

PACIFIC ALUMINIUM

Anti-Dumping Commission

Anti-Dumping Notice No.2014/08

Silicon Metal exported from
People's Republic of China
Public Document

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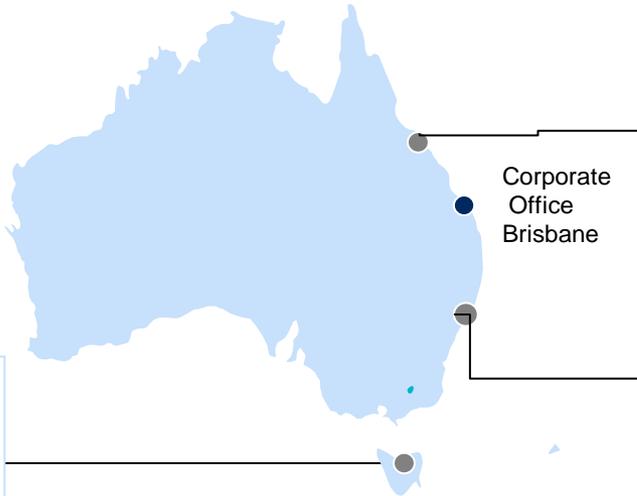




Pacific Aluminum (PacAI) Background

Australian Export Manufacturer Adding Value to Australian Resource

- PacAI is a business division of Rio Tinto and holds Rio Tinto Alcan's Aluminium smelter assets in Australia (& NZ)
- Alumina is supplied from refineries in Gladstone (Yarwun & QAL)
- Approximately 80% of PacAI's aluminium is exported
- Directly employs ~2,500 people, indirectly employs 15,000 people
- Generates ~A\$3bn in GDP



Bell Bay Aluminium Smelter

- Bell Bay, Northern Tasmania
- Ownership: 100 per cent
- Direct employment ~460
- Indirect employment ~ 2000
- GDP ~ \$0.4 B per annum

Boyne Smelters Limited

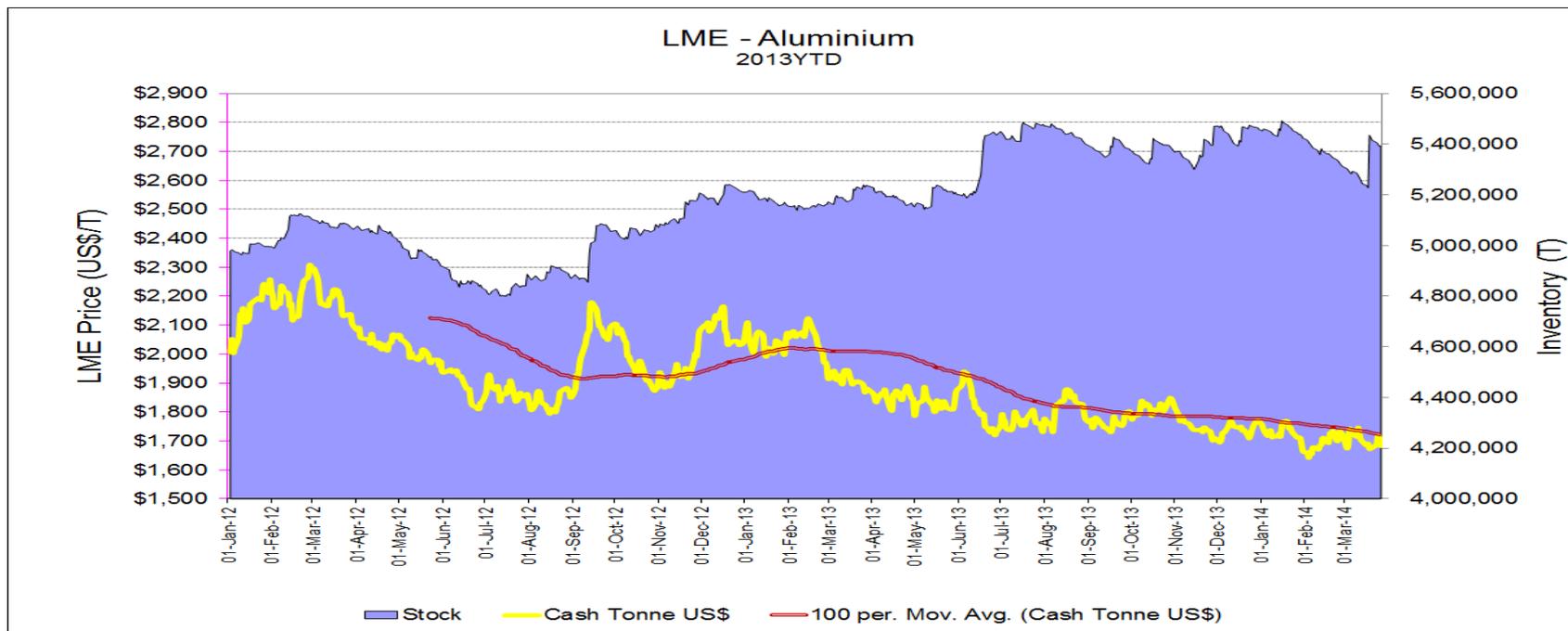
- Gladstone, Queensland
- Ownership: 59.39 per cent
- Direct employment ~1000
- Indirect employment ~ 6700
- GDP ~ \$1.4 B per annum

Tomago Aluminium Smelter

- Tomago, New South Wales
- Ownership: 51.55 per cent
- Direct employment ~1000
- Indirect employment ~ 6000
- GDP \$1.3B per annum

Pacific Aluminium – Business Context

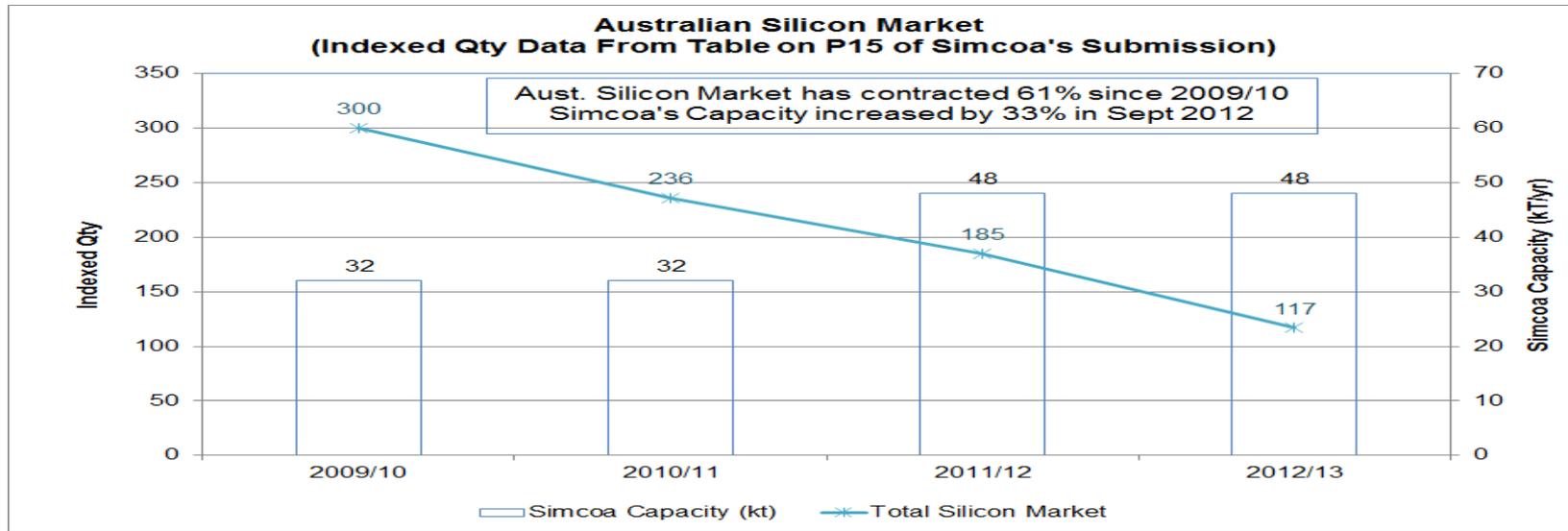
PacAl is Under Pressure Due to Record Low LME Aluminium Prices



- Smelters world-wide are under pressure due to very low LME Aluminium price
- Smelters are closing due to poor economics. In Australia note:
 - Alcoa recently announced the closure of its Point Henry smelter
 - Hydro closed its Kurri Kurri smelter in 2012
- PacAl's revenue is linked to the LME price. PacAl is not able to recover any additional costs (from the imposition of dumping duty) from its customers
- PacAl is focussed on reducing its cost in order to be long term sustainable given a low LME

Australian Silicon Market

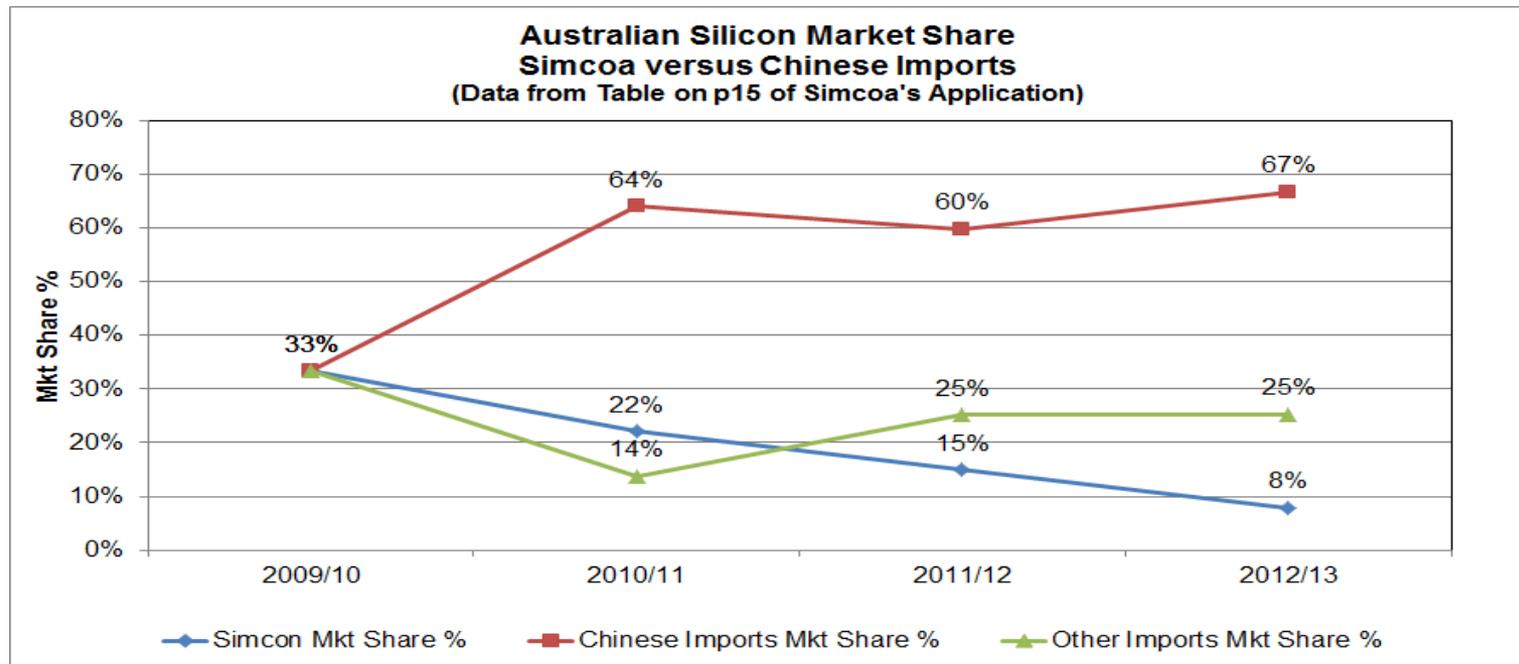
Simcoa's Profitability Impacted by Expanding Capacity For a Shrinking Market



- The Australian silicon market has been steadily declining since 2009/10 (61% reduction since 2009/10)
- Simcoa increased capacity of high purity silicon in 2011/12 by 33% (16kt)
- ADC's Consideration Report (p41) noted that:
 - Simcoa's decision in 2010 to expand its production capacity despite an already declining domestic market; and
 - that the export market has historically been a significant part of Simcoa's business strategy and was factored into its decision to expand its capacity.
- In 2012/13 PacAl switched 42% of its requirements to lower purity 441 grade (not available from Simcoa)

Australian Silicon Market Share

Since 2010/11, Simcoa Has Lost 11% Market Share to Other Imports and Only 3% to Chinese Imports



- In the last 3 years Simcoa lost 14% market share (i.e. 22% down to 8%) to:
 - Other imports 11% (i.e. went from 14% to 25%)
 - Chinese imports 3% (i.e. went from 64% to 67%)

2013 Silicon Purchases & Tariff

- Single Tariff (2804.69.00) for Multiple Grades of Silicon
- Simcoa advised PacAl during the sourcing project for 2013 that they could only produce 2202 & 3303 grades (i.e. grade 441 has to be imported)
- Silicon grade 441 should be excluded from the investigation as it could not be supplied by the Australian producer during the investigation period

Summary

PacAl Disagrees That Silicon Exported to Australia from China is Being Dumped

- Simcoa's profitability has been impacted expanding capacity 33% when the domestic market has been shrinking
- PacAl converted 41% of its volume to 441 grade, which is not available from Simcoa; hence that grade should be excluded from the investigation scope
- PacAl's FOB China pricing formula is based on prices published by Asian Metals
- Asian Metal's published prices are completed spot transactions by major silicon market participants (smelters, traders, domestic & overseas users)
- 75% of PacAl's metal sales containing silicon are exported. Claiming back duty places an administration burden on an export manufacturer and does not benefit the Australian producer