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Public File

Continuation 651 – Silicon metal from the People's Republic of China

1. Introduction

Simcoa Operations Pty Ltd (**Simcoa**), the Australian industry applicant to Continuation No. 651 (**CON 651**), makes the following submission on the recent findings by the *Canadian Border Services Agency* (**CBSA**) concerning the expiry review determination of silicon metal from China.

2. CBSA concludes dumping and subsidisation likely on measures expiry

On 25 June 2024, the CBSA initiated an expiry review of the original trade measures order made by the *Canadian International Trade Tribunal* (**CITT**) on 22 August 2019,[1] concerning the dumping and subsidising of certain silicon metal from China. In its 6 December 2024 *Statement of Reasons*, the CBSA concluded that *…the expiry of the order in respect of silicon metal from China is likely to result in the continuation or resumption of dumping and/or subsidizing of the goods from China*.

On dumping, the CBSA assessed the following factors in arriving at its conclusion.[2] These are presented in further detail in the table following the below:

- excess production capacity for silicon metal in China;
- China's volume of production and its reliance on exports to address the oversupply of silicon metal in the Chinese market;
- recent pricing data which suggest that Chinese exporters are selling at low and potentially dumped prices in other markets, and well below Canadian import prices;
- negligible volumes of subject imports into Canada despite cooperative exporters having normal values based on market pricing; and
- anti-dumping measures in place in Canada and in other jurisdictions on silicon metal from China (Australia, the European Union, and the United States).

[1] Refer CITT Expiry Review No. RR-2018-003.
[2] Non-Confidential Attachment 1*: STATEMENT OF REASONS, Concerning an expiry review determination under paragraph 76.03(7)(a) of the Special Import Measures Act respecting, SILICON METAL ORIGINATING IN OR EXPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA. SM 2024 ER. December 6, 2024.* Page 4.

Factor	Conclusion
Global silicon metal market conditions	*Given the information on the record, it is clear that the global silicon metal market has been growing at a slower than usual rate and is heavily influenced by factors affecting downstream industries, specifically in regards to demand, consumption, production capacity and economic conditions. If the CITT's order expires, the current state of the market represents an opportunity for Chinese exporters to dump excess goods into Canada. As a result, this increases the likelihood of continued or resumed dumping of subject goods into Canada should the CITT's order expire.*[3]
Economic outlook in China	*Based on the available evidence, it is evident that China's economic growth is slowing down following a moderate recovery from the pandemic. Given the projections of slower growth and stagnant domestic demand, Chinese producers will most likely seek more opportunities to sell goods in the international market. As such, there may be an increased likelihood of resumed or continued dumping of silicon metal into Canada should the CITT's order expire.*[4]
Production volume and overcapacity of silicon metal in China	*With silicon metal and downstream industry producers increasing capacity in the pursuit of export markets, it is clear that the producers may look to Canada as a potential market. While RTA indicates in its response to the ERQ questionnaire that demand is expected to increase in 2024, production leading to more excess capacity may continue at a rate greater than domestic demand. As such, producers may be encouraged to sell to the global market. These factors may increase the likelihood of continued or resumed dumping of subject goods into Canada, should the CITT's order expire.*[5]
Pricing data, negligible volumes of subject goods into Canada and inability of Chinese exporters to sell at non-dumped prices while the CITT order was in effect	*Despite the increase in volume and value, imports from China represent nearly zero percent of the total market. This demonstrates that Chinese silicon metal exporters have an inability to compete in the Canadian market at non-dumped prices.*[6] *In conclusion, if the CITT's order expires, the apparent inability for Chinese silicon metal exporters to compete in the Canadian market at non-dumped prices will be removed. This may lead to the continued or resumed exportation of silicon metal at dumped prices into Canada.*
Imposition of anti-dumping measures by authorities of jurisdictions other than Canada concerning silicon metal from China	*Based on the information on the record…there is a history of anti-dumping measures in jurisdictions other than Canada which demonstrated a propensity of Chinese exporters to dump silicon metal into international markets across multiple continents. If the CITT's order expires, there is an increased likelihood that silicon metal from China would resume to be sold into Canada at dumped prices.*[7]

The current anti-dumping duty applicable to all Chinese exporters of silicon metal to Canada is 235 percent.[8]

On subsidisation, the CBSA assessed the following factors in arriving at its conclusion.[9] These are presented in further detail in the table following the below:

- the continued availability of subsidy programs for silicon metal producers and exporters in China; and

[3] Ibid, p. 21.
[4] Ibid.
[5] Ibid, p. 22.
[6] Ibid, p. 22.
[7] Ibid, p. 25.
[8] Refer https://www.cbsa-asfc.gc.ca/sima-lmsi/mif-mev/sm-eng.html
[9] Ibid, p. 4.

– a propensity of the Government of China (**GOC**) to subsidise a variety of goods imported into Canada and silicon metal produced in China and exported to other markets.

Factor	Conclusion
The continued availability of subsidy programs for silicon metal producers and exporters in China	*In reviewing China's most recent subsidy notification filed with the WTO in July of 2023, the CBSA noted that some of the programs available during the original investigation period appear to remain available and that there are new programs that have been added since 2018 which could potentially be used by silicon metal producers and exporters.*[10] *Since the final determination of the original investigation, the 2018 expiry review and throughout the POR for this current review, the information available on the administrative record indicates that the GOC continues to have subsidy programs that are available and could potentially be used by Chinese producers and exporters of silicon metal.*[11]
A propensity of the GOC to subsidise a variety of goods imported into Canada and silicon metal produced in China and exported to other markets	*The existence of numerous countervailing measures in place in Canada against a variety of Chinese goods, including silicon metal, and the inquiry in Australia on Chinese silicon metal demonstrates that Chinese producers and exporters of silicon metal have received countervailable benefits from the GOC and will likely continue to receive countervailable subsidies in the future.*[12]

The current countervailing duty applicable to all Chinese exporters of silicon metal to Canada is 1,945.0 CNY per metric tonne.[13]

3. Relevance to CON 651

Under section 269ZHF(2),[14] the Commissioner must not recommend that the Minister take steps to secure the continuation of measures unless they are satisfied that the expiration of the measures would lead, or would be likely to lead, to a continuation of, or a recurrence of, the dumping and the material injury that the measure is intended to prevent. The Commission's assessment of the CBSA's recent findings on the likelihood of Chinese dumping and subsidisation in the absence of measures is therefore highly relevant in this regard.

In its application to the inquiry in question, Simcoa petitioned that a particular market situation continues to exist in the Chinese market for silicon metal, and that domestic Chinese selling prices for the goods cannot therefore be relied upon for the purposes of assessing normal values. In its application, Simcoa provided estimates of current Chinese normal values, and submits that normal values at these levels will result in a recurrence of material margins of dumping by Chinese exporters in the absence of measures. This will in turn, and for all of the reasons articled by Simco in its application and at industry verification, cause a recurrence of material injury to the Australian industry.

[10] Ibid, p. 29
[11] Ibid, p. 30.
[12] Ibid, p. 31.
[13] Refer https://www.cbsa-asfc.gc.ca/sima-lmsi/mif-mev/sm-eng.html
[14] *Customs Act 1901.*

If you have any questions concerning this submission, please do not hesitate to contact Simcoa's representative Mr Chad Uphill on +61 (2) 412 377 603.

FOR AND ON BEHLAF OF

Simcoa Operations Pty Limited

THE AUSTRALIAN INDUSTRY APPLICANT