



Australian Government
Anti-Dumping Commission

Application for the publication of
dumping and/or
countervailing duty notices

Silicon Metal exported
from The People's
Republic of China

APPLICATION UNDER SECTION 269TB OF THE *CUSTOMS ACT 1901* FOR THE PUBLICATION OF DUMPING AND/OR COUNTERVAILING DUTY NOTICES

DECLARATION

I request, in accordance with Section 269TB of the Customs Act 1901, that the Minister publish in respect of goods the subject of this application:

- a dumping duty notice, or
- a countervailing duty notice, or
- a dumping and a countervailing duty notice

This application is made on behalf of the Australian industry producing like goods to the imported goods the subject of this application. The application is supported by Australian producers whose collective output comprises:

- 25% or more of the total Australian production of the like goods; and
- more than 50% of the total production of like goods by those Australian producers that have expressed either support for, or opposition to, this application.

I believe that the information contained in this application:

- provides reasonable grounds for the publication of the notice(s) requested; and
- is complete and correct.

Signature:

Name: David Miles
Position: Vice President Site Services and Marketing
Company: Simcoa Operations Pty Ltd
ABN: 42 009 064 653
Date: 6 January 2014

IMPORTANT INFORMATION

Signature requirements

Where the application is made:

By a company - the application must be signed by a director, servant or agent acting with the authority of the body corporate.

By a joint venture - a director, servant, agent of each joint venturer must sign the application. Where a joint venturer is not a company, the principal of that joint venturer must sign the application form.

On behalf of a trust - a trustee of the trust must sign the application.

By a sole trader - the sole trader must sign the application.

In any other case - contact the Commission's Client support section for advice.

Assistance with the application

The Anti-Dumping Commission has published guidelines to assist applicants with the completion of this application. Please refer to the following guidelines for additional information on completing this application:

- *Instructions and Guidelines for applicants: Application for the publication of dumping and or countervailing duty notices*
- *Instructions and Guidelines for applicants: Examination of a formally lodged application*

The Commission's client support section can provide information about dumping and countervailing procedures and the information required by the application form. Contact the team on:

Phone: 1300 884 159

Fax: 1300 882 506

Email: clientsupport@adcommission.gov.au

Other information is available from the Commission's website at www.adcommission.gov.au.

Small and medium enterprises (i.e., those with up to 200 employees) may obtain assistance, at no charge, from the International Trade Remedies Adviser, employed by Australian Industry Group and funded by the Australian government. To access this service, visit www.aigroup.com.au/traderemedies or telephone (03) 9867 0267.

Important information

To initiate an investigation into dumping and/or subsidisation, the Commission must comply with Australia's international obligations and statutory standards. This form provides an applicant industry with a framework to present its case and will be used by the Commission to establish whether there are reasonable grounds to initiate an investigation. To assist consideration of the application it is therefore important that:

- all relevant questions (particularly in Parts A and B) are answered; and
- information that is reasonably available be supplied.

The Commission does not require conclusive evidence to initiate an investigation, but any claims made should be reasonably based. An application will be improved by including supporting evidence and where the sources of evidence are identified. Simple assertion is inadequate to substantiate an application.

To facilitate compilation and analysis, the application form is structured in 3 parts:

1. **Part A** seeks information about the Australian industry. This data is used to assess claims of material injury due to dumping/subsidisation. Where an Australian industry comprises more than one company, each should separately prepare a response to Part A to protect commercial confidentiality.
2. **Part B** relates to evidence of dumping.
3. **Part C** is for supplementary information that may not be appropriate to all applications. However some questions in Part C may be essential for an application, for example, if action is sought against subsidisation.

All questions in Parts A and B must be answered, even if the answer is 'Not applicable' or 'None'. Where appropriate, applicants should provide a short explanation about why the requested data is not applicable. This will avoid the need for follow up questions by the Commission.

The application form requests data over several periods ($P^1, P^2 \dots P^n$) to evaluate industry trends and to correlate injury with dumped imports. The labels $P^1 \dots P^n$ are used for convenience in this application form. Lodged applications should identify the period relevant to the data. This form does not specify a minimum period for data provision. However, sufficient data must be provided to substantiate the claims made. If yearly data is provided, this would typically comprise a period of at least four years (for example the current financial year in addition to three prior years). Where information is supplied for a shorter period, applicants may consider the use of quarterly data. Data must also be sufficiently recent to demonstrate that the claims made are current.

When an investigation is initiated, the Commission will verify the claims made in the application. A verification visit to the Australian industry usually takes several days.

Applicant companies should be prepared to substantiate all Australian industry financial and commercial information submitted in the application. Any worksheets used in preparing the application should therefore be retained to facilitate verification.

During the verification visit, the Commission will examine company records and obtain copies of documents relating to the manufacture and sale of the goods.

Appendices	Some questions require attachments to be provided. The attachment numbering sequence should refer to the question answered. For example, question A2.2 requests a copy of an organisation chart. To facilitate reference, the chart should be labelled <u>Attachment A2.2</u> . If a second organisation chart is provided in response to the same question, it should be labelled <u>Attachment A2.2.2</u> (the first would be labelled <u>Attachment A2.2.1</u>).
Provision of data	Industry financial data must, wherever possible, be submitted in an electronic format. <ul style="list-style-type: none">• The data should be submitted on a media format compatible with Microsoft Windows.• Microsoft Excel, or an Excel compatible format, is required.• If the data cannot be presented electronically please contact the Commission's client support section for advice.
Lodgement of the application	This application, together with the supporting evidence, should be lodged with: <p style="margin-left: 40px;">The National Manager - Operations Anti-Dumping Commission Customs House 1010 Latrobe St Docklands VIC 3008</p> <p style="margin-left: 40px;">or</p> <p style="margin-left: 40px;">Sent by facsimile to 1300 882 506</p>
Public Record	During an investigation all interested parties are given the opportunity to defend their interests, by making a submission. The Commission maintains a public record of these submissions. The public record is available on the Commission's website at www.adcommission.gov.au . At the time of making the application both a confidential version (for official use only) and non-confidential version (public record) of the application <u>must</u> be submitted. Please ensure each page of the application is clearly marked "FOR OFFICIAL USE ONLY" or "PUBLIC RECORD". The non-confidential application should enable a reasonable understanding of the substance of the information submitted in confidence, clearly showing the reasons for seeking the conduct of a dumping and/or subsidy investigation, or, if those reasons cannot be summarised, a statement of reasons why summarisation is not possible. If you cannot provide a non-confidential version, contact the Commission's client support section for advice.

PART A

INJURY

TO AN AUSTRALIAN INDUSTRY

IMPORTANT

All questions in Part A should be answered even if the answer is 'Not applicable' or 'None'. If an Australian industry comprises more than one company/entity, each should separately complete Part A.

For advice about completing this part please contact the Commission's client support section on:

Phone: 1300 884 159
Fax: 1300 882 506
Email: clientsupport@adcommission.gov.au

A-1 Identity and communication.

Please nominate a person in your company for contact about the application:

Contact Name: Mr David Miles
 Company and position: Vice President Site Services and Marketing,
 Simcoa Operations Pty Ltd
 Address: 973 Marriott Road, Wellesley, W.A. 6233
 Telephone: (08) 9780 6762
 Facsimile: (08) 9780 6756
 E-mail address: davidmiles@simcoa.com.au
 ABN: 42 009 064 653

Alternative contact

Name: Mr Kazuyuki Shimada
 Position in the company: Manager Accounting and Financing
 Address: 973 Marriott Road, Wellesley, W.A. 6233
 Telephone: (08) 9780 8750
 Facsimile: (08) 9780 6777
 E-mail address: kazuyukishimada@simcoa.com.au

If you have appointed a representative to assist with your application, provide the following details and complete Appendix A8 (Representation).

Name: Mr John O'Connor
 Representative's business name: John O'Connor & Associates Pty Ltd
 Address: P.O. Box 329, Coorparoo Qld 4151
 Telephone: (07) 3342 1921
 Facsimile: (07) 3342 1931
 E-mail address : jmoconnor@optusnet.com.au
 ABN: 39 098 650 241

A-2 Company information.

- 1. State the legal name of your business and its type (eg. company, partnership, sole trader, joint venture). Please provide details of any other business names you use to manufacture/produce/sell the goods that are the subject of your application.**

This application is made in respect of silicon exported from the People's Republic of China ("China"). The name of the applicant company requesting the imposition of anti-dumping measures is:

Simcoa Operations Pty Ltd (ABN 42 009 064 653)

Simcoa Operations Pty Ltd ("Simcoa") is the sole Australian manufacturer of silicon.

- 2. Provide your company's internal organisation chart. Describe the functions performed by each group within the organisation.**

Simcoa has included a copy of its internal organization chart at Confidential Attachment A-2.2.

- 3. List the major shareholders of your company. Provide the shareholding percentages for joint owners and/or major shareholders.**

Simcoa is owned 100 per cent by the Silicon Metal Company of Australia Pty Ltd (ABN 73 009 401 736).

- 4. If your company is a subsidiary of another company list the major shareholders of that company.**

The Simcoa Metal Company of Australia Pty Ltd is 100 per cent owned by the Japanese Shin-Etsu Chemical Co., Limited.

5. If your parent company is a subsidiary of another company, list the major shareholders of that company.

The Shinetsu Chemical Co., Ltd is a listed company in Japan. Major shareholders of the company include:

- The Master Trust Bank of Japan, Ltd (trust Account) – 8.9%;
- Japan Trustee Services Bank, Ltd (Trust Account) – 7.0%;
- Nippon Life Insurance Company – 5.7%;
- The Hachijuni Bank Ltd – 2.8%;
- Japan Trustee Services Bank, Ltd (Trust Account 4) – 2.7%;
- Meiji Yasuda Life Insurance Company – 2.5%;
- SSBT QD05 OMNIBUS Account – Treaty Clients – 2.1%;
- State Street Bank and Trust Company 505225 1.6%;
- The Chase Manhattan Bank, N.A. London SECS Lending Omnibus Account – 1.4%;
- Mellon Bank, N.A. As agent for its client Mellon Omnibus US Pension – 1.3%.

6. Provide an outline diagram showing major associated or affiliated companies and your company's place within that structure (include the ABNs of each company).

Please refer to Confidential Attachment A-2.6 for a diagram of Simcoa's affiliated companies.

7. Are any management fees/corporate allocations charged to your company by your parent or related company?

No management or corporate fees are charged to Simcoa by its parent or related companies.

8. Identify and provide details of any relationship you have with an exporter to Australia or Australian importer of the goods.

Simcoa imports limited volumes of silicon from the Peoples Republic of China (China") to assist in its production re-melt program to cool silicon before casting. Simcoa does not import silicon for re-sale.

9. Provide a copy of all annual reports applicable to the data supplied in Appendix A3 (Sales Turnover). Any relevant brochures or pamphlets on your business activities should also be supplied.

Simcoa does not prepare an annual report. The company does prepare special annual financial statements. Please refer to Confidential Attachment A-2.9.

10. Provide details of any relevant industry association.

Simcoa is only a member of the Chamber of Commerce and Industry Western Australia.

A-3 The imported and locally produced goods.

1. Fully describe the imported product(s) the subject of your application:

- **Include physical, technical or other properties.**
- **Where the application covers a range of products, list this information for each make and model in the range.**
- **Supply technical documentation where appropriate.**

Goods the subject of the application

The goods that are the subject of this application (the goods) are:

- Silicon metal containing at least 96.00 per cent but less than 99.99 per cent silicon by weight, and
- Silicon metal containing between 89.00 per cent and 96.00 per cent silicon by weight that contains aluminium greater than 0.20 per cent by weight,

of all forms (i.e. lumps, granules, or powder) and sizes.

The goods are often referred to as silicon metal.

Additional product information

This application includes all forms and sizes of silicon, including off-specification silicon such as silicon metal with high percentages of other elements, such as aluminium, calcium, iron, etc.

Silicon is a chemical element, of metallic appearance and steel grey in colour. It can be sold in lump, granule or powder form, and can be used in the same end-use applications whatever its form. Silicon is generally sold in lump form to the metallurgical industry and, in powder form to the chemicals industry. It is often referred to as a metal, although silicon possesses characteristics of both metals and non-metals (Silicon is a metalloid).

Silicon is principally used by primary and secondary aluminium producers as an alloying agent and by the chemical industry to produce silicones and photovoltaics. The type and level of impurities in the silicon generally influence the end-use application (i.e. whether 'primary' or 'secondary' use aluminium).

2. What is the tariff classification and statistical code of the imported goods.

The goods are classified under tariff item 2804.69.00 statistical code 14. The rate of Customs duty applicable to imports from P R China is "free".

It is likely that some imports have been incorrectly classified under tariff item 2804.61.00 statistical code 13.

Please refer to Non-Confidential Attachment A-3.2 for an extract from the Customs Tariff Schedule 3.

3. Fully describe your product(s) that are 'like' to the imported product:

- Include physical, technical or other properties.
- Where the application covers a range of products, list this information for each make and model in the range.
- Supply technical documentation where appropriate.
- Indicate which of your product types or models are comparable to each of the imported product types or models. If appropriate, the comparison can be done in a table.

'Like goods' to imported Silicon

Silicon has been the subject of an earlier anti-dumping investigation (Trade Measures Report No. 81 refers). In that investigation, the then Customs and Border Protection determined that the silicon manufactured by Simcoa "is a like product to both primary and secondary use exported from China". In respect of the silicon manufactured by Simcoa, it was determined that whilst not identical in all respect to the imported goods, the locally produced goods have characteristics closely resembling the imported goods.

Primary and secondary use silicon

In Trade Measures Report No. 81 ("Report No. 81") Customs and Border Protection addressed Primary and Secondary Use Silicon. The following is an extract:

"In Australia, Silicon is predominantly used as an alloying element with aluminium. The type and level of impurities in the silicon generally determine the end use application; that is, if it will be alloyed with 'primary' or 'secondary' aluminium.

Primary aluminium is produced by the electrolytic reduction of alumina. This aluminium is then combined with other elements, such as silicon, to produce foundry and extrusion alloys which are used to manufacture goods such as car and truck wheels, window frames and door frames. Silicon used in these applications tends to be much more demanding in terms of lower impurity levels.

Secondary aluminium is produced from the recycling of scrap aluminium. Silicon is also added, but the quality requirement for silicon supplied to this industry is much lower and higher impurity limits of iron and calcium are tolerated. Secondary aluminium is used to produce general die casting alloys which are used to manufacture a range of car parts, including manifolds, crank cases and other engine components."

There are a number of grades of silicon, however, Report No. 81, Customs and Border Protection referred to primary and secondary use silicon. Primary use silicon refers to silicon that is predominantly alloyed with primary aluminium, whereas secondary use silicon is predominantly alloyed with secondary aluminium.

Simcoa does not consider that the uses for silicon (i.e. primary and secondary) have altered following the publication of Report No. 81. Primary and secondary use silicon continue to be the referenced uses for silicon.

This application for measures includes a broader description for the goods than in Investigation No. 81. This is principally due to the apparent efforts of exporters (and importers in other jurisdictions) to seek to avoid or circumvent anti-dumping and subsidy measures by increasing the proportion of alloyed elements (e.g. aluminium) that decreases the purity of the silicon (and conversely increases the alloyed element) in the goods exported.

Simcoa has included a copy of its technical specification data sheet for silicon at Confidential Attachment 3.3. Simcoa understands that the Grades 1502, 1802, 2002, 2502 and 2503 3003 are used by primary aluminium smelters. These grades feature low iron, calcium and phosphorus levels. The remaining grades are sold to secondary aluminium producers. Silicon for chemical use has user specific specifications

4. Describe the ways in which the essential characteristics of the imported goods are alike to the

goods produced by the Australian industry.

Simcoa is of the view that locally produced silicon possesses the same essential characteristics of the imported silicon. It is further considered that the imported silicon is alike to the goods produced by Simcoa. This is evidenced by the loss of Simcoa's domestic sales volumes at the primary and secondary aluminium producers since the 2004 investigation (Trade Measures Report No. 81) where Customs and Border Protection determined that locally produced and imported silicon possessed the same essential characteristics. The essential characteristics include:

i. Physical likeness:

Silicon manufactured by Simcoa has the same physical and performance characteristics as imported silicon. There may be some variations in physical substance (i.e. in lump or powder form) however, this has more to do with handling requirements that as required for a specific end-use application;

ii. Commercial likeness:

Simcoa's locally produced silicon competes directly with imported silicon (whether primary or secondary silicon) in the Australian market.

iii Functional likeness

The locally-produced silicon and the imported silicon are used interchangeably in the same or comparable end-uses.

iv Production likeness

Silicon manufactured in Australia and imported silicon are produced in a similar manner. The silicon production processes and costs of production are similar.

In Report No. 81, Customs and Border Protection also concluded that the selling price for primary silicon is almost always higher than the price in secondary use, however, it is generally only the secondary price is published. It was also determined that primary and secondary use prices follow similar price trends.

5. What is the Australian and New Zealand Standard Industrial Classification Code (ANZSIC) applicable to your product.

The ANZSIC code applicable to Silicon is category 2729 – Basic Non-Ferrous Metal Manufacturing n.e.c.

6. Provide a summary and a diagram of your production process.

Silicon is produced on a commercial scale in three submerged arc furnaces by the carbothermic reduction of silica (presented either as quartz or quartzite). The process is highly endothermic requiring 10 – 12 MWH/tonne of silicon produced.

The furnace consists of a carbon lined crucible into which is suspended three pre-baked carbon electrodes. Very high electrical current is passed down the electrodes and a regulated arc is formed between the tip of the electrode and the carbon base of the crucible (hearth).

A steep temperature gradient extends from the zone of the arc (>3000°C) below the electrode to the top surface of the charge mix (approx 700°C).

The furnace charge is a mixture of quartz, carbonaceous reducing agents (charcoal, coal, petroleum coke) and wood chips. The reduction of quartz by carbon can be summarized by reaction 1:



This reaction does not occur directly but proceeds via a series of intermediate reactions which form solid silicon carbide (SiC) and gaseous silicon monoxide (SiO).

At the bottom of the furnace is the main reaction zone (metal production zone), at temperatures exceeding 1820°C.

The first reaction to take place is the reduction of molten silica (SiO₂) with carbon from the reductants to produce two gaseous products.



The gaseous silicon monoxide (SiO) further reacts with carbon to form solid silicon carbide (SiC) in the furnace.

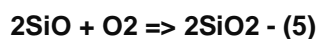


The silicon carbide can then react with molten silica to form both silicon and silicon monoxide.

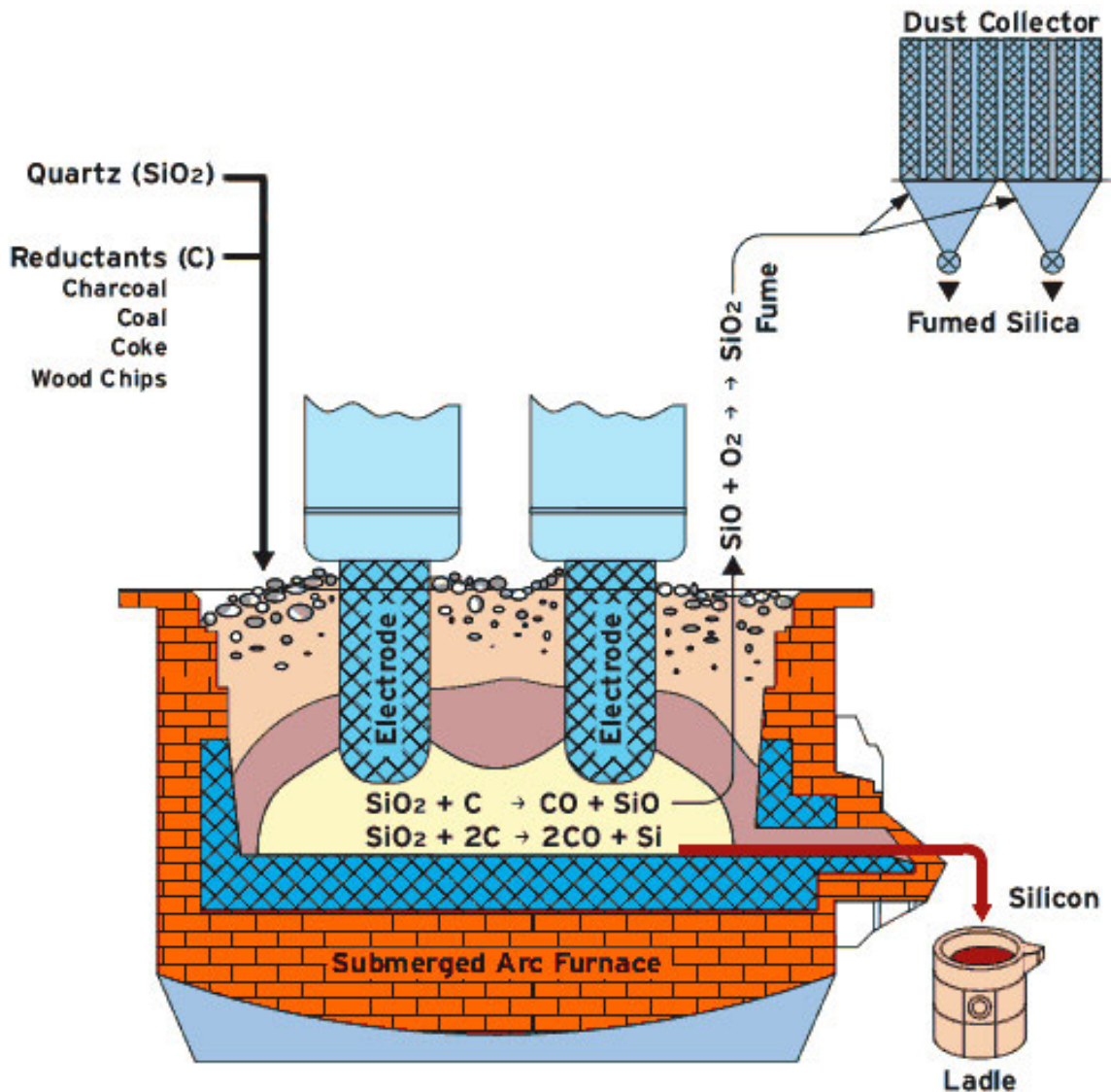


This silicon is drained from the furnace via a taphole into ladles which refine the silicon and transfer the silicon to the casting area.

Silicon monoxide which fails to react within the furnace oxidises in the atmosphere to form SiO₂ (a dust-like material called amorphous silica fume). The silica fume is vented away for collection in a large filtration facility (baghouse) as a by-product of the silicon production.



Process Diagram



7. If your product is manufactured from both Australian and imported inputs:
- describe the use of the imported inputs; and
 - identify that at least one substantial process of manufacture occurs in Australia (for example by reference to the value added, complexity of process, or investment in capital).

Silicon is manufactured from locally-produced inputs including quartz, charcoal, coal and char involving a high endothermic process that is considered both “substantial” and is highly capital intensive.

8. If your product is a processed agricultural good, you may need to complete Part C.3 (close processed agricultural goods).

Silicon is not a close processed agricultural product.

9. Supply a list of the names and contact details of all other Australian producers of the product.

Simcoa Australia Pty Ltd is the only Australian producer of silicon.

A-4 The Australian market.

1. Describe the end uses of both your product and the imported goods.

As indicated. Silicon is sold into primary aluminium and secondary aluminium end-uses. Silicon used in primary aluminium applications is combined with other elements to produce foundry and extrusion alloys which are used in the manufacture of goods such as car and truck wheels, window frames and door frames. Silicon used in these applications requires higher purity levels.

Silicon used in secondary aluminium applications generally requires lower quality requirements and is used in the manufacture of die casting alloys used in car parts, including manifolds, crank cases and other engine components.

2. Generally describe the Australian market for the Australian and imported product and the conditions of competition within the overall market. Your description could include information about:

- **sources of product demand;**
- **marketing and distribution arrangements;**
- **typical customers/users/consumers of the product;**
- **the presence of market segmentation, such as geographic or product segmentation;**
- **causes of demand variability, such as seasonal fluctuations, factors contributing to overall market growth or decline, government regulation, and developments in technology affecting either demand or production;**
- **the way in which the imported and Australian product compete; and**
- **any other factors influencing the market.**

Sources of demand

Silicon is principally used by the primary and secondary aluminium producers as an alloying agent and the chemical industry where it is used to produce silicones and photovoltaic wafers.

Marketing and distribution

Silicon is purchased by aluminium producers and sourced either from imports or from Simcoa. As Simcoa has lost the majority of its historic Australian sales, Australian aluminium producers are sourcing product from imports.

Market segmentation, including geographic or product segmentation

Silicon is sold and distributed across Australia. There is no geographic segmentation for silicon, nor is there product segmentation other than identifying whether product is sold to primary or secondary aluminium applications.

Demand variability

Demand for silicon has been impacted by the global economic slowdown in the automotive, housing and solar panels.

The way in which the imported and Australian product compete

Silicon produced by the Australian industry competes directly with and has the same end uses as silicon imported from China. It is Simcoa's view that the goods manufactured in Australia are completely substitutable with silicon produced in China.

3. Identify if there are any commercially significant market substitutes for the Australian and

imported product.

There are no commercially significant substitutes to silicon produced by the Australian industry and the imported silicon.

4. Complete appendix A1 (Australian production). This data is used to support your declaration at the beginning of this application.

Simcoa has completed Confidential Appendix A1 for the goods the subject of this application.

5. Complete appendix A2 (Australian market).

Simcoa has completed Confidential Appendix A2 for the Australian market for silicon.

6. Use the data from appendix A2 (Australian market) to complete this table:

*Indexed table of sales quantities**

Period	(a) Your Sales	(b) Other Aust ⁿ Sales	(c) Total Aust ⁿ Sales (a+b)	(d) Dumped Imports	(e) Other Imports	(f) Total Imports (d+e)	(g) Total Market (c+f)
2009/10	100	n/a	100	100	100	100	100
2010/11	52.3	n/a	52.3	151.2	32.5	135.8	103.2
2011/12	27.7	n/a	27.7	110.8	46.7	102.5	73.3
2012/13	9.2	n/a	9.2	78.2	29.7	71.9	47.4

Notes:

1. Years are 1 October to 30 September.
2. Simcoa is the sole Australian manufacturer of silicon.
3. All import data sourced from Australian Bureau of Statistics.

Simcoa experienced a substantial fall in domestic sales of silicon in 2010/11 as Chinese exports displaced Simcoa's sales of local production. In that year, the Australian market expanded, with the Chinese exports increasing by greater than 50 per cent over 2009/10 export volumes.

In 2010/11, the Australian market contracted by approximately 29 per cent, whereas Simcoa's domestic sales declined by xx per cent (export sales from China declined by 26.5 per cent). In 2012/13, the Australian market declined by a further 35 per cent and Simcoa's domestic sales contracted by xx per cent. Export sales from China in 2012/13 retreated by only 29.5 per cent.

Following the displacement of Simcoa's domestic sales in 2010/11 by imports from China (that increased by more than 50 per cent over 2009/10 levels), Simcoa's domestic sales volumes in subsequent years (2011/12 and 2012/13) have contracted at rates that have exceeded the contraction of the Australian market. Meanwhile, Chinese export volumes to Australia have increased market share in a contracting market (with sales volumes reducing at rates lower than the rate of contraction of the Australian market).

A-5 Applicant's sales.**1. Complete appendix A3 (sales turnover).**

Simcoa has completed Confidential Appendix A3 for "All Products" and "Like Goods".

2. Use the data from appendix A3 (sales turnover) to complete these tables.

*Indexed table of Applicant's sales quantities**

Quantity	2009/10	2010/11	2011/12	2012/13
All products				
Australian	100	n/a	n/a	n/a
Export	100	n/a	n/a	n/a
Total	100	n/a	n/a	n/a
Like Goods				
Australian	100	52.3	27.7	9.2
Export	100	98.9	110.3	164.3
Total	100	89.7	94.1	133.9

Notes:

1. Years ending September.
2. All products quantities are not recorded by Simcoa.

*Indexed table of Applicant's sales values**

Values	2009/10	2010/11	2011/12	2012/13
All products				
Australian market	100	79.3	58.2	40.9
Export market	100	114.0	114.0	151.5
Total	100	104.8	99.3	122.3
Like goods				
Australian market	100	68.2	32.2	9.0
Export market	100	114.6	114.3	107.6
Total	100	105.7	98.6	88.7

Notes:

1. Years ending September.

Simcoa's domestic sales (volume) of like goods as reflected in A-4.6 are also included in above Tables. Simcoa has increased export sales of like goods in successive years from 2009/10. The decline in domestic sales of silicon for Simcoa has necessitated the company seeking export opportunities for locally produced silicon.

3. Complete appendix A5 (sales of other production) if you have made any:

- internal transfers; or
- domestic sales of like goods that you have not produced, for example if you have imported the product or on-sold purchases from another Australian manufacturer.

Simcoa does not have any related party sales for goods sold domestically. Confidential Appendix A5 therefore has not been completed.

4. Complete appendix A4 (domestic sales).

Simcoa has completed Confidential Appendix A4 for domestic sales during the twelve months to 30 September 2013.

5. If any of the customers listed at appendix A4 (domestic sales) are associated with your business, provide details of the association. Describe the price effect of the association.

The customers listed in Confidential Appendix A4 are not associated with Simcoa.

6. Attach a copy of distributor or agency agreements/contracts.

Simcoa does not have any distribution agreements or contracts for the sale of silicon in Australia.

7. Provide copies of any price lists.

Simcoa does not utilise price lists for locally-produced silicon that it sells in Australia.

8. If any price reductions (for example commissions, discounts, rebates, allowances and credit notes) have been made on your Australian sales of like goods provide a description and explain the terms and conditions that must be met by the customer to qualify.

- Where the reduction is not identified on the sales invoice, explain how you calculated the amounts shown in appendix A4 (domestic sales).
- If you have issued credit notes (directly or indirectly) provide details if the credited amount has not been reported appendix A4 (domestic sales) as a discount or rebate.

Simcoa does not provide rebates/discounts for the sales of the goods nominated in this application.

9. Select two domestic sales in each quarter of the data supplied in appendix A4 (domestic sales). Provide a complete set of commercial documentation for these sales. Include, for example, purchase order, order acceptance, commercial invoice, discounts or rebates applicable, credit/debit notes, long or short term contract of sale, inland freight contract, and bank documentation showing proof of payment.

Simcoa has included two complete sets of commercial documentation for two customers in each of the four quarters to 30 September 2013. Please refer to Confidential Attachment A-5.9.

A-6 General accounting/administration information.**1. Specify your accounting period.**

Simcoa's financial year is 1 January to 31 December.

2. Provide details of the address(es) where your financial records are held.

Simcoa's financial records are held at 973 Marriott Road, Wellesley, W.A. 6233.

3. To the extent relevant to the application, please provide the following financial documents for the two most recently completed financial years plus any subsequent statements:

- chart of accounts;
- audited consolidated and unconsolidated financial statements (including all footnotes and the auditor's opinion);
- internal financial statements, income statements (profit and loss reports), or management accounts, that are prepared and maintained in the normal course of business for the goods.

These documents should relate to:

1. the division or section/s of your business responsible for the production and sale of the goods covered by the application, and
2. the company overall.

Simcoa's Chart of Accounts is included electronically with this application.

Simcoa's Annual Financial Report is included at Non-Confidential Attachment A-2.9 (for 2011 and 2012).

Internal management reports for Simcoa have been included at Confidential Attachment A-6.3.

4. If your accounts are not audited, provide the unaudited financial statements for the two most recently completed financial years, together with your taxation returns. Any subsequent monthly, quarterly or half yearly statements should also be provided.

The accounts of Simcoa Operations Pty Ltd are audited annually. This question is therefore not applicable.

5. If your accounting practices, or aspects of your practices, differ from Australian generally accepted accounting principles, provide details.

The accounting practices of Simcoa Operations Pty Ltd are maintained in accordance with Australia's generally accepted accounting practices.

6. Describe your accounting methodology, where applicable, for:

- **The recognition/timing of income, and the impact of discounts, rebates, sales returns warranty claims and intercompany transfers;**

Revenue from the sale of goods is recognized when the company has transferred to the buyer the significant risks and rewards of ownership of the goods.

- **provisions for bad or doubtful debts;**

A provision for doubtful debts is raised when some doubt as to collection is identified.

- **the accounting treatment of general expenses and/or interest and the extent to which these are allocated to the cost of goods;**

General expenses and interest are allocated across production tonnes.

- **costing methods (eg by tonnes, units, revenue, activity, direct costs etc) and allocation of costs shared with other goods or processes;**

Costs are identified on a production per tonne basis – actual costs incurred. Costs include materials, labour, and allocated variable and fixed overheads, on an absorption cost basis.

- **the method of valuation for inventories of raw material, work-in-process, and finished goods (eg FIFO, weighted average cost);**

Finished goods, raw materials, spares and consumable stocks are valued at the lower of cost and net realizable value.

- **valuation methods for scrap, by-products, or joint products;**

The lower of cost and net realizable value.

- **valuation methods for damaged or sub-standard goods generated at the various stages of production;**

Not applicable.

- **valuation and revaluation of fixed assets;**

Following initial recognition, assets are valued at fair value.

- **average useful life for each class of production equipment, the depreciation method and depreciation rate used for each;**

Depreciation is calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual value and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

Buildings 16-20 years
Plant and equipment 5-20 years

- **treatment of foreign exchange gains and losses arising from transactions and from the translation of balance sheet items; and**

Foreign exchange gains and losses are recognized in profit and loss period in which they arise.

- **restructuring costs, costs of plant closure, expenses for idle equipment and/or plant shut-downs.**

Restructuring costs, costs of plant closure, expenses for plant closures are brought to account in the reporting period in which they are incurred.

7. **If the accounting methods used by your company have changed over the period covered by your application please provide an explanation of the changes, the date of change, and the reasons.**

The accounting methods have not altered over the periods for which financial data has been prepared for this application.

A-7 Cost information

1. Complete appendices A6.1 and A6.2 (cost to make and sell) for domestic and export sales.

Simcoa has completed Confidential Attachment A-6.1 and A-6.2 for domestic and export sales, respectively.

A-8 Injury

1. Estimate the date when the material injury from dumped imports commenced.

The material injury from the dumping and subsidized exports from China commenced in the 2010/11 year when Simcoa's sales volumes declined by almost 50 per cent. It is recalled that the 2008/09 year was impaired by the global financial crisis, hence the level of profit achieved in that year was lower than usual periods.

2. Using the data from appendix A6 (cost to make and sell), complete the following tables for each model and grade of your production.

Index of production variations (metric tonnes)

Period	2009/10	2010/11	2011/12	2012/13
Index	100	89.7	94.1	133.9

Notes:

1. Production reflects both domestic and export from Confidential Appendices A6.1 & A6.2.
2. Years are October to September.

In September 2012 Simcoa commenced production on a new furnace that increased production capacity by approximately one-third. It had been Simcoa's attention to maximise domestic sales with the increased production levels, however, due to the availability of dumped and subsidised Chinese silicon on the Australian market, Simcoa has sought out lower return export market opportunities.

Index of cost variations (A\$ per metric tonnes)

Period	2009/10	2010/11	2011/12	2012/13
Index	100	111.9	111.9	115.8

Note:

1. Cost variations reflects unit CTM&S sourced from Confidential Appendix A6.1.

Following an increase in Simcoa's cost-to-make-and-sell ("CTM&S") silicon in 2010/11 (due to reduced production volumes caused by the loss of domestic sales in Australia), costs were stable in 2011/12. In 2012/13, further cost increases were experienced by Simcoa, despite the increased production levels achieved with the expanded production.

Index of price variations (model, type, grade of goods)

Period	2009/10	2010/11	2011/12	2012/13
Index	100	130.4	116.0	101.4

Note:

1. Price variations reflects unit selling price sourced from Confidential Appendix A6.1.

Simcoa' average unit selling price has declined in each of 2011/12 and 2012/13 as it has matched prices for dumped and subsidized Chinese imports of silicon.

Index of profit variations (model, type, grade of goods)

Period	2009/10	2010/11	2011/12	2012/13
Index	100	251.6	143.4	7.0

Note:

1. Profit variation is based upon the Australian industry's unit profit from Confidential Appendix A6.1.

In 2010/11 Simcoa experienced a loss in sales volume of almost 50 per cent as customers in Australia switched supply to Chinese silicon exports. The shortage of silicon globally at this time was a contributing factor to price increases that resulted in improved profit. In 2011/12, supply improved and prices were reduced, with Simcoa's selling prices in Australia following suit. In 2012/13, silicon prices continued to fall, as did Simcoa's domestic sales volumes. Profit achieved by Simcoa on domestic sales was reduced to unprecedented levels.

Index of Profitability variations (model, type, grade of goods)

Period	2009/10	2010/11	2011/12	2012/13
Index	100	192.9	123.6	6.9

Note:

1. Profitability variation is based upon Simcoa's unit profit as a percentage of selling price (refer Confidential Appendix A6.1).

Simcoa's profitability on domestic sales followed the same trends as unit profit. In 2012/13, Simcoa's profitability was "marginal", based upon a sales volume that was less than 10 per cent of the volumes achieved in 2009/10.

3. **Complete appendix A7 (other economic factors).**

Simcoa has completed Confidential Appendix A7 for all other economic factors. The data highlights a deterioration in the relevant economic indicator.

Index of Return on Investment (model, type, grade of goods)

Period	2009/10	2010/11	2011/12	2012/13
Index	100	64.4	-1.8	-5.6

Note:

1. Revenue variation is based upon Simcoa's domestic revenue for silicon (refer Confidential Appendix A6.1).

Simcoa's return on investment as measured by return on assets has deteriorated each year from 2009/10. In the base year, Simcoa's return on investment was considered adequate, however, in each of 2011/12 and 2012/13, returns are xxxxxx.

Index of Capacity Utilisation variations (model, type, grade of goods)

Period	2009/10	2010/11	2011/12	2012/13
Index	100	97.0	98.0	93.1

Note:

1. Capacity utilization variation is based upon Simcoa's production as a percentage of installed capacity (refer Confidential Appendix A7).

Simcoa has historically operated its silicon facility at close to full utilization. In September 2012, Simcoa invested capital and opened a new furnace, thereby increasing capacity to 48,000 tonnes per annum. The increased capacity was undertaken by the company for the supply of both domestic and export sales, however, the former have diminished by 90 per cent since 2009/10, impacting Simcoa's production utilization rate.

Index of Closing Inventory (model, type, grade of goods)

Period	2009/10	2010/11	2011/12	2012/13
Index	100	138.1	309.3	153.4

Note:

1. Closing inventory is based upon Simcoa's closing stock level at the end of each year (except for 2012/13 which is the end of June 2013. (refer Confidential Appendix A7).

Simcoa's closing inventory of stock has increased in each of 2010/11 and 2011/12, as domestic sales of silicon metal have evaporated. The reduction in inventory level in 2012/13 can only be attributed to Simcoa selling offshore, albeit at lower returns.

A-9 Link between injury and dumped imports.

To establish grounds to initiate an investigation there must be evidence of a relationship between the injury and the alleged dumping. This section provides for an applicant to analyze the data provided in the application to establish this link. It is not necessary that injury be shown for each economic indicator.

1. Identify from the data at appendix A2 (Australian market) the influence of the volume of dumped imports on your quarterly sales volume and market share.

The Australian market for silicon metal ("silicon") is supplied by imports and local production. Simcoa Operations Pty Ltd ("Simcoa") is the sole Australian producer of silicon, with an installed capacity of 48,000 tonnes per annum and the capability to supply 100 per cent of domestic demand.

In 2009/10 following the global economic slowdown, Simcoa held a significant share of the Australian market with premium grade silicon from local production, with Chinese imports accounting for 53 per cent market share. In 2010/11 Chinese exports of silicon metal displaced Simcoa's domestic sales of locally produced goods on the Australian market. Simcoa's domestic sales retreated by almost 50 per cent on 2009/10 volumes, with Chinese exports increasing by approximately 50 per cent. However, the actual quantity increase in Chinese exports of silicon to Australia was greater than the quantity decrease in Simcoa's domestic sales.

In the subsequent two years (i.e. 2011/12 and 2012/13) the Australian market for silicon contracted. The share of the Australian market held by Chinese imports in 2011/12 and 2012/13 continued to expand increasing to 80 per cent and 87.5 per cent respectively (from 60 per cent in 2009/10).

The Australian industry's share of the Australian market declined by 32.5 per cent over the period 2009/10 to 2012/13. Meanwhile, Chinese exports to Australia increased from 53 per cent share to 87.5 per cent. Chinese imports had been the sole cause for the displacement of Simcoa's Australian market sales. This application asserts that the increase in Chinese exports to Australia was at dumped and subsidized prices.

2. Use the data at appendix A2 (Australian market) to show the influence of the price of dumped imports on your quarterly prices, profits and profitability provided at appendix A6.1 (costs to make and sell). If appropriate, refer to any price undercutting and price depression evident in the market.

The growth in Chinese silicon exports in 2010/11 was driven by low import prices that undercut Australian industry selling prices by more than 10 per cent. In 2011/12, the gap between Australian prices and Chinese export prices closed. However, in 2012/13 with the abolition of the 15 per cent export tax on Chinese silicon exports and a reduction in export prices of almost 25 per cent, Chinese exports again undercut Australian industry prices.

Simcoa offered locally produced silicon for supply at the largest Australian customer [*company name*] accounts at (*location*) and (*location*) in August 2012. The prices offered were substantially below Simcoa's prevailing prices. Simcoa was advised that its orders were not required. [*company name*] has secured Chinese silicon at prices that undercut Simcoa's prices (at the time) and continues to source ex-China. Please refer to Simcoa's price offers and communications concerning supply at Confidential Attachment A-9.2.1. Simcoa has also included supporting documentation demonstrating discussions for the supply of silicon to [*company name*] in 2011/12.

Simcoa submits that the dumping and subsidization of Chinese silicon exports aided the increase in market share at the expense of Australian industry sales of locally produced silicon.

The timing of further export price reductions in 2012/13 was significant. In September 2012, Simcoa commenced operation of its expanded production. Simcoa brought on line an additional furnace boosting local production capacity from 32,000 tonnes to 48,000 tonnes. In 2009/10 when the project was approved, it was Simcoa's expectation that it would be able to increase domestic sales to large volume customers including [*company name*], [*company name*], [*company name*] [*company name*], by an aggregate 5,500 tonnes (please refer to Simcoa – Expansion Forecast at Confidential Attachment A-9.2.2). However, in contrast, Simcoa lost approximately 50 per cent of

domestic sales volumes in 2010/11 and has been unable to recover the lost sales volume.

Prices in the Australian market were continuing to fall and commencing 1 January 2013, the GOC removed the 15 per cent export tax on silicon, exacerbating the decline in prices. Australian industry selling prices were further depressed (by an additional 12 per cent in 2012/13), and local sales volumes continued to decline.

The expectations of increased local sales volumes of locally produced silicon in Australia failed to materialize. In 2012/13, aided by dumped and subsidized export prices, Chinese silicon continued to undercut Australian industry selling prices by margins exceeding 10 per cent, resulting in price depression and suppression to the Australian industry. By the end of the 2012/13 year, Simcoa's domestic sales volume in Australia has been displaced by Chinese exports.

3. Compare the data at appendix A2 (Australian market) to identify the influence of dumped imports on your quarterly costs to make and sell at appendix A6.1 (for example refer to changes in unit fixed costs or the ability to raise prices in response to material cost increases).

The dumped and subsidized Chinese exports have significantly impacted Simcoa's quarterly costs to make and sell ("CTM&S") silicon, thereby contributing to reduced profits and profitability. Simcoa would highlight that the net returns for domestic sales are typically higher than for export sales. By losing out to dumped and subsidized Chinese exports in Australia, Simcoa is selling the majority of its local production on export markets at reduced returns.

The inability to sell local production into the Australian market has also impacted on Simcoa's production utilization rates, with the plant operating below full utilization rates.

Contrasting Simcoa's CTM&S data reflected in Appendix A6.1 (domestic) and Appendix A6.2 (export) highlights the increased costs incurred by Simcoa to sell Australian-made silicon on export markets (including the USA market, where Australia benefits with access under the Australia-USA Free Trade Agreement). Please refer to Confidential Attachment A-9.3 where Simcoa outlines the additional costs incurred for export sales into USA versus costs for local sales. The additional costs incurred in supplying Australian-made silicon to overseas markets represents injury incurred by Simcoa as a consequence of not being able to sell into its home market at more attractive net prices.

Simcoa has experienced an increase in its CTM&S from September 2012 as it introduced additional local production capacity via the new third furnace. Unit costs of production increased and Simcoa's inability to recover higher costs via sales on the domestic market have exacerbated the injury from the dumping and subsidization in 2012/13.

4. The quantity and prices of dumped imported goods may affect various economic factors relevant to an Australian industry. These include, amongst other things, the return on investment in an industry, cash flow, the number of persons employed and their wages, the ability to raise capital, and the level of investment in the industry. Describe, as appropriate, the effect of dumped imports on these factors and where applicable use references to the data you have provided at appendix A7 (other economic factors). If factors other than those listed at appendix A7 (other economic factors) are relevant, include discussion of those in response to this question.

The continuous growth in the market share of Chinese silicon in Australia has resulted in a "lock-out" for supply at key large domestic customers for Simcoa (Pacific Aluminium and Alcoa). The dominance of the dumped and subsidized Chinese exports on the Australian market at prices that undercut Simcoa's sales proposition has delivered a market expectation favoring the purchase of commodity Chinese silicon based upon price only. The loss of large domestic sales volumes by Simcoa has impacted the company's return on investment, which has deteriorated into negative territory in 2011/12 and 2012/13.

Simcoa has also experienced an increase in stock build up from 2009/10 to 2011/12 as Australian sales have dried up, forcing the company to seek off-shore sales. Simcoa's capacity utilization has also declined in 2012/13, primarily due to the failure to sell increased production on the Australian market.

5. Describe how the injury factors caused by dumping and suffered by the Australian industry are considered to be 'material'.

The injury experienced by Simcoa due to dumped and subsidized Chinese exports of silicon is material for the following reasons:

- a loss in sales volume of more than 90 per cent since 2009/10;
- a reduction in market share of approximately 32.5 per cent since 2009/10;
- price depression in 2012/13 (of 12 per cent);
- loss of profits and profitability in 2012/13 (as well as lost profits and profitability in 2010/11 and 2011/12 from falling domestic sales volumes that, if the volumes had been sold in Australia, would have generated higher returns than the lower margin export sales); and
- reduced returns on investment declining from above 18 per cent in 2009/10 to negative returns in 2012/13.

The combined volume and price-effect injury sustained by Simcoa has therefore resulted in a material diminution in the company's profit on its domestic sales of silicon.

6. Discuss factors other than dumped imports that may have caused injury to the industry. This may be relevant to the application in that an industry weakened by other events may be more susceptible to injury from dumping.

Simcoa highlights with the Commission that the size of the Australian market in 2009/10 was influenced by the impacts of the global economic downturn that commenced at the end of 2008 and continued in 2009. The market volumes in 2009/10 were less than in earlier years, although Simcoa held a satisfactory level of sales and market share.

In 2010/11, the Australian silicon market increased slightly, before contracting in successive years in each of 2011/12 and 2012/13. In a contracting market, the impact of dumped and subsidized Chinese exports has been devastating for Simcoa. Simcoa had also committed to the expansion of its production facility and had forecast to sell increased sales volumes into a shrinking Australian market. The impact of the dumped and subsidized Chinese exports was of greater consequence to Simcoa as it had to seek out alternative lower margin export sales for its increased production levels.

The overall contraction of the Australian market in 2011/12 and again in 2012/13 was a key factor in exposing Simcoa's susceptibility to the dumped and subsidized Chinese exports.

7. This question is not mandatory, but may support your application. Where trends are evident in your estimate of the volume and prices of dumped imports, forecast their impact on your industry's economic condition. Use the data at appendix A2 (Australian market), appendix A6 (cost to make and sell), and appendix A7 (other economic factors) to support your analysis.

Chinese exports of silicon have previously been the subject of anti-dumping measures in Australia (Report No. 81 refers). The measures were allowed to expire in February 2010. It is noteworthy that anti-dumping measures apply to Chinese exported silicon in the USA and Europe, and more recently (as of 5 November 2013) both dumping and countervailing measures apply to Chinese exports of silicon in Canada.

This application demonstrates that following the expiry of the anti-dumping measures on Chinese exports of silicon in February 2010, Chinese export volumes increased by approximately 50 per cent in 2010/11, resulting in substantial lost sales volumes for Simcoa. In this same year, the Australian market for silicon expanded slightly, however, the increased availability of the Chinese volumes increased above 70 per cent, with further increases to 80 and 87.5 per cent in 2011/12 and 2012/13, respectively.

The increase in Chinese silicon exports to Australia has been driven by export prices that undercut the Australian industry at levels of more than 10 per cent (contrast weighted average Chinese A\$FOB prices plus freight and clearance, landing & local costs of approximately \$xxx per metric

tonne, with Simcoa selling prices in Confidential Appendix A6.1). The price undercutting has been achievable due to the dumping and subsidization of the Chinese exports (as ratified by other Anti-Dumping Administrations).

Simcoa has been susceptible to the injurious effects of the dumping and subsidization in Australia due to the contracting nature of the market in successive years (i.e. 2011/12 and 2012/13). This has been further compounded by Simcoa's expansion that was brought on-line in September 2012 based upon an expectation of increased sales in the Australian market.

The impact on Simcoa from the dumped and subsidized Chinese exports has been substantial in terms of volume and price, culminating in material reductions in profit and profitability. This application has detailed the large sales volumes and market share lost to the Chinese silicon exports, and the price impact of those exports on Simcoa. Through the absence of higher returned sales on its home market, Simcoa has had to seek-out increased, lower return, export sales. The overall impact of the dumping and subsidization on Simcoa's silicon business has therefore been significant, resulting in substantially reduced returns to its shareholder.

Simcoa also considers the recent findings of the Canadian Border Services Agency ("CBSA") to impose dumping and countervailing measures on Chinese silicon exports as relevant to this application. The CBSA has investigated subsidy programs that are consistent with programs identified previously by the Commission (and the then Customs and Border Protection). These subsidy programs have been evidenced as continuing in the 2012 investigation period of the CBSA inquiry, which overlaps the most recent twelve months of data for 2012/13 included in this application. Simcoa is confident that the Commission will again validate the existence of the nominated subsidy programs (refer Section C-1 below).

Simcoa is seeking the Anti-Dumping Commission ("the Commission") to commence a formal investigation into the export of silicon from China at dumped and subsidized prices. Simcoa requests the Commission to apply provisional measures from Day 60 of the investigation to minimize further material injury to the Australian industry from the dumped and subsidized Chinese exports. Simcoa considers that the earliest intervention by the Commission to impose provisional measures (from Day 60) is warranted given the past history of measures previously applying to Chinese silicon exports (as recently as 2009).

PART B

DUMPING

IMPORTANT

All questions in Part B should be answered even if the answer is 'Not applicable' or 'None' (unless the application is for countervailing duty only: refer Part C). If an Australian industry comprises more than one company/entity, Part B need only be completed once.

For advice about completing this part please contact the Customs Dumping Liaison Unit on:



(02) 6275-6066 Fax

(02) 6275-6990

B-1 Source of exports.**1. Identify the country(ies) of export of the dumped goods.**

The imported goods the subject of this application are produced in, and exported from, the People's Republic of China ("China").

2. Identify whether each country is also the country of origin of the imported goods. If not, provide details.

Simcoa understands that the country of export is also the country of origin for the majority of silicon exported to Australia. It is noted, however, that some silicon has been exported from Singapore. It is Simcoa's understanding that the silicon exported from Singapore is likely to have been produced in China and should be included within the coverage of the goods identified in this application. It is further understood that [company name] purchases silicon from Chinese producers, stockpiles the product in China, and then exports to destinations around the world (including Australia). Some of this product may be transhipped through countries (e.g. Singapore) prior to arrival in Australia.

3. If the source of the exports is a non market economy, or an 'economy in transition' refer to Part C.4 and Part C.5 of the application.

Australia has recognized China as a market economy country for the purposes of the Anti-Dumping provisions. This question therefore does not apply.

4. Where possible, provide the names, addresses and contact details of:

- **producers of the goods exported to Australia;**

Simcoa is unable to identify the producers of the silicon exported to Australia from China. It is noted, however, that the following producers have been identified as producers of silicon in a recent Canadian Border Services Agency ("CBSA") investigation in Canada:

- (i) Mangshi Sinice Silicon Industry Co., Ltd
Mangnon Village
Fengping Town, Mangshi City
Dehong Prefecture, Yunnan Province
P R China 678400
Tel: + 86 692 2911 999
Fax: + 86 692 2911 888

Mangshi Sinice Silicon Industry Co., Ltd operates as a subsidiary of Grupo FerroAtlantica.

- (ii) Xiamen ITG Group Corp., Ltd
Metals and Minerals Department
10th Floor
International Trade Building
Hubin South Road
Xiamen, P R China
Tel: + 86 592 5898 709
Fax: + 86 592 5160 265/097

Xiamen ITG Group Corp., Ltd is located in the Xiamen Special Economic Zone, Xiamen.

Report No. 81 also identified the following Chinese producers of silicon exported to Australia:

- (i) Shanxi Datong State Owned Silicon Metal Factory
Zoushi Town
Datong County
Shanxi, P R China 037305
Tel: +86 352 8140 019
Fax: +86 352 8014 068
Email: gygc@public.ty.sx.cn
- (ii) Dandong City Yalujiang Smelter
Yuanbao District
Dandong City, Liaoning P R China 118001
Tel: +86 415 4142 028
- (iii) Hunan Sino Silicon Industry Ltd
Wu Yi East Road
Changsha, Hunan, P R China
Tel: +86 731 5812 655
Fax: +86 731 2295 615

Hunan Sino's website indicates it markets silicon to Australia.

- **exporters to Australia; and**

It is understood that the above companies may also be the exporters of the goods to Australia. Additionally, Simcoa understands that Rio Tinto Procurement (Singapore) Pte Ltd ("RTPS") is involved with the purchase of silicon manufactured in China. It is further understood that RTPS stockpiles the purchased silicon and exports to destinations worldwide, including Australia. RTPS is therefore a likely exporter of silicon to Australia. Contact details for RTPS are as follows:

Rio Tinto Procurement (Singapore) Pte Ltd
12 Marina Boulevard
No. 20/01 Marina Bay Financial Centre Tower 3
018982 Singapore

- **importers in Australia.**

The following companies are understood to be involved with the importation of silicon from China:

- (i) Rio Tinto Australia Pty Ltd
c/o Rio Tinto Procurement – Brisbane
GPO Box 207
Brisbane, Queensland, 4000

c/o Rio Tinto Procurement – Perth
GPO Box A42
Perth, Western Australia 6000

- (ii) Orica Australia Pty Ltd
General Chemicals
1 Nicholson Street
Melbourne Victoria 3000
Tel: +61 3 9665 7111
Fax: +61 3 9665 7247

- (iii) Alcoa Australia Rolled Products Pty Ltd
Cnr Davy and Marmion Streets
Booragoon, Western Australia
Postal Address:
PO Box 252
Applecross, Western Australia 6953
Tel: +61 8 9316 5111
Fax: +61 8 9316 5228

5. If the import volume from each nominated country at Appendix A.2 (Australian Market) does not exceed 3% of all imports of the product into Australia refer to Part C.6 of the application.

Simcoa has obtained import volumes and prices from published Australian Bureau of Statistics ("ABS") import data for the period 1 October 2009 to 30 September 2013 (refer Non-Confidential Attachment B-1.5).

The following Table indicates Chinese export volumes (in metric tonnes) to Australia over the nominated periods.

Table B-1.5 – Chinese export volumes of silicon to Australia

Source Country	2009/10	2010/11	2011/12	2012/13	% of total import 2012/13
China	9,037.6	13,665.7	10,017.5	7068.4	94.6%
Other Countries	1,352.1	439.2	632.0	401.9	5.4%
Total	10,389.7	14,104.9	10,649.5	7470.3	100%

Notes:

1. Years ending 30 September;
2. Data sourced from Australian Bureau of Statistics.

The volume of Chinese imports into Australia during 2012/13 exceeds the 3 per cent negligible volume levels. Imports of silicon from China accounted for 94.6 per cent of total imports in 2012/13 (year ending September).

6. In the case of an application for countervailing measures against exports from a developing country, if the import volume from each nominated country at Appendix A.2 (Australian Market) does not exceed 4% of all imports of the product into Australia refer to Part C.6 of the application.

The import volume of silicon from China exceeds the 4 per cent negligible volume requirement. As this application also includes a request for countervailing measures, the minimum negligible volume amount is exceeded in this instance.

B-2 Export price

1. **Indicate the FOB export price(s) of the imported goods. Where there are different grades, levels of trade, models or types involved, an export price should be supplied for each.**

The FOB export price for silicon exported from China has been obtained from ABS import data. Weighted average quarterly FOB export prices for silicon exported from China from 1 October 2012 to 30 September 2013 are:

Period	Quantity (Tonnes)	FOB price A\$/MT
Oct – Dec 2012	1875.3	\$2320.49
Jan – Mar 2013	1931.3	\$2301.93
Apr – Jun 2013	1729.6	\$2110.59
Jul – Sep 2013	1532.2	\$2186.54

Source: ABS

The weighted-average export price for Chinese silicon exported to Australia during the twelve months to 30 September 2013 was A\$2,235.02 per metric tonne.

2. **Specify the terms and conditions of the sale, where known.**

The ABS export prices for silicon exported from China are at the Free-On-Board, China (i.e. at export wharf, China).

3. **If you consider published export prices are inadequate, or do not appropriately reflect actual prices, please calculate a deductive export price for the goods. Appendix B1 (Deductive Export Price) can be used to assist your estimation.**

The export prices published by ABS would appear to be adequate for the purposes of determining dumping margins for silicon exported from China. Simcoa has observed, however, that RTPS has arranged for the exportation of silicon from China to related party entities in Australia. It is therefore feasible that the export prices declared for goods exported by RTPS to related parties in Australia may be influenced by the relationship.

4. **It is important that the application be supported by evidence to show how export price(s) have been calculated or estimated. The evidence should identify the source(s) of data.**

Simcoa has relied upon ABS published export prices for silicon exported from China. The export prices have not been calculated or estimated.

B-3 Selling price (normal value) in the exporter's domestic market.

1. **State the selling price for each grade, model or type of like goods sold by the exporter, or other sellers, on the domestic market of the country of export.**

Chinese selling prices

Simcoa understands that the Government of China (“GOC”) exercises considerable influence on the Chinese silicon industry including via the targeted elimination of 6.3MVA (megavolt amperes¹) silicon furnaces, the elimination on 1 January 2013 of the previously imposed 15 per cent export tax on silicon, and the provision of subsidies that encourage new silicon investment in special economic/development zones in China.

The impact of the GOC influence is such that domestic selling prices for silicon in China are lower than they otherwise would be.

¹ Production capacity in China can be referred to in terms of furnace amperage measures in MVA.

Market situation for silicon in China

This viewpoint is supported by the recent finding of the Canada Border Services Agency (“CBSA”) into silicon exported from P R China². In the finding of 5 November 2013, CBSA found that the GOC measures significantly influence “*the Chinese ferroalloy sector, which includes silicon metal.*” Further, CBSA was satisfied that “*Domestic prices are substantially determined by the GOC, and there is sufficient reason to believe that the domestic prices for silicon metal are not substantially the same as they would be in a competitive market*”³.

The CBSA’s referred GOC measures impacting the Chinese silicon metal industry include:

- ***GOC export control measures***

This includes the now repealed 15 per cent export tax (with effect from 1 January 2013), the absence of a rebate of the 17 per cent VAT on export of silicon, the maintenance of minimum silicon export prices by the GOC, and the use of export quotas on silicon.

The 15 per cent export tax and the absence of the export rebate encouraged domestic silicon producers to sell domestically (rather than for export), and reduces profitability of Chinese producers (via lower domestic prices and higher additional costs for not receiving the rebate on VAT-paid inputs).

- ***Government influence on the price of inputs used in the production of silicon metal***

In particular, CBSA was satisfied that the GOC exercises “substantial influence” over key raw material inputs in the silicon manufacturing process, including electricity and coal that account for 70 per cent of silicon production costs. The cost of electricity and coal in the total production cost of silicon metal account for 55-60 per cent and 8-10 per cent, respectively. The Canadian industry was able to demonstrate to CBSA that the electricity cost for silicon producers in Yunnan province (that accounted for 20 per cent of China’s silicon production) was 32 per cent below the rates in other provinces. In respect of coal, the GOC exercises control of the industry through “*the use of policies, laws, regulations, production caps and production ceilings*” to control the volume of coal produced and sold in China.

- ***GOC policies and regulations directed at production levels and participants***

The CBSA investigated the Canadian industry’s claims that the GOC’s industrial policies regulated the Chinese silicon industry, including prices in the industry. The CBSA referred the claims and identified the 12th Five Year Plan to the GOC for comment, however, the GOC failed to respond to the CBSA’s request for information.

The CBSA’s research during its investigation identified that according to the US Geological Survey 2011 Minerals Yearbook, “*one of the aims of China’s 12th Five-Year Plan is to eliminate backwards production capacity, which includes silicon metal capacity. To achieve this, the GOC committed to phasing out silicon metal production in electric arc furnaces with a 6,300 kilovoltampere (KVA) capacity by the end of 2012*”⁴.

The CBSA’s findings are reflected in the release of the “National industrial policy of the Chinese ferroalloy industry” by the National Development and Reform Commission (“NDRC”) on 15 June 2011 (refer Non-Confidential Attachment B-3.1.2). The GOC’s announcement on Production Capacity Redundancy was originally contained in “*Circular of the State Council on Accelerating the Structure Adjustment of the Industries with Production Capacity Redundancy, Guo Fa [2006] No.11*” (refer Non-Confidential Attachment B-3.1.3).

The CBSA was able to obtain a listing published by the Chinese Ministry of Industry and Information Technology (“MIIT”) detailing specific ferroalloy enterprises where production

² CBSA Statement of Reasons concerning the making of final determinations with respect to the dumping and subsidizing of certain silicon metal originating in or exported from the People’s Republic of China, 4214-39 AD/1400, 4218-37 CVD/136, 5 November 2013 (at Non-Confidential Attachment B-3.1.1).

³ *Ibid*, P. 25.

⁴ *Ibid*, P.19.

capacity was to be eliminated⁵. The MIIT lists “*identify the number of enterprises targeted, the province they are located in, the enterprise name, the specific piece of production equipment to be eliminated, and the capacity affected.*”

During its investigation, CBSA was also able to obtain a document issued by the Yunnan Government that detailed “*policies and plans specifically relating to silicon metal.*” The Yunnan Government document reflected the local provincial government’s to effect the GOC’s intent on Accelerating the Structure Adjustment of Industries with production Overcapacity Guo Fa [2006]. The Yunnan government document details:

- statistics relating to the production and sales of silicon metal by producers in Yunnan during 2011;
- the problems concerning production such as redundant production capacity, high resource and energy consumption, pressure on the environment, etc; and
- the identification of measures to be used to address the overcapacity.

Importantly, the Yunnan government also noted that “*provincial industrial departments are responsible for leading the restructuring of the silicon industry*”. The CBSA obtained this information from its verification visit with Mangshi Sinice Silicon Industry Co., Ltd.

The GOC’s elimination of backward production capacity has extended beyond the levels specified by NDRC. The CBSA confirmed⁶:

“To address concerns respecting capacity, the Yunnan Government notes that while silicon metal furnaces operating at 6,300 KVA or lower have been completely phased out according to the “Market Access Conditions for the Ferroalloy Industry”, the government will now ensure all silicon metal furnaces operating at or under 12,500 KVA will be phased out by 2015. As well, according to the principle “Close small, Construct big”, restructuring or new construction of industrial silicon furnaces must reach a capacity 2 x 25,000 KVA or above. The document also states that any restructured or newly constructed industrial silicon projects must have at least two sets of electric furnaces and the electric furnaces must meet the minimum requirements (presumably referring to the 25,000 KVA)”.

Additionally:

“...the Yunnan Government states that industrial silicon capacity for Dehong, Baoshan, Lincang, and Wenshan [producers] will be restricted to 550,000 tones, 400,000 tons, 150,000 tons, and 50,000 tons respectively in order to restrict total silicon capacity to less than 1.4 million tons in Yunnan. The document also states that in principle, no other States and Municipalities are allowed to add new industrial silicon production capacity or to add new industrial silicon projects. However, it also notes that if a project is indeed necessary, the main product shall be chemical grade silicon and the project shall have corresponding downstream technology or partners.”

CBSA was also able to identify an announcement by MIIT identifying enterprises that meet the ferroalloy industry access conditions. This suggests that the GOC is verifying enterprises prior to granting approval to enter the silicon metal industry.

The extent of the GOC’s influence on production levels within China is extensive and limits the decisions enterprises may take according to free market principles.

- **Government Restrictions on the Use and Supply of Inputs**

CBSA was able to identify GOC restrictions on inputs in silicon metal production in the Yunnan government’s “Opinions Concerning Promoting Industrial restructuring of Industrial Silicon”.

Specifically, it is intended that:

⁵ *Ibid*, P.20 (including source relied upon by CBSA).

⁶ *Ibid*, P. 21.

- the government will restrict the energy consumption per unit of silicon product as 12,000 kwh or less;
- restrict comprehensive energy consumption per unit of product at 3,500 kg of standard coal or less;
- restrict carbonaceous reducing agents consumption per unit of product at 1,300 kg or less (including restrict unit consumption of actual charcoal at 99 kg or less);
- achieve silicon recycle rate at 85% or above;
- achieve waste heat utilisation rate for industrial silicon electric furnaces at 70% or above;
- realise waste water recycling internally; and
- achieve complete recycling of micro-silica dust.

In order to achieve these designated objectives, annual reporting will be implemented.

The Yunnan government also indicated that measures would be introduced to limit the use of charcoal to promote the production of high-grade silicon and restrictions will be placed on the use of carbon based reducing agents for certain manufacturers that produce low grade silicon.

- ***Chinese domestic selling prices for silicon***

The CBSA examined domestic prices in the US market for silicon as reported by Metal Bulletin, Platts Metals Week, Ryan's Notes and CRU and contrasted these with published Chinese domestic prices. On average, CRU prices indicated that Chinese domestic prices were 37 per cent below US domestic prices during the period of investigation (i.e. 2012).

The CBSA's finding that the GOC influences the domestic selling prices of silicon metal in China is well founded. Consistent with recent findings by the Anti-Dumping Commission into Hollow Structural Sections and Galvanised Zinc Steel and Aluminium Zinc Coated Steel exported from China where the GOC was assessed as influencing domestic selling prices in China due to a range of factors including the elimination of backward production capacity and the range of GOC's plans and policies for the steel industry, the same GOC policies and plans influence domestic silicon metal prices in China.

Simcoa submits that Chinese domestic prices for silicon metal are the subject of GOC influence and cannot be used for normal value purposes. Please refer to Section B-4.1 for Simcoa's assessment of normal values for silicon in China.

2. Specify the terms and conditions of the sale, where known.

Simcoa does not have domestic selling price information for silicon sold in China. Please refer to Section B-4.1 for normal value information.

3. Provide supporting documentary evidence.

Please refer to Section B-4.1 for silicon normal value information for China.

4. List the names and contact details of other known sellers of like goods in the domestic market of the exporting country.

Simcoa understands that there are numerous producers of silicon in China, a country that accounts for approximately 55 per cent of world silicon production. Silicon producers in Yunnan province account for approximately 20 per cent of total Chinese production, followed by Xinjiang (16 per cent), Sichuan (15 per cent) and Fujian (9 per cent).

The following company is understood to be a large producer of silicon in China:

Zhejiang Kaihua Yuatong Silicon Industry Co., Ltd
15 Yuanyi Road
Economic Development District
Kaihua, Zhejiang, P R China 324300
Tel: +86 571 6410 0060
Fax: +86 571 6410 0090

B-4 Estimate of normal value using another method.

1. Indicate the normal value of the like goods in the country of export using another method (if applicable, use appendix B2 Constructed Normal Value).

Simcoa has outlined grounds for not determining normal values in China based upon domestic selling prices - i.e. sales are considered “not suitable” in accordance with s.269TAC(2)(a)(ii) of the Customs Act, namely:

“because the situation in the market of the country of export is such that sales in that market are not suitable for use in determining a price under subsection (1)”.

In the CBSA inquiry, Chinese domestic sales were also deemed unsuitable for normal value purposes. The CBSA used monthly average US free market prices for Grade 553 silicon metal as reported by Metal Bulletin. Under Australia’s anti-dumping provisions, where a market situation is confirmed by the investigating authority a constructed normal value using the exporter’s costs, plus an appropriate amount of profit is the preferred alternative to the unsuitable domestic selling prices.

It is Simcoa’s preference that the US market prices should be used for Chinese normal values. However, given that the Anti-Dumping Commission (“the Commission”) currently reverts to the exporter’s costs plus profit methodology, Simcoa has sought to obtain the best available information relating to the Chinese producer’s costs for silicon metal.

In this instance, [company name] has been identified as an independent authority on cost economics in the [products] Industries. [company name] was heavily referenced in the CBSA inquiry and is highly regarded as an independent authority in its field of production cost economics in the nominated industries.

Simcoa is a subscriber to [company name] for Silicon Cost Data. Specifically, [company name] publishes cost economics data for silicon manufactured in the key provinces in China on an annual basis. [company name] models operating cost data in each of the Chinese provinces of [listing of Chinese provinces]. Yunnan province is the largest producer of silicon metal accounting for approximately 20 per cent of total Chinese production⁷.

[Company name] publishes “Ex-Plant Operating Costs” for each [location] in China. Simcoa has selected the Ex-Plant Operating Cost for the Yunnan province, as the basis for an independent normal value. The [company name] Ex-Plant operating Cost does not include interest on fixed capital, depreciation, amortization, profit, income taxes, corporate overhead, research and development. Simcoa has included in the Constructed Cost model for China depreciation and selling and general administration expenses, based upon its own expenses included in 2012/13. The depreciation expense is considered reasonable on the basis that the GOC is enforcing new silicon investment of large electric arc furnaces, and Simcoa (in September 2012) commenced operation of a third furnace. Simcoa’s selling and general administration expenses are considered to be relatively low, due to the lean sales and administration function performed by Simcoa at its production facility. It is considered that Chinese producer’s Selling and general administration costs would not be dissimilar to that of Simcoa. Simcoa’s selling and general administration expenses are considered to be relatively low. A 5 per cent profit has been applied, consistent with CBSA’s findings that Chinese domestic profit is low due to the impact of a zero VAT rebate on Chinese export sales of silicon and the historic 15 per cent export tax.

The constructed normal value for silicon produced in China during 2012/13, on a quarterly basis, is

⁷ Silicon Metal Market Outlook, [company name], March 2013, P. 51.

as follows:

Table –B-4.1 – Constructed Normal Values for Silicon in China

	Oct-Dec 2012	Jan-Mar 2013	Apr-Jun 2013	Jul-Sep 2013
Normal Value (US\$/MT)	\$2367	\$2411	\$2411	\$2411
ROE	1.0442	1.0356	0.9971	0.9093
A\$/MT	\$2266	\$2328	\$2418	\$2651

Notes:

1. Refer to Confidential Appendix B-2 for Chinese constructed normal values;
2. Rates of Exchange sourced from www.customs.gov.au
3. Constructed selling price for Chinese silicon in A\$/MT is at ex-factory level.

Simcoa has stated that selling prices for silicon in China are influenced by the GOC. The selling prices are influenced by a number of factors including, the influence of the GOC on input costs to the silicon manufacturing process. As highlighted earlier, electricity costs in Yunnan are as much as 32 per cent below prices in other regions of China⁸. Taking account of the artificially low electricity cost in Yunnan province increases the US\$ normal value for silicon produced in Yunnan by an additional US\$255 per metric tonne. CBSA also confirmed that Chinese coal was sold to Chinese silicon manufacturers at below prevailing Chinese domestic selling prices.

Simcoa would seek the Commission to take full account of the under-valued electricity and coal costs in China in its assessment of normal values. The normal values and dumping margins calculated in this application reflect the [*company name*] Ex-plant operating costs, adjusted for depreciation, Selling and general administration, and profit. The constructed normal values therefore are understated by as much as US\$xxx per metric tonne.

2. Provide supporting documentary evidence.

Please refer to Confidential Appendix B-2 for detailed constructed normal values and supporting information.

B-5 Adjustments.

1. Provide details of any known differences between the export price and the normal value. Include supporting information, including the basis of estimates.

Published export prices obtained from ABS are at the FOB, export port, China. The constructed normal values are at the ex-factory level. [*Company name*] has included a cost of inland freight to wharf for goods exported from Yunnan province. The cost for transportation to port was US\$xxx in 2012 and US\$xxx in 2013.

The constructed normal values require an upward adjustment to account for inland freight to wharf included in ABS published Chinese FOB export prices.

2. State the amount of adjustment required for each and apply the adjustments to the domestic prices to calculate normal values. Include supporting information, including the basis of estimates.

Please refer to Simcoa's response at Section B-5.1.

⁸ CBSA Final Finding, Statement of Reasons, 5 November 2013, P. 15.

B-6 Dumping margin.

1. **Subtract the export price from the normal value for each grade, model or type of the goods (after adjusting for any differences affecting price comparability).**

The dumping margins for Chinese silicon exported to Australia during 2012/13 are included in Table B-6.1.

Table B-6.1 – Dumping Margins for Chinese silicon exported to Australia

	Oct-Dec 2012	Jan-Mar 2013	Apr-Jun 2013	Jul-Sep 2013
Normal Value (US\$/MT)	\$	\$	\$	\$
Transport to Wharf (US\$/MT)	\$	\$	\$	\$
Normal Value (incl freight)	US\$2476	US\$2522	US\$2522	\$US2522
ROE US\$:A\$	1.0442	1.0356	0.9971	0.9093
Normal Value (incl freight) A\$	A\$2371	A\$2435	A\$2529	A\$2774
Weighted Av. Export Price	\$2320	\$2302	\$2111	\$2187
Dumping Margin A\$/MT	\$51	\$133	\$418	\$587
Dumping Margin as % of E.P.	2.2%	5.8%	19.8%	26.8%

2. **Show dumping margins as a percentage of the export price.**

The dumping margins as a percentage of export prices for silicon exported from China are in the range 2.2 per cent to 26.8 per cent.

Table B-6.2 – Weighted-average dumping margin

	Oct-Dec 2012	Jan-Mar 2013	Apr-Jun 2013	Jul-Sep 2013	Total
Normal Value (incl freight) A\$	A\$2371	A\$2435	A\$2529	A\$2774	
Weighted Av. Export Price	\$2320	\$2302	\$2111	\$2187	
Qty Exported (tonnes)	1875.3	1931.1	1729.6	1532.2	7068.2
Weighted Av Normal Value \$	\$4446336	\$4702229	\$4374158	\$4250323	\$17773046
Weighted Av Export Price \$	\$4350696	\$4445392	\$3651186	\$3350921	\$15798195
Weight Av Margin \$	\$95680	\$256837	\$722972	\$899402	
Weighted Av N.V. 2012/13					A\$2515
Weighted Av E.P. 2012/13					A\$2235
Av Dumping Margin					A\$280
As % of Export price					12.5%

The weighted average dumping margin for the 2012/13 year was A\$280 per metric tonne, or 12.5 per cent of the weighted-average export price..

PART C

SUPPLEMENTARY SECTION

IMPORTANT

Replies to questions in Part C are not mandatory in all instances, but may be essential for certain applications.

You should contact the Customs Dumping Liaison Unit before answering any question in this part:



(02) 6275-6066 Fax **(02) 6275-6990**

C-1 Subsidy

1. Identify the subsidy paid in the country of export or origin. Provide supporting evidence including details of:
 - (i) the nature and title of the subsidy;
 - (ii) the government agency responsible for administering the subsidy;
 - (iii) the recipients of the subsidy; and
 - (iv) the amount of the subsidy.

Introduction

The CBSA recently conducted a subsidy investigation into silicon metal exported from China⁹. The investigation period was for the calendar year 2012. This application overlaps the CBSA investigation period by a quarter (i.e. October to December 2012) and it is considered that the programs identified by CBSA in 2012 continue to apply to Chinese silicon metal producers in 2013.

The CBSA investigation identified 91 subsidy programs (refer Appendix 2 to CBSA Statement of Reasons – Silicon Metal exported from P R China at Non-Confidential Attachment B-3.1.1). Some of the programs identified by CBSA are programs that have previously been investigated by the then Australian Customs and Border Protection Service in inquiries involving aluminium extrusions, aluminium road wheels, certain hollow structural sections, galvanized steel, aluminium zinc coated steel, and plate steel exported from China.

The Commission is in receipt of information on each of the programs identified in earlier Customs and Border investigations. The programs identified fall within eight broad categories:

1. Special Economic Zones (“SEZ”) Incentives;
2. Grants;
3. Preferential Loan Programs and Loan Guarantees;
4. Preferential Tax programs;
5. Relief from Duties and Taxes on Materials and Machinery;
6. Goods/Services Provided by the Government at less than fair remuneration;
7. Reduction in Land Use Fees; and
8. Additional programs and Incentives in China’s latest Notification to the WTO.

Silicon - Subsidy Programs

The Commission (formerly Customs and Border Protection) has previously investigated a range of subsidy programs that have been provided by the GOC and confer a benefit to exporters of steel or aluminum products. Simcoa submits that Chinese producers in the silicon industry (part of the broader FerroAlloy industry) also receive benefits under these programs as the industry is a pillar industry that is considered important to the Chinese economy.

Simcoa considers that the same programs that have been identified as conferring benefits to steel and aluminium producers/exporters in China are also available to Chinese producers of silicon metal. Simcoa therefore considers that the following previously investigated subsidy programs confer a benefit to Chinese producers/exporters of silicon metal (and have also been identified by CBSA in its subsidy investigations into silicon metal exported from China):

⁹ CBSA, Statement of Reasons, Silicon Metal from P R China, 5 November 2013.

Program No.	Program Name
1.	Preferential Tax Policies for Enterprises with Foreign Investment Established in the Coastal Economic Open Areas and Economic and Technological Development Zones
2	Preferential Tax Policies for Foreign Invested Enterprises – Reduced Tax Rate for Productive Foreign Invested Enterprises scheduled to operate for a period of not less than 10 years
3	Preferential Tax Policies for Enterprises with foreign Investment Established in Special Economic Zones (excluding Shanghai Pudong area)
4	Preferential Tax Policies for Enterprises with Foreign investment established in the Pudong area of Shanghai
5	Preferential Tax policies in the Western regions
6	Land Use Tax Deduction
7	Preferential Tax Policies for High and New Technology Enterprises
8	Tariff and value-added tax (VAT) Exemptions on imported Materials and Equipment
9	One-Time Awards to Enterprises whose products qualify for “Well-Known TradeMarks of China” and “Famous Brands of China”
10	Matching Funds for International Market Development for Small and Medium Enterprises
11	Superstar Enterprise Grant
12	Research and Development (R&D) Assistance Grant
13	Patent Award of Guangdong Province
14	Innovative Experimental Enterprise Grant
15	Special Support Fund for Non State-Owned Enterprises
16	Venture Investment Fund of Hi-Tech Industry
17	Grants for Encouraging the Establishment of Headquarters and regional Headquarters with Foreign investment
18	Grant for key enterprises in equipment manufacturing industry of Zhongshan
19	Water Conservancy Fund Deduction
20	Wuxing District Freight Assistance
21	Huzhou City Public Listing Grant
22	Huzhou City Quality Award
23	Huzhou Industry Enterprise Transformation & upgrade Development Fund
24	Wuxing District Public List Grant
25	Anti-Dumping Respondent Assistance
26	Technology Project Assistance
27	Capital injections
28	Environmental Projection Grant
29	High and New technology Enterprise Grant
30	Independent Innovation and high-Tech Industrialization Program
31	VAT refund on domestic sales by local tax authority
32	Environmental prize
33	Jinzhou District Research and Development Assistance Program

Notes:

1. Programs 13, 18, 20-24, and 33 will only apply to enterprises located in the named province and/or district.
2. Simcoa notes that Trade Measures Report No. 198 published on 19 December 2013 further confirmed the existence of Programs 5 to 30 above, with an additional 12 Programs further identified (See Programs 31-42 on Pages 42 & 43 of Report No. 198).
3. Simcoa submits that Chinese silicon producers would similarly receive benefits under each of the additional 12 programs identified in Report No. 198.

Coal at less than adequate remuneration

In addition to the above previously identified subsidy programs that confer a benefit to producers/exporters of steel and aluminium products in China, the Customs and Border Protection investigations (refer Reports No. 193 and 198) identified coal sold at less than adequate remuneration in China. Coal is a raw material input into silicon metal production and was determined by CBSA as having been sold at less than adequate remuneration in the Canadian silicon metal investigation. Simcoa anticipates that this Program similarly provides a benefit to Chinese silicon producers.

Electricity at less than adequate remuneration

Simcoa further considers (and agrees with the recent CBSA findings) that electricity purchased from State-Owned Enterprises (“SOEs”) in China is sold at less than adequate remuneration. As indicated earlier, has confirmed that electricity purchased in Yunnan province by silicon metal producers is at a price that is 32 per cent below the prevailing price to other users from the China electricity grid. The CBSA investigation established that silicon producers in China purchased electricity from SOEs and that the SOEs were subject to “meaningful control” by the GOC to perform the government functions (of providing electricity at less than adequate remuneration), and exercise or were vested with government authority to do so.

Importantly, CBSA was able to confirm that Chinese silicon manufacturers received electricity at prices that were lower than “other heavy industries” in the area.

In addition to the above previously investigated subsidy programs (including coal at less than adequate remuneration) that have been established as having conferred benefits to Chinese steel and/or aluminium manufacturers, the Commission is requested to investigate the supply of electricity at less than adequate remuneration to silicon metal producers in China.

C-2. Threat of material injury

Address this section if the application relies solely on threat of material injury (ie where material injury to an Australian industry is not yet evident).

1. **Identify the change in circumstances that has created a situation where threat of material injury to an Australian industry from dumping/subsidization is foreseeable and imminent, for example by having regard to:**
 1. **the rate of increase of dumped/subsidized imports;**
 2. **changes to the available capacity of the exporter(s);**
 3. **the prices of imports that will have a significant depressing or suppressing effect on domestic prices and lead to further imports;**
 4. **inventories of the product to be investigated; or**
 5. **any other relevant factor(s).**

This application for dumping and countervailing measures on exports of silicon metal to Australia is not based upon a “threat” of material injury. The application demonstrates that the Australian industry manufacturing “like goods” has experienced material injury from dumping. Further, in the absence of anti-dumping and countervailing measures on Chinese exports of silicon metal to Australia, material injury to the Australian industry producing like goods is foreseeable and imminent.

2. **If appropriate, include an analysis of trends (or a projection of trends) and market conditions illustrating that the threat is both foreseeable and imminent.**

This application is not based upon a “threat” of material injury.

C-3. Close processed agricultural goods

Where it is established that the like (processed) goods are closely related to the locally produced (unprocessed) raw agricultural goods, then – for the purposes of injury assessment – the producers of the raw agricultural goods may form part of the Australian industry. This section is to be completed only where processed agricultural goods are the subject of the application. **Applicants are advised to contact the Dumping Liaison Unit before completing this section ☎ (02) 6275-6066 Fax (02) 6275-6990.**

1. **Fully describe the locally produced raw agricultural goods.**

Silicon is not a processed agricultural good.

- 2. Provide details showing that the raw agricultural goods are devoted substantially or completely to the processed agricultural goods.**

This question is not applicable to goods the subject of this application.

- 3. Provide details showing that the processed agricultural goods are derived substantially or completely from the raw agricultural goods.**

This question is not applicable to goods the subject of this application.

- 4. Provide information to establish either:**

- **a close relationship between the price of the raw agricultural goods and the processed agricultural goods; or**
- **that the cost of the raw agricultural goods is a significant part of the production cost of the processed agricultural goods.**

This question is not applicable to goods the subject of this application.

C-4. Exports from a non-market economy

- 1. Provide evidence the country of export is a non-market economy. A non-market economy exists where the government has a monopoly, or a substantial monopoly, of trade in the country of export and determines (or substantially influences) the domestic price of like goods in that country.**

China is not considered a 'non-market economy' country under Australia's Anti-Dumping provisions.

- 2. Nominate a comparable market economy to establish selling prices.**

This question is not applicable.

- 3. Explain the basis for selection of the comparable market economy country.**

This question is not applicable.

- 4. Indicate the selling price (or the cost to make and sell) for each grade, model or type of the goods sold in the comparable market economy country. Provide supporting evidence.**

This question is not applicable.

C-5 Exports from an 'economy in transition'

- 1. Provide information establishing that the country of export is an 'economy in transition'.**

China is not considered an "economies-in-transition" country under Australia's Anti-Dumping provisions.

- 2. A price control situation exists where the price of the goods is controlled or substantially controlled by a government in the country of export. Provide evidence that a price control situation exists in the country of export in respect of like goods.**

This question is not applicable.

3. **Provide information (reasonably available to you) that raw material inputs used in manufacturing/producing the exported goods are supplied by an enterprise wholly owned by a government, at any level, of the country of export.**

This question is not applicable.

4. **Estimate a 'normal value' for the goods in the country of export for comparison with export price. Provide evidence to support your estimate.**

This question is not applicable.

C-6 Aggregation of Volumes of dumped goods

Only answer this question if required by question B.1.5 of the application and action is sought against countries that individually account for less than 3% of total imports from all countries (or 4% in the case of subsidised goods from developing countries). To be included in an investigation, they must collectively account for more than 7% of the total (or 9% in the case of subsidised goods from developing countries).

	Quantity	%	Value	%
All imports into Australia		100%		100%
Total				

The goods exported from China the subject of this application exceed more than the negligible volume requirements under Australia's Anti-Dumping provisions (i.e. greater than 3 per cent of total imports for dumped imports, and greater than 4 per cent of total imports for subsidised imports).

APPENDICES

Appendix A1	Australian Production
Appendix A2	Australian Market
Appendix A3	Sales Turnover
Appendix A4	Domestic Sales
Appendix A5	Sales of Other Production (<i>Not Applicable</i>)
Appendix A6.1	Cost to Make and Sell (& profit) Domestic Sales
Appendix A6.2	Cost to Make and Sell (& profit) Export Sales
Appendix A7	Other Injury Factors
Appendix A8	Authority to Deal With Representative