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12 May 2014

Ms Joanne Reid  
Director  
Anti-Dumping Commission  
c/o Australian Customs and Border Protection Service  
Customs House  
5 Constitution Avenue  
CANBERRA ACT 2601

**For Public File**

Dear Ms Reid

**Re: Inquiry into Silicon Metal exported from P R China**

I refer to recent documents placed on the public file in the above investigation.

Simcoa Operations Pty Ltd ("Simcoa") has reviewed the importer visit report for Pacific Aluminium. Pacific Aluminium is 100 per cent owned by Rio Tinto Limited and Rio Tinto plc ("Rio Tinto"). During the investigation period, imports of silicon metal from P R China were made by Pacific Aluminium for the Rio Tinto Aluminium (Bell Bay) Limited, Boyne Smelters Limited and Tomago Aluminium Company Pty Ltd aluminium production facilities.

The Pacific Aluminium importer visit report includes a number of comments/assertions that Simcoa considers it appropriate to comment on.

**1. Pacific Aluminium imports from P R China**

Pacific Aluminium sourced silicon metal from two suppliers in China. It is noted that Pacific Aluminium indicated to the Anti-Dumping Commission ("the Commission") that it "conducts a sourcing process similar to a tender" and that "price is the key factor in all supply decisions".

It is further stated in the report that Pacific Aluminium purchases all grades of silicon to manufacture aluminium. It is asserted by Pacific Aluminium that it moved its silicon purchasing from the high purity grades "to a lower grade known as 441".

It is also stated that Pacific Aluminium approached Simcoa and that Simcoa was unable to produce grade 441. Simcoa produces all grades of silicon. The implied assertion that Simcoa was unwilling to supply the nominated grade of silicon is inaccurate. The key consideration is that Simcoa was not willing to match the Chinese dumped price for the silicon that was suggested by Pacific Aluminium as being of a lower grade.

Simcoa submits that it was unwilling to match the dumped price for the silicon requested by Pacific Aluminium. Simcoa rejects any suggestion that it could not make the claimed lower grade of silicon (or its equivalent). Simcoa is a manufacturer of all grades of silicon that meet the customers requirements.

Curiously, Simcoa notes that Pacific Aluminium on the one hand mentions the "high purity" and "lower quality" grades of silicon, then suggests that there is no significant quality differences between the imported silicon metal and silicon available from Simcoa. It is evident that the only issue of relevance to Pacific Aluminium was the price at which it was willing to pay for silicon. Simcoa did offer to supply locally produced silicon, however, was not invited to match the price for the dumped silicon exported from P R China.

## **2. Chinese grade 2202 silicon**

The Pacific Aluminium Importer Visit Report states that the Chinese silicon producers can produce the higher quality Grade 2202 silicon "at a cheaper price". Whether this assertion is correct will be examined by the Commission during exporter visits, however, the central issue is whether the goods have been exported at dumped prices.

The recent CBSA finding confirmed that exports of silicon from P R China to Canada were at dumped prices. Simcoa contends that silicon exported to Australia from P R China is similarly dumped and that a market situation for silicon sold domestically in China is also evident due to the Government of China's influence on raw material input costs (e.g. electricity).

Simcoa submits that the statements included in the Pacific Aluminium Visit Report concerning the costs of Chinese silicon producers are merely assertions and have not been substantiated by Pacific Aluminium. On this basis, the claims and assertions should be disregarded.

## **3. Claims that manufacturer is unaware of export destination**

It is stated that "*Pacific Aluminium advised it understands that in this case the manufacturer of the goods has no knowledge that the goods produced will be on-sold to Australia and therefore the trader should be considered the exporter*".

Simcoa finds this claim to be unrealistic in the extreme. It is known within the industry that Pacific Aluminium is owned by the Rio Tinto Group and that the Singapore operations has been a global purchaser of silicon metal for Rio Tinto's global aluminium operations. It cannot be accepted as genuine Pacific Aluminium's claim that the manufacturer of the silicon in China was unaware of the intended destination of the exported goods. Pacific Aluminium is a well-known, high volume, industry purchaser of silicon and that the goods in high probability would be exported to a Rio Tinto facility in Australia.

Pacific Aluminium's claims that the Chinese manufacturer of the exported goods was unaware of the export destination is not credible. Simcoa notes that two exporters of the goods under consideration that have completed exporter questionnaires and are identified as traders of the goods are related to the manufacturer (i.e. all members of the Linan Group of companies). The Chinese manufacturer of the dumped silicon must therefore be considered the exporter of the dumped goods for the purposes of identifying the relevant exporter.

## **4. General Comments**

As indicated, the assertion that Simcoa cannot produce Grade 441 silicon is incorrect. The reason that Simcoa was unsuccessful for the supply of the low grade silicon sought by Pacific Aluminium had little to do with the quality – rather, the prime consideration (as indicated by Pacific Aluminium's comments in the Visit Report) related to price.

Simcoa is a high quality producer of silicon and manufactures silicon to meet the customer's specific requirements. The contention that Simcoa cannot produce a grade of silicon is incorrect and misleading. The central issue is that the price that Pacific Aluminium was seeking for supply was a dumped price and Simcoa was not willing to match the below-cost price.

## **5. Final Comments**

Simcoa rejects the claims of Pacific Aluminium that it could not produce a certain grade of silicon. It is further rejected that the Chinese manufacturer(s) of silicon exported to Australia were unaware that the largest purchaser of silicon in the region was not supplying product for export to Australia. The Chinese manufacturer(s) must therefore be considered the exporter of the dumped silicon to Australia. Finally, Pacific Aluminium's claims and assertions in the Importer Visit Report are supportive of a conclusion that price was the determinative factor in Simcoa's most recent unsuccessful offers for supply.

If you have any questions concerning this letter, please do not hesitate to contact me on (08) 9780 6762, or Simcoa's Representative, John O'Connor on (07) 3342 1921.

Yours sincerely

A handwritten signature in black ink, appearing to read "David Miles", with a long horizontal flourish extending to the right.

David Miles  
Vice President  
Site Services and Marketing