



31 March 2014

Ms Kerry Taylor  
Director Operations 3  
Anti-Dumping Commission  
1010 La Trobe Street,  
Docklands Vic 3008  
Australia

Operations3@adcommission.gov.au

Attention: Kerry Taylor

### Public File

Dear Ms Taylor,

**Re: Investigation into the alleged dumping of Quenched and Tempered Steel Plate exported from Finland, Japan and Sweden – Bisalloy Comments re Submission by JFE**

#### Introduction

A submission Dated 7 March 2014, understood to be from JFE Steel Corporation (JFE) but not on a company letter head or signed, contains incorrect and/or inaccurate information/claims regarding several important aspects of JFE products in relation to the Australian Industry's 'like goods' (Quenched and Tempered steel plate) as well as to Australian markets that are served by Bisalloy Steels Pty Ltd ("Bisalloy") and JFE.

These incorrect and/or inaccurate assertions/claims are summarised below. Bisalloy requests the Anti-Dumping Commission ("the Commission") reject the assertions/claims made by this unidentified writer of the submission as it is considered that JFE's claims are both misrepresented and not adequately supported.

#### 1. No Competition

The claim by JFE that **'with minor exception JFE Q&T plates do not compete with the Applicant's product'** is considered to be inaccurate and a misrepresentation of the facts. Bisalloy competes directly and via its distribution network, with imported JFE Q&T steel plate in a similar manner as it does with other industry competitors from Japan, Finland and Sweden.

The further claim by JFE that **'we (JFE) in no way harm the Australian steel producer like the Applicant has alleged'** is again considered inaccurate. Bisalloy competes directly and indirectly (via the distribution network) with JFE exports of Q&T steel plate on the Australian market in both wear and structural grades. Therefore, it is considered this is an inaccurate misrepresentation by JFE to state that its products "do not compete" with Bisalloy's products.

#### 2. Different product production process

The claim by JFE that the **'Product range of JFE is considered significantly different from that of the Applicant'** is considered by Bisalloy to be both incorrect and inaccurate as it has been clearly highlighted in the Australian Industry ADA that regardless of the various differences in chemistry within imported Q&T steel plate including that from JFE, the end use applications compete directly with that of the Australian

The claim by JFE that **'the Applicant has only heat treatment processing equipment and purchases Q&T green plate from other plate manufacturers'** and the **'Applicant therefore can only control some portion of the heat treatment'** is considered by the Australian Industry not to be a determining factor for customers on the Australian market that have variously purchased from Bisalloy as the locally produced Q&T steel plate is of equal or superior quality to imported JFE Q&T steel plate.

Also the implied claim by JFE that by being **'an integrated steel manufacturer'** JFE can better control quality through the production process is again considered to be unjustified given that the Australian Industry quality is deemed to be of equal or superior quality to imported JFE Q&T steel plate products i.e. greater scale though integrated steel making does not necessarily equate to better quality of Q&T steel plate.

### **3. Supply Experience**

The claim by JFE that **'no anti-dumping measure should be imposed on JFE Q&T steel plate'** as it is considered by JFE that the goods description was ambiguous is irrelevant. The goods were accurately described in the application and the Commission accepted the definition as clearly outlining the goods the subject of the application. JFE's request must be disregarded by the Commission.

The claim by JFE that **'JFE sells its QT plate on quality, and not on price and in terms of the Australian market JFE's sales of QT Plate satisfy an essential economic requirement'** is considered by Bisalloy to be unrealistic given the competition that exists between Bisalloy's Q&T steel plate and the imported JFE Q&T steel plate.

The Australian market is supplied by a number of Q&T steel plate suppliers, distributors and profilers/processors that generally purchases Q&T steel plate on the basis of a number of criteria of such price, quality, service delivery, size, grade, fit-for-purpose as well as other factors. To say that the Australian market chooses to buy JFE Q&T steel plate on quality alone simply does not reflect the buying criteria of the Australian market in relation to JFE Q&T steel plate.

### **4. JFE's Supply Chain is more Value Added**

The claim by JFE that **'the Distribution channels in the Australian market are also different to those of the Applicant'** is considered by Bisalloy to be a further misrepresentation of the competition in the Australian market. The Australian Industry utilises a number of distributor channels including many of which provide Q&T steel plate profiling and processing similar to that of Total Steel of Australia Pty Ltd.

The claim by JFE that **'the distribution channels of JFE Q&T steel plate have become essential to the customers'** and **'these distribution channels are different from those of the Applicant'** is misleading in the sense that while these distribution channels may at times be different, the end-use customer in the majority of instances is the same as that of the Australian Industry and both Bisalloy's Q&T steel plate and the JFE Q&T steel plate are substitutable in the nominated end-use application.

The claim by JFE that **'with minor exception, JFE Q&T steel plate does not compete with the sales through the network of the distributors being 80% of the Applicant domestic sales'** is considered to be misrepresentative as regardless of what percentage the Australian Industry may sell through distributors to the Australian market, the vast majority of these Q&T steel plate sales compete essentially for the same end-use customer market as JFE Q & T plate. Therefore, the difference due to distribution channel claimed by JFE is irrelevant to the alleged dumping by JFE of the GUC into the Australian market.

The claim by JFE that **'these service centers provide the best possible service to the mining and construction equipment manufacturers in Australian'** and that **'the function of these service centers is essential for the Australian resources industry, and must be supplied on short notice resulting in the need to carry stocks'**, is in Bisalloy's view considered to be irrelevant to the Australian Industry's claims of alleged dumping and resultant material injury.

## 5. Production Capacity

The claim that **'these facts mean that the production capacity (65,000tpa) and range of the Applicant cannot satisfy the domestic demand of 80,000 tons'**, are not correct. It is estimated by Bisalloy that less than 10% of the Australian market's required range for Q&T steel plate cannot be supplied by the Australian Industry. In addition the Australian Total Available Market size for Q&T steel plate during the investigative period is estimated to be 60,000 tons based upon the Australian Industry and ABS imports tonnes and therefore greater than 90% of the domestic market can be effectively supplied by the Australian Industry.

## 6. Public Interest to Australian Economy

**Bisalloy is cognisant of the Minister's discretion to apply anti-dumping measures** following a recommendation by the Commissioner. In this instance, Bisalloy contends that the imposition of measures are within the interests of the Australian Industry and its customers to ensure significant value-adding manufacturing activities are maintained in Australia to support and sustain the competitive supply of Q&T steel plate for the Australian market over the life cycle of our customers' investments.

## 7. Conclusion

The claim by JFE that the **'Imposition of anti-dumping measure on JFE plate will only lead to damage our Australian customers'** is considered by the Australian Industry to be incorrect as many of JFE's customers are also customers of Bisalloy and/or other Q&T steel plate suppliers in the Australian market.

Bisalloy is also a key supplier (for over 30yrs) to the Australian mining industry that is considered to be one of the most efficient and competitive in the world. Australian mining investments are generally long term (10-20yrs+) and therefore benefits more from an Australian Industry that provides a highly-regarded value-adding manufacturing function within Australia and supports the competitiveness of mining investments over these longer cycles and not just for the current period.

The Commission is respectfully requested to disregard the inaccurate and unsupported claims of JFE in its submission of 7 March 2014.

If you have any questions concerning this authority, please do not hesitate to contact either myself on (02) 4272 0407 Mob: 0406317671 or Bisalloy's Consultant John O'Connor on (07) 3342 1931 Mob: 0411 252 451.

Yours faithfully,



Tom Matinca  
Business Development and Strategy Manager  
Bisalloy Steel Group Limited