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05 April 2019

**The Director  
Investigations 2  
Anti-Dumping Commission  
Industry House  
10 Binara Street  
Canberra  
Australian Capital Territory 2600**

**Attention: Mr An Chew  
Assistant Director, Quality Assurance and Verification**

By email

Dear Director

## **Rautaruukki Oyj Case 506 - Quenched and tempered steel plate from Finland, Japan and Sweden**

We refer to the letter of authority from SSAB EMEA AB ("EMEA") as emailed by us to Mr Peters of the Commission on 7 March 2019, to the effect that we are the lawyers for EMEA and its related companies in this matter.

Rautaruukki Oyj ("Ruukki") is one such related company, by reason of the fact that both SSAB EMEA and Ruukki are 100% owned by SSAB AB. Ruukki is a Finnish manufacturer of high strength steels, standard steel strip, steel plate and tubular steel products. SSAB AB acquired all the shares in Ruukki on 31 July 2014. Prior to that the SSAB and Ruukki groups were entirely separate company groups. SSAB produced and exported quenched and tempered steel plate from Sweden, while Ruukki produced and exported its own quenched and tempered steel plate from Finland.

The following table sets out the volume of exports by Ruukki of quenched and tempered steel plate to Australia over the inquiry period and the preceding two years:

<b>Period</b>	<b>Volume (MT)</b>
2018	Nil
2017	<b>[CONFIDENTIAL TEXT DELETED – numbers]</b>
2016	

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As you can see, Ruukki had no exports of quenched and tempered steel plate in the inquiry period.

Ruukki has not submitted an Exporter Questionnaire response for the purposes of the inquiry, and will not be doing so. Our client recognises that an exporter in its position, not having given the Commissioner information considered to be relevant to the inquiry, may be deemed to be an “uncooperative exporter”.

At the same time, Ruukki does wish to assure the Commission that it fully understands and respects the Commission’s role and responsibility, and that Ruukki’s non-submission of an Exporter Questionnaire response was not because of any disregard for the inquiry. Indeed, Ruukki does wish to participate, in order to make submissions with a view to ensuring that the measures are allowed to expire as against itself and EMEA, for cogent reasons that we intend to make clear on behalf of those companies.

For example, in Ruukki’s case imports of quenched and tempered steel plate to Australia in the foreseeable future is not likely. There are two equally compelling reasons for this.

First, the business model of Ruukki in Australia at the time of the original investigation period was a sale-to-distributor model. Ruukki had only recently before that original investigation established an Australian sales entity. Ruukki’s brands competed directly with Bisalloy, which itself adopted the same route to market, and primarily still does. In contrast, SSAB’s model has typically been a sale-to-end user model, focusing on the value proposition offered by its premium brands **[CONFIDENTIAL TEXT DELETED – pricing information]**. SSAB’s focus on sales of performance brands to end-users **[CONFIDENTIAL TEXT DELETED – pricing information]** has only intensified over the years since the measures were put in place. Continued sales of Ruukki quenched and tempered steel plate into both the distributor market and the different end-user customer market was considered by SSAB to be a practice that would divert from and devalue its established brands and marketing, and was therefore not persisted with.

Secondly, and relatedly, one of the objectives of any major international merger such as that of the SSAB and Ruukki groups is to rationalise production and seek efficiencies. In the case of sales to Australia, focusing on the strengths of the different factories and reducing supply chain complexity has preferred continued exports of **[CONFIDENTIAL TEXT DELETED – information about the goods and brands]**.

The export statistics themselves are proof of the changes that have affected Ruukki’s exports, to the point of extinction in 2018. **[CONFIDENTIAL TEXT DELETED – production information]**.

In any event, we reiterate that the SSAB group, through its Australian subsidiary SSAB Swedish Steel Pty Ltd (“SSAB AU”), **[CONFIDENTIAL TEXT DELETED – sales strategy]**. The evidence demonstrates this, and will further show that SSAB AU’s sales are predominantly to end-users and, unlike the Australian industry, not to distributors. In these circumstances it cannot be said that SSAB group exports of quenched and tempered steel plate would cause injury to the Australian industry to recur, regardless of the source country.

In terms of the fixing of different variable factors for an exporter such as Ruukki, which we note is an independent power of the Commissioner under the Act, we would merely note:

- that Ruukki cannot advise the Commission of an export price for the goods under consideration, because it had no exports, and because no legislative alternative for the Commission to determine an export price for Ruukki exists other than that of “relevant information”;

- that “relevant information” for the purposes of normal value and export price information - should it be required - is readily available from EMEA, a member company of the SSAB group that operates in a nearby Nordic country and under the same corporate policies **[CONFIDENTIAL TEXT DELETED – pricing information]** to related company importers in other countries.
- that should the measures be continued – an outcome with which the SSAB group companies would not agree - the Commission may be minded to work out a “non-injurious price”, a determination for which Ruukki has no information, again because it has had no exports.

Ruukki trusts the Commission will understand that the cost and effort involved in filling out an Exporter Questionnaire is not insubstantial. In circumstances in which it had no exports in the inquiry period, and believes the measures should be allowed to expire, and in which its nearby now-sister company is fully participating, we respectfully submit that its decision not to submit an Exporter Questionnaire response is understandable.

Ruukki recognises that its non-participation does mean that “relevant information” would therefore be used by the Commission in the consideration of its variable factors in the inquiry period, and that it cannot have any complaint should the Commission adopt information obtained from EMEA for that purpose.

Should you have any questions regarding these matters please do not hesitate to contact me.

Yours sincerely



**Daniel Moulis**  
Partner Director

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