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Dear Mr Maevsky

Public File

Investigation No. 578 – Q&T steel plate exported from USA – Submission by SSAB Alabama

I. Introduction

Bisalloy Steels Pty Ltd (“Bisalloy”) refers to the recent 20 July 2021 submission¹ by SSAB Alabama Inc (“SSAB US”) and SSAB Swedish Steel Pty Ltd (“SSAB AU”), collectively “SSAB”, in respect of material injury experienced by the Australian industry (as represented by Bisalloy) during the investigation period in Investigation 578 involving Quenched and Tempered (“Q&T”) steel plate exported from the USA.

SSAB asserts that Bisalloy has not experienced injury from SSAB’s exports from the USA as “Bisalloy prospered” according to SSAB’s interpretation of Bisalloys’ financial announcements.

SSAB interpretations are based upon Bisalloy Steel’s broader economic performance including its export business and sales of products not covered within Investigation 578 and should be disregarded.

The impact of the dumping of Q&T steel plate from the USA cannot be ignored. It was Bisalloy’s expectation following the publication of Report 506 – the continuation of measures of measures on Q&T steel plate exported from Finland, Japan and Sweden – that it would recover sales volumes and market share that had been lost to dumped exports from Finland and Sweden.

This has not occurred due to the emergence of the dumping from the USA.

¹ Investigation 578, EPR Document No. 007).

II. Q&T steel plate exports from USA

Bisalloy notes that the SSAB submission does not address whether the Q&T steel plate exports from the USA were at dumped prices during 2020. Q&T steel plate exported to Australia from the USA has replaced the decline in export volumes from SSAB Sweden following the continuation of measures on exports from that source in November 2019. The level of interim dumping duty (“IDD”) applied at 58.6 per cent has been a disincentive for the SSAB Group of companies to export to Australia from Sweden. SSAB AU has switched supply sources to its facility in Alabama. Bisalloy’s application for anti-dumping measures asserted margins of dumping from the USA of approximately 26.5 per cent².

It would therefore appear not to be in dispute that SSAB Alabama’s exports to Australia during 2020 were at dumped prices.

III. Material injury to Australian industry

SSAB’s submission seeks to dispute Bisalloy’s claims of material injury in its application for measures on Q&T steel plate exported from the USA. SSAB has engaged in “country hopping” to source large volumes of Q&T steel plate that are the subject of measures from its normal supply facility in Sweden, in order to circumvent measures that are intended to redress injurious dumping from that source.

SSAB contends in its submission that the recent performance announcements by Bisalloy confirm that the Australian industry has not suffered material injury from SSAB’s exports from the USA. Consideration Report No. 578 (“Con Report 578”) confirmed that following the continuation of measures on exports of Q&T steel plate from Finland, Japan and Sweden in 2019, there was a rapid decline in export volumes from the three countries where the measures were continued and a sharp escalation in exports from the USA during 2020.

The Commission further confirmed that the Australian industry had experienced a reduction in market share in a market that increased in size during 2020.

It was Bisalloy’s expectation that following the continuation of measures in November 2019 with effective measures in place (at levels that would have been expected to curb export volumes from Finland and Sweden), Bisalloy would be able to increase sales volumes into the Australian market and naturally grow its market share in the absence of injurious dumping. These expectations have not materialised due to the switch in sources of supply by SSAB away from Finland and Sweden to the USA.

SSAB secured increased sales in Australia in 2020 for its USA exports as these exports did not attract anti-dumping measures. The selling prices for SSAB product sourced from the USA into the Australian market have been at dumped prices with SSAB AU communicating to its Australian customers that it will maintain “the status quo” with pricing following the continuation of measures on exports from Finland and Sweden.

As a consequence of SSAB maintaining pricing levels with its Australian customers, Bisalloy has experienced profits forgone in 2020 and 2021. The impact of the increased import volumes from the USA is evident in Bisalloy’s domestic sales volumes for Q&T steel plate since 2018.

² The Commission’s estimate in Consideration Report No. 578 was 13.5 per cent.

Table 1 – Bisalloy sales volumes and revenues – 2018 to 2021 ytd

	2018	2019	2020	2021 Half
Sales Volumes (Tonnes)	xxxx	xxxx	xxxx	xxxx
Sales Revenues (\$'000)	xxxx	xxxx	xxxx	xxxx
Unit Revenue	xxxx	xxxx	xxxx	xxxx

- Notes:
1. Years are calendar years to align with investigation period.
 2. Sales volumes and revenues for domestic sales of wear & structural.

Following the Minister's decision in November 2019 to continue anti-dumping measures on exports of Q&T steel plate from Finland and Sweden, Bisalloy's expectation was that it could capitalise on its under-utilised production capacity rates. Bisalloy can achieve increased production output at current working shift operations. On the basis that Bisalloy should have secured a minimum 10 per cent increase in sales volumes following the Minister's decision in Investigation 506, Bisalloy's sales volumes, revenues and profit forgone are reflected in Table 2.

Table 2 – Sales volumes, revenues and profits forgone 2020 (domestic wear and structural sales)

	2019	2020 (actual)	2020 (10% Increase)	Forgone
Sales volumes (tonnes)	xxxx	xxxx	xxxx	xxxx
Revenues (\$'000)	xxxx	xxxx	xxxx	xxxx
Net Margin (\$'000)	xxxx	xxxx	xxxx	xxxx
Net Margin \$/MT	xxxx	xxxx	xxxx	xxxx

In 2020, Bisalloy achieved an increase in selling price to the unsuppressed level on its domestic sales of wear and structural Q&T steel plate. However, As evidenced in Table 2, with the measures continued on Q&T steel plate exported from Finland, Japan and Sweden, Bisalloy's domestic sales remained flat, despite an expansion of the Australian market for Q&T steel plate. Meanwhile, SSAB's dumped exports from the USA increased sharply, [*anticipated improvement in economic indicators*] to displace the dumped and injurious imports from Finland and Sweden that should have occurred.

Bisalloy's expectation of an additional minimum 10 per cent growth in sales volumes in 2020 (to displace exports from Finland and Sweden) generating an additional \$xxx M in annual revenue did not materialise due to the availability of the dumped and injurious Q&T steel plate exports from the USA in the Australia market (in particular, as sold to two large domestic customers [*customer name*] and [*customer name*]).

Sales volumes for the January to June 2021 year have also remained flat – with Bisalloy unable to secure sales at large volume accounts supplied by SSAB ex USA Q&T steel plate at dumped prices. This has contributed to further forgone injury that should have been available to Bisalloy to supply.

It can be seen that Bisalloy's sales of wear and structural Q&T steel plate have been hampered by the shift in supply by SSAB from its predominantly Swedish production facility to its USA, Alabama facility following Investigation 506. The minimum profit improvement that Bisalloy has achieved has been limited - achievable only on margin increase on flat sales volumes in an expanding market, with access prevented on increased sales volumes and market share.

IV. SSAB's protestations incorrectly based

The SSAB submission protests that SSAB's "legitimate business interests" are adversely affected by Bisalloy seeking the imposition of anti-dumping measures. Bisalloy is merely seeking to remedy the unfair pricing activities evident in the Australian market from the largest importer of Q&T steel plate continuing to export to Australia from its various global operations at dumped prices.

SSAB further argues that Bisalloy's claim of material injury cannot be substantiated following recent results announcements. Bisalloy's recent performance announcement for its first half of the 2021 financial year was for Bisalloys' total operation³ – that is, including for exports and its Chinese Joint Venture operations. The announcements therefore extend beyond the Bisalloy's domestic Q&T steel plate business which is the subject of the current investigation. Performance trends announced for the broader business cannot be interpreted as reflecting Bisalloy's domestic Q&T steel plate business only.

Setting aside SSAB's ill-informed claims about the prosperity of Bisalloy's Q&T steel plate business (it must be recalled that the 2017 year referenced by SSAB was at a point in time when SSAB's dumped exports adversely impacted Bisalloy's operation), it is recognised that Bisalloy must compete with SSAB for sales on the Australian market. The availability of dumped Q&T steel plate from the USA adversely impacts not only the customers where SSAB has secured sales but also the broader market where the availability of Q&T steel plate at dumped prices impacts supply across all Q&T steel plate sold domestically in Australia.

SSAB's comments concerning recent profit announcements by Bisalloy do not deny that SSAB has exported from the USA at dumped prices. SSAB's claim that the replacement of exports from Finland and Sweden with exports from the USA to Australia "*does not amount to volume injury to anyone*" is disingenuous and incorrect. The Commission has concluded that in Report 506 that the Australian industry has suffered material injury from the exports from Finland, Japan and Sweden. For SSAB to suggest that shifting supply to the dumping from the USA removes the liability from material injury is simply fanciful.

The impact of the Covid 19 pandemic has seen demand and selling prices increase. As indicated, Bisalloy's profit performance improvement has occurred due to a margin improvement – not as a consequence of Bisalloy supplying increased sales volumes that should have occurred following Investigation 506.

V. Conclusions

Bisalloy's application for anti-dumping measures against exports of Q&T steel plate from the USA is justified. SSAB has "country-hopped" from supply ex Finland and Sweden that are now the subject of effective measures and continues to supply into the Australian market at dumped prices preventing the Australian industry from recovering sales volumes and respective revenues, and improving its reduced production utilisation rates.

Bisalloy has demonstrated that it has experienced injury that is considered material in the form of sales volumes, market share and profit and profitability forgone. Additionally, Bisalloy continues to experience underutilised production capacity that has remained flat following the Investigation 506 outcome.

Bisalloy respectfully requests the Commissioner to publish a Preliminary Affirmative Determination and impose provisional securities on future dumped and injurious exports of Q&T steel plate at the earliest opportunity.

³ Refer SSAB submission 20 July 2021, P.7 where graph extract relates to "Bisalloy Group" performance.

If you have any questions concerning this submission, please do not hesitate to contact me on (02) 4272 0403.

Kind regards,

A handwritten signature in blue ink that reads "J. Beale". The signature is written in a cursive style with a large, stylized initial "J".

Luke Beale
Chief Financial Officer / Company Secretary
Bisalloy Steels