates, and will therefore rely on these figures to determine export prices.

Bisalloy’s calculation of the export price and the Commission’s comparison are contained in **Confidential Attachment 2**.

**3.4 Normal value**

**3.4.1 Legislative framework**

Normal value is determined by applying the requirements in section 269TAC, taking into account whether:

- the purchase or sale of the goods was an arms length transaction under section 269TAA;
- the goods were sold in the ordinary course of trade under section 269TAAD;
- there has been an absence or low volume of sales of like goods in the country of export that would be relevant for determining a normal value under section 269TAC(1); and
- whether the situation in the market of the country of export is such that sales in that country are not suitable for determining normal value under section 269TAC(1).

**3.4.2 The Applicant's estimate**

The table below summarises the approach taken by Bisalloy to estimate normal values and the evidence relied upon.

Country	Basis of estimate	Details
USA	Bisalloy was unable to obtain domestic selling prices for the goods from USA and has therefore constructed a normal value.	Bisalloy explained that USA domestic selling prices for Q&T steel plate are not available to it in any known industry newsletters or publications. Bisalloy therefore constructed selling prices for Q&T steel plate sold in the USA based on production costs sourced through the use of a raw material cost of mild steel from a subscription-based steel benchmark, the addition of processing costs to convert mild steel into Greenfeed, which is used as a raw material for Q&T steel plate, and then added alloying material costs and priming costs. Bisalloy then added additional variable costs and fixed manufacturing costs based on weighted average amounts incurred by Bisalloy during the 2020 calendar year. Selling, general and administrative (SG&A) costs were then added in a similar manner, being Bisalloy’s actual SG&A expenses. Profit has been deduced from amounts declared SSAB EMEA AB’s (SSAB Sweden) 2019 Annual Report. This amount is 8.04%.

**Table 8: Bisalloy’s methodology for normal values**

### **3.4.3 The Commission's assessment**

The Commission has reviewed publicly available information regarding selling prices of goods in the USA and accepts that Bisalloy could not reasonably provide an estimate of normal value based on selling prices in the USA. As such, the Commission is satisfied that Bisalloy's approach to the estimation of normal values is reasonable, however Bisalloy's estimation requires certain adjustments.

With regard to Bisalloy's estimation of normal value for the USA, the Commission is satisfied that the domestic prices for raw materials are sourced from a reputable company. However, given that the predominant exporter of Q&T steel plate from the USA uses a scrap-based production process, the Commission believes that adjustments to the constructed normal value are required to better reflect these circumstances.

The Commission notes that the largest exporter in the USA is a fully integrated manufacturer of Q&T steel plate. For this reason, the Commission considered reducing the cost of the raw material by the profit amount identified in the application, as the data relied on by Bisalloy is a domestic selling price and the manufacturer in the USA would not be adding a profit to its manufacturing costs. However, as reported in the SSAB Sweden 2020 Annual Report, the Americas division did not make a profit in the 2020 year; no profit has been subtracted by the Commission as a result.<sup>3</sup>

Bisalloy also suggested the addition of a conversion cost as well as a priming cost as all SSAB-origin product exported to Australia from the USA is primed. The Commission has examined cost data available to it from prior inquiries and does not consider that the addition of a priming cost is reasonable, however the conversion cost has been added to the normal value calculation.

The Commission has also had regard to the SG&A costs for SSAB Sweden obtained in recent inquiries and these were considered to be a more accurate reflection of the SG&A expenses likely to be incurred.

Bisalloy's estimates of normal value and the Commission's assessment are contained in **Confidential Attachment 2**.

## **3.5 Dumping margins**

### **3.5.1 Legislative framework**

Dumping margins are determined in accordance with the requirements of section 269TACB. Dumping margins and dumping volumes cannot be negligible, otherwise the investigation is terminated. Whether the dumping margins and dumping volumes are negligible is assessed under section 269TDA.

### **3.5.2 The Commission's assessment**

The Commission has calculated a separate dumping margin based on weighted average export prices (calculated from ABF data) and Bisalloy's weighted average normal value with relevant alterations, for the whole of the investigation period.

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<sup>3</sup> Available at <https://ssabwebsitecdn.azureedge.net/-/media/files/company/investors/interim-reports/2020/ssab-year-end-report-2020en.pdf?m=20210129062806>.

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The table below summarises the dumping margin estimated by Bisalloy (based on the information available to it) and the dumping margin estimated by the Commission (based on both Bisalloy’s information, the ABF import database and other information the Commission had available to it from other inquiries). Dumping margins are expressed as a percentage of the export price. The Commission’s estimate also takes into account the export volumes as reported in the ABF import database.

Bisalloy estimate	Commission estimate
26.5%	13.8%

**Table 9: Estimate of dumping margins**

Assessed at the levels shown, the dumping margin is not negligible.

Therefore, there appear to be reasonable grounds to support Bisalloy’s claims that dumping has occurred and the dumping margin is not negligible under section 269TDA(1)(b)(ii).

A comparison of Bisalloy’s estimated dumping margins and the Commission’s dumping margin calculations form **Confidential Attachment 2**.

## 4 REASONABLE GROUNDS – INJURY TO THE AUSTRALIAN INDUSTRY

### 4.1 Findings

Pursuant to section 269TC(1)(c), having regard to the matters contained in the application and to other information considered relevant, the Commission considers that there appear to be reasonable grounds to support the claims that the Australian industry has experienced injury.

### 4.2 Legislative framework

Under section 269TG, one of the matters that the Minister must be satisfied of in order to publish a dumping duty notice is that material injury to an Australian industry producing like goods has been or is being caused or is threatened. This issue is considered in the following sections.

The matters that may be considered in determining whether the Australian industry has experienced material injury are set out in section 269TAE. In assessing the materiality of the claimed injury, the Commission has also had regard to the *Ministerial Direction on Material Injury 2012* (the Direction).<sup>4</sup>

### 4.3 Approach to injury analysis

The analysis detailed in this section is a preliminary analysis based on information provided by Bisalloy in support of its application, including quarterly production, cost, sale and other financial data. Where relevant, the Commission also had regard to the ABF import database.

#### 4.3.1 Injury analysis period

Bisalloy has made claims that material injury as a result of imports of Q&T steel plate exported to Australia from the USA commenced in 2020, however this injury has replaced the injury that was experienced from imports of Q&T steel plate from Finland, Japan and Sweden. For the purpose of the following injury analysis, the Commission has analysed Bisalloy's injury claims from 1 January 2017 to 31 December 2020. As such, the figures presented show the data for years ending 31 December.

### 4.4 The applicant's claims

Bisalloy claims that, as the sole member of the Australian industry, it has experienced or is currently threatened with injury in the form of:

- price undercutting;
- price suppression;
- reduced profits and profitability; and
- reduced sales volume and/or market share.

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<sup>4</sup> *Ministerial Direction on Material Injury 2012*, 27 April 2012, available at [www.adcommission.gov.au](http://www.adcommission.gov.au).



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Bisalloy claims that it has already experienced material injury due to the commencement of dumped imports from the USA following the continuation of measures on Finland and Sweden, which also resulted in an increase in the effective rate of duty applying to Q&T steel plate from Sweden and Finland. Bisalloy contends that SSAB Sweden, the largest exporter in Sweden, responded to the decision to continue measures in relation to Sweden and Finland by “securing increased volumes from its US manufacturing facilities.”<sup>5</sup>

Bisalloy further claims that it is threatened with material injury from goods exported to Australia from the USA. It has already seen a large quantity of Q&T steel plate previously supplied from Finland and Sweden move to supply from the USA, and it has suggested that the threat is such that the remainder of import volumes from Finland and Sweden will be displaced by imports from the USA, reducing potential sales volumes and/or market share. Bisalloy also claims that the threatened (and existing) supply of goods from the USA will also injure the Australian industry via ongoing price suppression, further impacting profit and profitability.

### 4.5 Volume effects

Bisalloy contends that imports from the USA have and could further displace volumes from Finland and Sweden as a result of the increased measures following REP 506. Bisalloy has claimed that it has experienced a loss of sales volumes and decreases in market share. The Commission has considered the volume effects given the displacement claims and potential indirect impacts on loss of profits and profitability.

Bisalloy has also made specific claims with respect to threat of material injury, claiming a recent rapid increase in import volumes and the threat of future increases. This is specifically addressed at chapter 4.9.

The following sections of the report summarise the Commission’s assessment of historical volume impacts experienced throughout the injury period.

#### 4.5.1 Market size

To estimate the size of the Australian market for Q&T steel plate, Bisalloy has first had regard to its own sales volumes as outlined in *Confidential Appendix A2* of the application. To estimate sales of imported goods, Bisalloy has used data from the ABS along with export statistics from TradeData International used to estimate import volumes for the period 1 January 2017 to 31 October 2020.

Bisalloy claims that the Australian market for Q&T steel plate declined following the imposition of measures in 2014 on the goods exported from Finland, Japan and Sweden, with total sales volumes remaining subdued through to 2016. However, market size data for this period was not provided with this application. It is further claimed that the total market size has expanded since 2017, with similar growth in sales of locally produced and imported goods, before experiencing a small contraction in 2019 and expanding again in 2020.

The Commission found some discrepancies between the import volumes as reported by Bisalloy and the import volumes obtained from the ABF import database. Further, as observed above, Bisalloy’s data source was limited for the quarter ending 31 December 2020 due to these being partially based on projections.

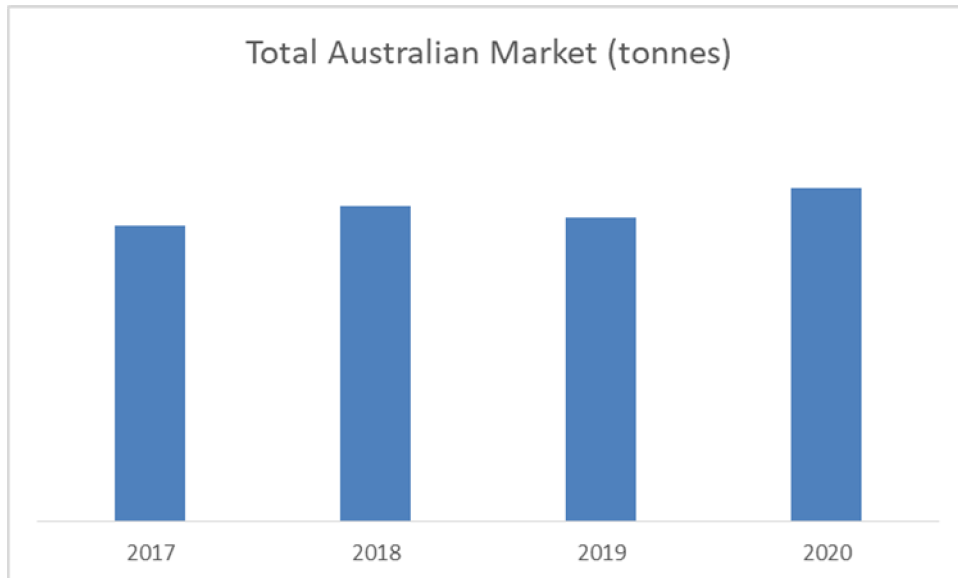
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<sup>5</sup> Bisalloy application at page 34.

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Noting that the ABF import database provides more detailed information in relation to import consignments, the Commission has relied on the data from the ABF import database to estimate the volume of imported Q&T steel plate. The Commission does note however, that the true volumes of imports of Q&T steel plate from the USA will only be obtained through the verification of data throughout the investigation and these may differ to the information provided in this report.

The graph below shows the Commission’s estimate of the size of the Australian market for Q&T steel plate from 1 January 2017 to 31 December 2020, using data from the ABF import database and Bisalloy’s sales data.

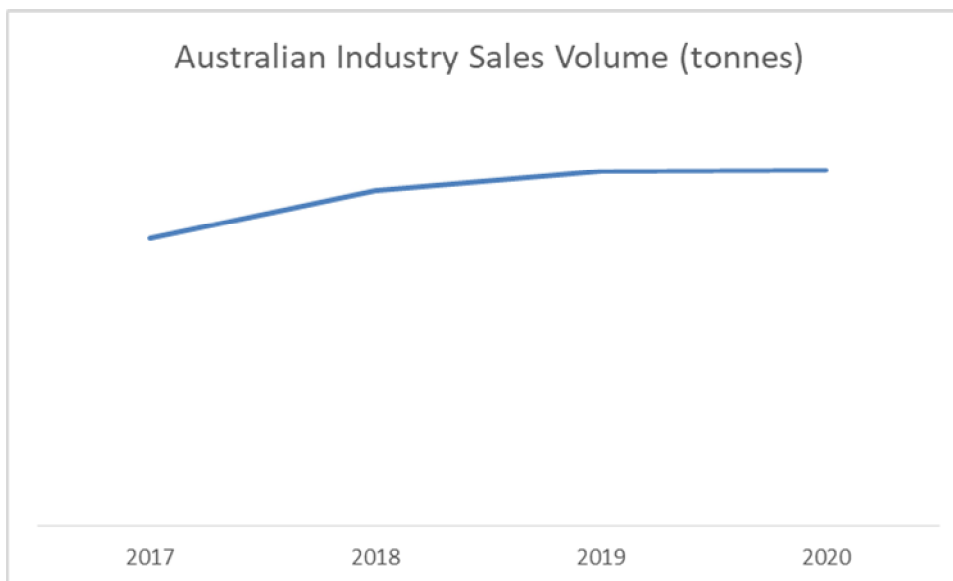


**Figure 1 – Australian Q&T Steel Plate market size**

The Commission’s assessment of the Australian market size for Q&T steel plate forms **Confidential Attachment 3**.

**4.5.2 Sales volume**

The following graph shows Bisalloy’s total sales volume of Q&T steel plate in the Australian market since 1 January 2017.



**Figure 2 – Bisalloy’s domestic sales volume of Q&T Steel Plate**

**CON 578 - Quenched and Tempered Steel Plate - USA**

The graph indicates that sales volumes have increased considerably between 2017 and 2018, with minor increases year-on-year since that period.

### 4.5.3 Market share

The following graph shows changes in the domestic market share between Bisalloy and importing countries throughout the injury analysis period.

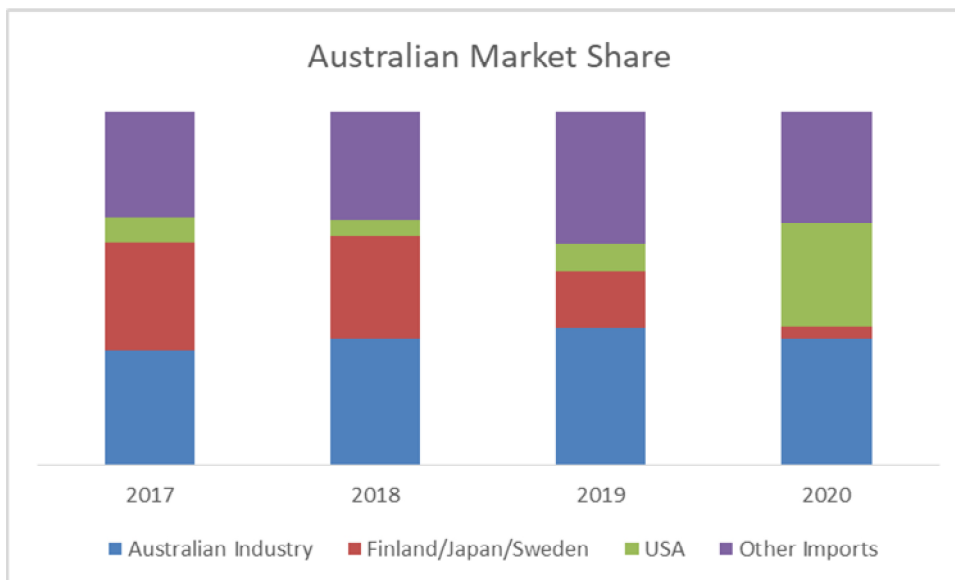


Figure 3 – Australian market share based on Bisalloy’s sales data, ABF import database

Bisalloy’s share of the Australian Q&T steel plate market has increased in each year since 2017, before experiencing a slight decrease in 2020. The bulk of the increase in market share occurred in the 2019 year when measures on Q&T steel plate imported to Australia from Finland, Japan and Sweden were continued and / or increased. In 2020, it appears that the market share held by Finland, Japan and Sweden had decreased, at the same time as the market share held by the USA increased.

### 4.6 Price effects

In its application, Bisalloy has claimed it has experienced material injury in the form of price suppression. Bisalloy alleges that, as a result of price undercutting by dumped imports, it has been unable to increase selling prices to the extent that it could have.

The Commission considers it relevant to analyse the margins between prices and costs. The following graph shows the trends in Bisalloy’s weighted average unit price and unit cost to make and sell (CTMS) for all Q&T steel plate sold by Bisalloy throughout the injury analysis period.

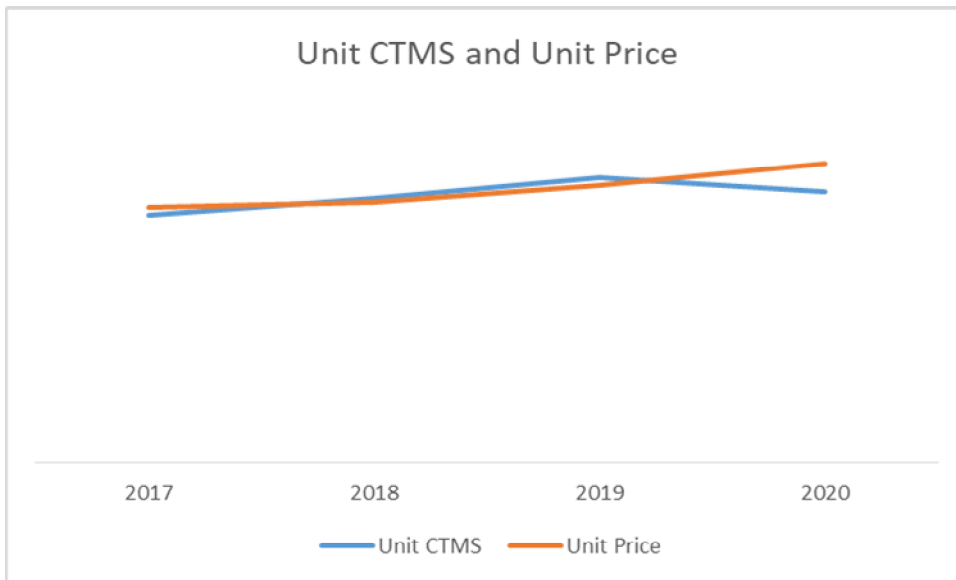


Figure 4 – Bisalloy’s Q&T steel plate unit price and cost for domestic sales

Unit CTMS has increased slightly each year until the 2019 calendar year, whilst unit revenue has decreased slightly between 2017 and 2018 before increasing at a slower rate than CTMS until the 2019 calendar year. In 2020, it appears that unit revenue has increased whilst unit CTMS has decreased. This appears to indicate that price suppression occurred in previous years, but not in the year ending 31 December 2020.

#### 4.7 Profit and profitability

Bisalloy claims that the Australian industry has experienced injury in the form of loss of profits and reduced profitability. The following graph shows the trend in Bisalloy’s domestic profit and profitability during the injury analysis period.

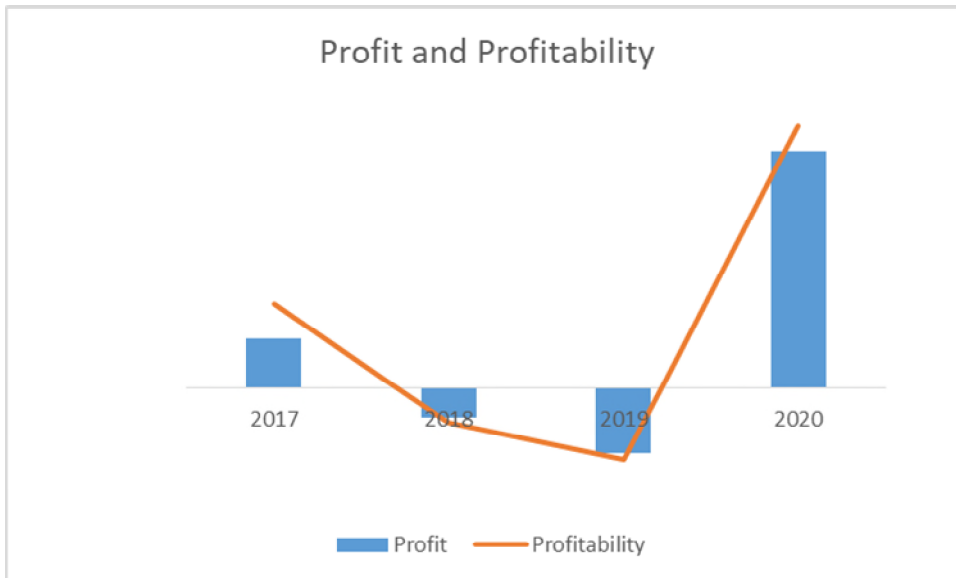


Figure 5 – Bisalloy’s profit and profitability for Q&T steel plate

Bisalloy’s profit and profitability outcomes have been volatile from year to year. Its most profitable results coincided with the period in which the dumping of Q&T steel plate from the USA and corresponding injury has allegedly commenced.

## 4.8 Other injury factors

Bisalloy claims that the Australian industry has also experienced in the form of:

- reduced attractiveness to reinvest;
- reduced capacity utilisation; and
- increased inventories.

The Commission analysed the return on investment throughout the injury analysis period. Notably, Bisalloy's capital investment peaked in the 2020 calendar year, being the period when the majority of Q&T steel plate has been imported from the USA.

No evidence was provided with the application indicating any hindrance to Bisalloy's cost of capital and its ability to raise finance. Due to this absence of evidence, the Commission could not reasonably rely on these claims of injury in order to assess whether there appear to be reasonable grounds for the publication of a dumping duty notice.

Closing inventory levels were at their peak during the 2020 calendar year and capacity utilisation had remained stable between the 2019 and 2020 calendar years.

## 4.9 Threat of material injury

Bisalloy completed section C-2 of the application form relating to threat of material injury. Bisalloy claims that the increasing level of dumped imports from the USA has replaced the supply of Q&T steel plate exported from Finland and Sweden following the continuation of those measures and the revision of interim dumping duties payable on those imports. Bisalloy provided the Commission with examples of customers advising that they will seek lesser volumes from Bisalloy in the immediate future, and that these customers appear to be shifting their supply to other sources. Bisalloy therefore concludes that the threat it faces is that material injury caused by dumped Q&T steel plate from the USA has already and will continue to further replace the material injury previously caused by imports of Q&T steel plate from the countries subject to measures.

The Commission will examine the claims of the threat of material injury throughout the course of the investigation.

## 4.10 The Commission's assessment

Based on the above analysis, the Commission considers that there appear to be reasonable grounds to support a finding that the Australian industry has experienced injury in the form of reduced market share. The Commission observes that whilst the market has expanded, the Australian industry's market share has not. Bisalloy's sales volume had increased between 2019 and 2020, however this was not at the same rate as the increase in the market size. The Direction recognises that there may be circumstances where dumping may result in injury where an Australian industry suffers a loss of market share in a growing market, without a decline in profits.

The Commission notes that the volume analysis of imports may change pending further inquiries into import volumes of the goods exported from the USA throughout the investigation.

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The Commission considers that it is reasonable for Bisalloy to assert that, but for the alleged dumping of Q&T steel plate from the USA, the unit price which Bisalloy was able to achieve could have been higher. However, the Commission does not consider that there appear to be reasonable grounds to support Bisalloy's claim that the Australian industry has experienced injury in the form of loss of profits and reduced profitability in the 2019/20 period, being the period when Bisalloy has claimed the injury has commenced due to allegedly dumped imports from the USA.

The Commission has considered the other injury factors outlined above and, based on the information provided in the application, there do not appear to be reasonable grounds to support the claim that the Australian industry has experienced injury in the form of return on investment or reduced capacity utilisation. However, there appear to be reasonable grounds to support injury in the form of increased inventories.

The Commission's assessment of the economic condition of the Australian Q&T steel plate industry forms **Confidential Attachment 3**.

## 5 REASONABLE GROUNDS – CAUSATION FACTORS

### 5.1 Findings

Having regard to the matters contained in the application, and to other information considered relevant, the Commission considers that there are reasonable grounds to support Bisalloy's claim that the Australian industry has experienced material injury caused by dumping.

### 5.2 Legislative framework

Under section 269TG, one of the matters that the Minister must be satisfied of in order to publish a dumping duty notice is that the material injury experienced by the Australian industry was caused by dumping.

Matters that may be considered in determining whether the Australian industry has experienced material injury caused by dumped goods are set out in section 269TAE(1).

### 5.3 Assessment of evidence of causes of injury

Bisalloy has provided the Commission with nine sets of email correspondence. Bisalloy claims that this correspondence evidences the following:

- SSAB Swedish Steel Pty Ltd (SSAB Australia) had not raised its prices, despite some evidence to suggest Bisalloy has increased pricing, and there has been no impact experienced since the increase of the interim dumping duties payable on imports of Q&T steel plate from Finland, Japan and Sweden;
- Bisalloy's prices are well above any pricing offered by SSAB Australia;
- ABS and other market intelligence indicates that Q&T steel plate has been imported to Australia by SSAB Australia from the USA;
- one distributor requested a price from Bisalloy for an end user, stating that it was competing with a price from SSAB Australia. The distributor notified Bisalloy that the end user had chosen to purchase from SSAB Australia and is a regular customer of SSAB Australia;
- one distributor provided pricing in the market and advised that it is unable to compete with pricing in the market given the price offered to them by Bisalloy;
- displacement of import volumes from Finland, Japan and Sweden with imports from the USA during the 2020 calendar year; and
- increase in market size during 2020 calendar year, with no corresponding increase in market share by Australian industry.

The Commission has examined all nine sets of email correspondence. Given the limited information provided in this correspondence, the Commission has also examined the ABF import database to assess the patterns of trade for the goods.

The Commission considers there are reasonable grounds to support Bisalloy's claims that Q&T steel plate exported from the USA has displaced volumes from Finland, Japan and Sweden to a large extent in the investigation period.

### 5.3.1 Pricing analysis

The Commission has attempted a basic price undercutting analysis for the period ending 31 December 2020 to examine whether there might be a relationship between the allegedly dumped goods from the USA and Bisalloy's prices. For this purpose, the Commission has constructed an Australian domestic sales price for Q&T steel plate exported from the USA by having regard to monthly export prices reported in the ABF import database, and then adding amounts for importation costs, SG&A costs and profit achieved by SSAB during the period examined in REP 506. The Commission has then compared these prices to Bisalloy's monthly weighted average sales prices.

The Commission acknowledges that this analysis is imperfect, noting the potential for imported goods to be held in stock for sale in later months and the lack of detail on imported grades (the price of which can vary significantly) to enable a more precise comparison. The analysis suggests that Bisalloy's prices may have been undercut by Q&T steel plate imported to Australia from the USA in some months of the period examined. The analysis also suggests that as import volumes from the USA have increased, export prices have also decreased.

In the absence of better information, the analysis tends to support a conclusion that increasing volumes of imports from the USA have displaced Bisalloy's share of the market, at prices which may be undercutting its sales (when the actual grades are accounted for).

The Commission's pricing analysis is at **Confidential Attachment 4**.

The Commission has estimated the revenue foregone by Bisalloy in the investigation period on the assumption that Bisalloy would have otherwise maintained its market share from the previous year. The Commission considers that there appear to be reasonable grounds to support Bisalloy's claims that the Australian Q&T steel plate industry has experienced material injury.

As a result, the Commission is satisfied that there appear to be reasonable grounds for finding that Q&T steel plate has been exported from the USA at dumped prices, and that the dumping has caused material injury to the Australian industry producing like goods (i.e. Bisalloy). Accordingly, the Commission is satisfied that there appear to be reasonable grounds for the publication of a dumping duty notice in respect of the goods the subject of the application.



**6 ATTACHMENTS**

<b>Attachment</b>	<b>Title</b>
<b>Attachment 1</b>	Anti-Dumping Notice No. 2021/31
<b>Confidential Attachment 2</b>	Dumping margin comparison
<b>Confidential Attachment 3</b>	Australian market and injury analysis
<b>Confidential Attachment 4</b>	Pricing analysis