



Australian  
Competition &  
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# NEWS RELEASE

## **ACCC NOT TO OPPOSE BLUESCOPE STEEL LTD'S PROPOSED ACQUISITION OF ORRCON STEEL**

The Australian Competition and Consumer Commission will not oppose BlueScope Steel Ltd's proposed acquisition of the Orrcon Steel business from Hills Holdings Limited.

Orrcon manufactures pipe and tube products at its facilities in Queensland and South Australia, and distributes through 12 sites across Australia.

BlueScope is the only Australian manufacturer of pipe and tube inputs (hot rolled coil, cold rolled coil and galvanised coil). As a result of the proposed acquisition BlueScope would integrate into the manufacture of pipe and tube products and merge with Orrcon's steel and tube distribution businesses.

The ACCC considered whether BlueScope would have an increased ability and incentive to affect the supply of key inputs to both rival pipe and tube manufacturers and also rival steel and tube distributors.

"The ACCC concluded that rival manufacturers would likely be able to bypass BlueScope in the event of a foreclosure strategy by increasing the number of imported pipe and tube inputs they acquire," ACCC Chairman Rod Sims said.

"The ACCC formed the view that rival steel and tube distributors would continue to have alternatives to BlueScope in the supply of pipe and tube products, principally from manufacturer Australian Tube Mills and also through imports."

The ACCC had regard to the potential competitive effects of the proposed acquisition on the Tasmanian market for steel and tube distribution, as there are fewer steel and tube distributors compared to mainland Australia.

"After careful consideration and extensive consultation, the ACCC considered that were BlueScope to attempt to deny or limit rival Tasmanian distributors' access to pipe and tube products, that these distributors would be able to obtain supply from other domestic manufacturers or via imports," Mr Sims said.

A number of market participants expressed concern to the ACCC in relation to the effect of anti-dumping applications and proposed changes to steel-industry related Australian Standards on their ability to bypass BlueScope and increase the proportion of imported inputs or finished steel products that they acquire.

The ACCC noted the complexities associated with imports, including the effect of anti-dumping applications and the associated imposition of duties and adherence to Australian Standards. However, based on publicly available data, market feedback and information provided by the merger parties, the ACCC considered that imports would continue to

represent a significant alternative for both the supply of pipe and tube inputs and the supply of structural pipe and tube products in Australia.

The ACCC considered that BlueScope would continue to have an incentive to supply rival manufacturers of pipe and tube products and rival distributors of steel and tube products due to the ability of rivals to source supply from alternative sources, including imports. This incentive is increased by the need to operate the blast furnace at BlueScope's Port Kembla steelworks at full capacity and the greater profits it earns on domestic sales over exporting excess production.

In respect of the merger of BlueScope and Orrcon's pipe and tube distribution businesses the ACCC considered that the number of alternative distributors in all state markets would constrain any attempt by the merged firm to either increase prices or decrease service.

In reaching this decision, the ACCC consulted widely with a range of interested parties, including pipe and tube manufacturers, import traders, steel and tube distributors, end customers, industry bodies and government organisations.

A Public Competition Assessment outlining the ACCC's reasons for its decision will be available in due course.

**Media inquiries**

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**General inquiries**

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**5 December 2013**