

10 June 2014

The Commissioner
Anti-Dumping Commission
5th Floor Customs House
5 Constitution Avenue
Canberra ACT 2601

Attn: Ms Nicole Platt -Manager - Operations 2

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For Public File

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Dear Ms Platt

Subject: Anti-Dumping Commission ("ADC") Investigation into Silicon Metal exported from the People's Republic of China ("Investigation")

I refer to the public file correspondence in this investigation from Simcoa Operations Pty Ltd ("Simcoa") dated 12 May 2014 ("Simcoa's letter") which contained Simcoa's views on matters concerning the Commission's published version report on its visit to Pacific Aluminium on 3 April 2014.

Simcoa's letter states (on page 1):

"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."

We note the following in relation to that statement:

- Simcoa's website does not list the grades of silicon available for supply by Simcoa.

However, Simcoa's website does state (under the "Products" – "Global Reach" tab) that:

"Simcoa's production of very high purity silicon is particularly suitable to the metallurgical industry, and the level of grade control maintained also provides some unique advantages for the silicones and semi-conductor industries."
(underlining added)

We believe the implication is that Simcoa are not focussed on producing lower quality grades such as 441.

- Paragraph 4.1 of the ADC's public record visit report on Simcoa states (in relation to the Chinese grades):
 - *"3303 – Simcoa advised their product grade begins at this level and increases in quality each additional grade".*

Given 441 grade is lower in quality than 3303, our conclusion is that Simcoa does not produce 441 grade.

- Paragraph 4.1 of the ADC's public record visit report on Simcoa also states:

"Higher quality products are more difficult to produce and so attract a premium price. There are fewer global suppliers of higher quality products so the supply/demand ratio changes and producers of higher quality silicon metal can usually expect a higher premium."

Simcoa would therefore acknowledge that the lower quality grade 441 is a lower priced product.

Accordingly, Pacific Aluminium was not aware and does not accept that Simcoa can produce 441 grade for offer to the Australian domestic market on a truly commercial basis.

Further, we note that the ABS 2013 silicon import statistics for Western Australia ("WA") as set out in Table 1 below shows that 996 tonnes of silicon were imported into WA in 2013.

Table 1		2013 Silicon Imports					
Country		Destination State					
Origin		TAS.	NSW	VIC	WA	QLD	TOTAL
CHINA	Qty (T)	2,004	324	2,388	996	140	5,852
	FOB (A\$/T) ⁽¹⁾	2,250	2,176	2,237	2,000	2,109	
	Value (A\$)	\$ 4,508,438	\$ 705,355	\$ 5,341,826	\$ 1,992,500	\$ 295,260	\$12,843,379
					Weighted Average FOB (A\$/T)		\$ 2,195

Note (1) Indicative FOB as they are Value for Duty Calculations

If these imports were made by Simcoa, then then it would appear that either:

- Simcoa does not produce all silicon grades as claimed (e.g. 441 grade); or
- Simcoa was running at capacity. This would diminish the extent to which Simcoa suffered material injury from imports of Chinese silicon during the Investigation Period.

In addition, we note that the ABS 2013 silicon export statistics for WA as set out in Table 2 below indicate that Simcoa exported 48,712 tonnes (97%) of its 50,000 tonne capacity in 2013 with a weighted average FOB export price of A\$2,443/T compared with a weighted average FOB export price for China import (refer Table 1) of A\$2,195:

Table 2 2013 Silicon Exports from WA			
Quarter Ended	Qty (T)	FOB Value (A\$)	FOB (A\$/T)
Mar-13	12,221	28,196,637	\$ 2,307
Jun-13	12,096	28,237,458	\$ 2,334
Sep-13	12,817	33,482,944	\$ 2,612
Dec-13	11,579	29,094,119	\$ 2,513
Totals	48,712	119,011,158	\$ 2,443

Pacific Aluminium queries the extent of Simcoa's claim of material injury given that during the Investigation Period, it was running close to capacity and achieving FOB pricing well above its Chinese competitors.

We note that Simcoa increased its production capacity by 33% to approximately 50,000 tonnes per year in 2011/12 primarily on the basis of export sales, since their capacity already exceeded the Australian silicon market. This is also consistent with Simcoa's statement on its website (under the "Products" – "Global Reach" tab) that:

"Simcoa is primarily an export oriented company with approximately 95% of its 50,000 tonnes allocated to a diverse range of overseas markets"

Pacific Aluminium exports approximately 75% of its aluminium metal containing silicon and (as noted in our original submission) we query the utility of the imposition and subsequent drawback of duty in relation to such exports.

Finally, in relation to Simcoa's letter where on page 2 in section 3 it states:

'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',

it is interesting to note that paragraph 6.4 of the ADC's public record visit report on Simcoa states:

"Simcoa's preference is to deal directly with the customer, but in some markets this is not always possible. In Europe, as noted above, sales are often conducted through a trader or intermediary".

So it appears that Simcoa itself may not know all of its final export customers.

Please contact Richard Harrison at Pacific Aluminium or Pacific Aluminium's representative, Merton (Jack) Howard or Stephen Pearson of Staughton's for any further information or clarification concerning this response.

Thank you for your consideration,

Yours sincerely

A handwritten signature in blue ink, appearing to read "Greg Stevens", is written over a horizontal line.

Greg Stevens
Manager Procurement