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

Public File

Dear Ms Reid

Investigation No. 237 - Dumping and Subsidisation of Silicon Metal exported from P R China to Australia – Simcoa Operations Pty Ltd comments on submissions by Pacific Aluminium and the Linan Group

Introduction

I refer to two submissions recently placed on the Public File in respect of Investigation No. 237 on silicon metal exported from the People's Republic of China ("China"). The submissions were made by Pacific Aluminium and the Linan Group.

Simcoa Operations Pty Ltd ("Simcoa") provides the following rebuttals in respect of certain matters identified in the submissions.

Pacific Aluminium

Pacific Aluminium's ("PacAl") submission in response to Statement of Essential Facts ("SEF") and Preliminary Affirmative Determination ("PAD") No 237 disputes the following:

- (i) the Australian industry does not produce silicon metal Grade 441 (that accounts for approximately 41 per cent of PacAl's demand) in 2013, and suggests that Grade 441 is not a "like good" to the goods the subject of the application;
- (ii) the Australian industry has not suffered material injury;
- (iii) an error has occurred in the calculation of the 22.5 per cent dumping margin for "uncooperative and other exporters"; and
- (iv) The 35 per cent subsidy margin determined for uncooperative and other exporters is "excessive and unreasonable".

Grade 441

In disputing the findings in SEF and PAD No 237, PacAl has primarily relied upon its assertion that Simcoa does not produce and supply "lower cost" silicon 441 grade (i.e. lower cost is based upon comparison with Grade 3303 silicon) and this grade should be excluded from the like goods the subject of the anti-dumping and countervailing measures.

Simcoa unequivocally rejects PacAl's assertions. Contrary to PacAl's understanding, Simcoa produces a number of grades of silicon metal including [grade reference] grades of silicon metal. The Anti-Dumping Commission ("the Commission") confirmed that Simcoa produced seven grades of silicon metal¹. Simcoa confirms the Commission's statement that Simcoa is able to supply and produce silicon metal for all aluminium alloy requirements in Australia.

PacAl's submission relies upon its view that Simcoa does not supply certain grades of silicon. Before addressing Simcoa's locally produced silicon range, it is important to acknowledge, however, that the product specifications as detailed in PacAl's product specification sheet for Grade 441 is xxxxx xxxxxxxx. It can be seen from the PacAl specification sheet (refer Confidential Attachment 1) that in the definition of Grade 441, [relevant iron content].

Irrespective of PacAl's categorization of Grade 441, Simcoa confirms with the Commission [*details re Simcoa's product and sales of silicon metal*]. This grade is of a [specification] referred to by PacAl for Grade 441. [*Details re Simcoa production grade – Non-Confidential Attachment 2*].

It is noted in the PacAl submission that reference is made to the "lower cost silicon 441 grade" that PacAl has sought to purchase from China. PacAl has been accessing the "lower cost" Grade 441 at dumped and subsidized prices and, it appears, would like to continue to do so.

The Anti-Dumping Commission's finding that Simcoa manufactures and produces like goods to the imported silicon metal from China (including Grade 441) is correct and accurate. Simcoa does manufacture equivalent grades to imported Grade 441 and will accept orders for specific customer requirements for silicon metal [*reference to production Grades*].

Material injury

The Commission's assessment on injury experienced by the Australian industry is based upon fact. It is clear from the analysis contained in the "Economic Condition of the Industry" that the Australian industry has suffered injury in the form of:

- lost sales volumes;
- reduced market share;
- reduced revenue;
- price suppression;
- price depression; and
- loss of profits and profitability.

PacAL contends that the Australian industry cannot have experienced lost sales volumes (and market share) to imported silicon metal Grade 441. However, as the Australian industry does produce like goods to imported Grade 441, this contention cannot be supported.

PacAl also states that the Commission has afforded "too much weight" to its domestic analysis of the Australian industry's economic performance. The requirements of Section 269TAE of the Customs Act require the Commission to have regard to the economic impact of the dumped and subsidized exports on the Australian industry. For this reason, an application for anti-dumping and countervailing measures includes a schedule that is based upon the profit and profitability of domestic sales only. The Commission has correctly identified the impact of the dumped and subsidized exports from China on the Australian industry's economic performance, as it is required to do.

¹ Section 3.5 of Statement of Essential Facts and Preliminary Affirmative Determination No. 237, P.14.

Error in 22.5 per cent dumping margin calculation

The dumping margin calculated for the uncooperative and other exporters is based upon the Linan Group normal value, excluding adjustments, compared with the weighted-average export prices for all exporters (other than exports by the Linan group) across the investigation period.

The difference in the dumping margin calculations between those determined for the cooperative Linan Group companies and the uncooperative and other exporters is the exclusion of the adjustments to normal value. As is the Commission's policy, certain verified adjustments are not afforded to uncooperative and other exporters' normal values.

Unfavourable subsidy margin

PacAI argues that the subsidy margins determined for uncooperative and other exporters is excessive and unreasonable. The subsidy margins are based upon the Commission's satisfaction that in the absence of adequate information from the Government of China and cooperation from the uncooperative and other exporters, benefits are likely to have been derived under the programs to this exporter category.

The Commission has correctly assessed the subsidy margins applicable to uncooperative and other exporters of silicon metal to Australia (all remaining Chinese exporters other than those by the Linan Group).

Linan Group

The submission prepared on behalf of the Linan group argues that the Commission has taken "an overly broad like goods test analysis". It also argues that Simcoa does not produce a Grade 441 silicon metal. Please refer to Simcoa's comments above in respect of its production grades.

It is further argued on behalf of the Linan Group that there should not have been an uplift in the electricity costs for the cooperative exporters based upon a "benchmark" rate. The statements fail to take account of the Commission's benchmark rate being applicable to not just producers in Yunnan and Guizhou but for "other large industry" tariff rates in China as provided by the Government of China. The Commission has correctly determined the appropriate benchmark rate for assessing electricity at less than adequate remuneration in China.

Finally, it has been argued on behalf of the Linan group that the level of profit applied to the Linan Group's constructed normal value has been made based upon cost data for the Linan Group prior to the uplift for electricity costs in China. This is consistent with the Commission's practice in determining the level of profit achieved by the Chinese exporter, based upon domestic selling prices and costs as evidenced in the exporters financial accounts.

The Commission has applied the correct level of profit in calculating the Linan Group's normal values for silicon metal exported to Australia.

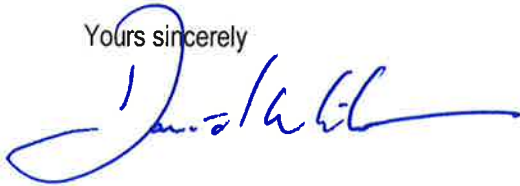
Conclusion

The Commission has correctly concluded that the goods manufactured by the Australian industry are like goods to the imported silicon metal from China (including Grade 441). The Commission has not erred in its assessment of material injury, dumping or subsidy margins for the goods exported to Australia in the investigation period.

Simcoa requests that Commission affirm its findings as contained in SEF and PAD No 237 and recommend that the Parliamentary Secretary to the Minister apply anti-dumping and countervailing measures to silicon metal exported from China to prevent material injury to the Australian industry manufacturing like goods.

If you have any questions concerning the attached submission, please do not hesitate to contact me on (08) 9780 6762, or Simcoa's representative Mr John O'Connor on (07) 3342 1921.

Yours sincerely

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

David Miles
Vice President
Site Services and Marketing