



OTTAWA, December 6, 2024

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**

DECISION

On November 21, 2024, pursuant to paragraph 76.03(7)(a) of the *Special Import Measures Act*, the Canada Border Services Agency determined that the expiry of the Canadian International Trade Tribunal order made on August 22, 2019, in Expiry Review No. RR-2018-003:

- is likely to result in the continuation or resumption of dumping of such goods originating in or exported from China; and
- is likely to result in the continuation or resumption of subsidizing of such goods originating in or exported from China.

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EXECUTIVE SUMMARY

[1] On June 24, 2024, the Canadian International Trade Tribunal (CITT), pursuant to subsection 76.03(1) of the *Special Import Measures Act* (SIMA), initiated an expiry review of its order made on August 22, 2019, in Expiry Review No. RR-2018-003, concerning the dumping and subsidizing of certain silicon metal originating in or exported from the People’s Republic of China (China).

[2] As a result of the CITT’s notice of the expiry review, the Canada Border Services Agency (CBSA), on June 25, 2024, initiated an investigation to determine, pursuant to paragraph 76.03(7)(a) of SIMA, whether the expiry of the order is likely to result in the continuation or resumption of dumping and/or subsidizing of the goods.

[3] The CBSA received a response to its Canadian producer Expiry Review Questionnaire (ERQ) from Québec Silicon Limited Partnership (“QSLP”) and Ferroglobe Canada ULC (“Ferroglobe Canada”), collectively referred to as Québec Silicon¹. Québec Silicon is the only Canadian producer of silicon metal in Canada and may also be referred to as “the Canadian producer” in this report. The submissions made by Québec Silicon expressed an opinion that the continued dumping and subsidizing of silicon metal from China is likely if the CITT’s order expires.

[4] The CBSA received a response to the Canadian importer ERQ from Rio Tinto Alcan Inc. (“RTA”)², a purchaser and end-user of the subject and non-subject silicon metal. In the ERQ response, RTA expressed an opinion that the dumping and subsidizing of subject goods from China will not resume if the CITT’s order is rescinded.

[5] The CBSA received comments submitted by William Rowland Americas LP (“William Rowland”), an importer of the subject goods. The comments included information to support the likelihood that the continued dumping and subsidizing of the subject goods is likely if the CITT’s order expires.

[6] The CBSA did not receive any responses to the Exporter ERQ.

[7] The CBSA did not receive a response to the Foreign Government ERQ from the Government of China (GOC).

[8] In addition to responding to the ERQ, Québec Silicon³ submitted supplementary information prior to the closing of the record. The CBSA also received case briefs from Québec Silicon⁴. The case brief submitted by the Canadian producer included information supporting its position that continued or resumed dumping and subsidizing of certain silicon metal from China is likely if the CITT’s order is rescinded.

¹ Exhibit 14 (PRO) and 15 (NC) – Response to Canadian Producer ERQ – Québec Silicon.

² Exhibit 16 (PRO) and 17 (NC) – Response to Importer ERQ – Rio Tinto Alcan Inc.

³ Exhibit 18 (PRO) and 19 (NC) – Close of Record attachments from Québec Silicon.

⁴ Exhibits 23 (PRO) and 24 (NC) – Case brief filed on behalf of Québec Silicon.

[9] The analysis of information on the administrative record indicates a likelihood of continued or resumed dumping into Canada of silicon metal from China should the CITT's order expire. This analysis relied upon the following factors:

- in respect of the 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
- and anti-dumping measures in place in Canada and in other jurisdictions on silicon metal from China.

[10] The analysis of information on the administrative record indicates a likelihood of continued or resumed subsidizing into Canada of silicon metal from China should the CITT's order expire. This analysis relied upon the following factors:

- in respect of the continued availability of subsidy programs for silicon metal producers and exporters in China
- and a propensity of the GOC to subsidize a variety of goods imported into Canada and silicon metal produced in China and exported to other markets.

[11] For the forgoing factors, the CBSA, having considered the relevant information on the record, determined on November 21, 2024, pursuant to paragraph 76.03(7)(a) of SIMA 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.

BACKGROUND⁵

[12] On April 22, 2013, following a complaint filed by Québec Silicon Limited Partnership and its affiliate Ferroglobe Canada ULC (previously named QSIP Canada ULC) of Bécancour, Quebec, the CBSA initiated investigations pursuant to subsection 31(1) of SIMA, respecting the dumping and subsidizing of certain silicon metal originating in or exported from China.

[13] On October 21, 2013, pursuant to subsection 41(1) of SIMA, the CBSA made final determinations respecting the dumping and subsidizing of silicon metal originating in or exported from China.

[14] On November 19, 2013, pursuant to subsection 43(1) of SIMA, the CITT found that the dumping and subsidizing of silicon metal originating in or exported from China were threatening to cause injury to the domestic industry in Canada.

⁵ [Silicon metal: Measures in force](#)

[15] On August 22, 2019, the CITT determined that the expiry of its finding would cause material injury to the domestic industry. Therefore, the CITT continued its finding made in Inquiry No. NQ-2013-003.

[16] On June 24, 2024, the CITT initiated an expiry review of its order pursuant to subsection 76.03(1) of SIMA.

[17] On June 25, 2024, the CBSA initiated an expiry review investigation to determine whether the expiry of the order is likely to result in continued or resumed dumping and/or subsidizing of the subject goods.

PRODUCT DEFINITION

[18] For purposes of this expiry review investigation silicon metal is defined as:

Silicon metal containing at least 96.00% but less than 99.99% silicon by weight, and silicon metal containing between 89.00% and 96.00% silicon by weight that contains aluminum greater than 0.20% by weight, of all forms and sizes, originating in or exported from the People's Republic of China.

Additional Product Information

[19] The subject goods include all forms and sizes of silicon metal, including off-specification material such as silicon metal with high percentages of other elements, such as aluminum, calcium, iron, etc.

[20] Silicon is a chemical element, metallic in appearance, solid in mass, and steel gray in color, that is commonly found in nature in combination with oxygen either as silica or in combination with both oxygen and a metal in silicate minerals. Although commonly referred to as metal, silicon exhibits characteristics of both metals and non-metals. Silicon metal is a polycrystalline material whose crystals have a diamond cubic structure at atmospheric pressure. It is usually sold in lump form typically ranging from 6" x 1/2" to 4" x 1/4" for the metallurgical industry, 1" by 1" and smaller for the chemical industries and also in crushed powder form.

[21] Silicon metal is principally used by primary and secondary aluminum producers as an alloying agent and by the chemical industry to produce a family of chemicals known as silicones.

CLASSIFICATION OF IMPORTS

[22] The subject goods are normally imported into Canada under the following tariff classification numbers:

2804.69.00.00

These tariff classification numbers may also include non-subject goods, and subject goods may also fall under additional tariff classification numbers.

PERIOD OF REVIEW

[23] The period of review (POR) for the CBSA’s expiry review investigation is January 1, 2021 to April 30, 2024.

CANADIAN INDUSTRY

[24] The Canadian industry for silicon metal is comprised of a single corporate group that is responsible for the production and the sales of like goods. The single corporate group is comprised of Québec Silicon Limited Partnership (“QSLP”) and Ferroglobe Canada ULC (“Ferroglobe Canada”), which are collectively referred to as Québec Silicon.

Québec Silicon Limited Partnership and Ferroglobe Canada ULC

[25] QSLP is responsible for the production of silicon metal, which is produced at its facility located in Bécancour, Québec. Ferroglobe Canada is responsible for the sale of silicon metal produced by QSLP.

[26] Ferroglobe Canada is wholly owned by Ferroglobe PLC (“Ferroglobe”). QSLP is 50.99% owned by Ferroglobe Canada; 49% owned by the Dow Chemical Company (“Dow”); and 0.01% owned by the Quebec Silicon General Partnership Inc. (“General Partnership”). The General Partnership manages QSLP by virtue of power of attorney and is 51% owned by Ferroglobe Canada and 49% owned by Dow Switzerland Holding GmbH. Based on this structure, Ferroglobe has majority ownership and control over QSLP and complete ownership and control of QSIP Canada.⁶

[27] Prior to June 2012, Ferroglobe’s interests in Quebec Silicon were owned by Bécancour Silicon Inc. (“BSI”), an unaffiliated third party. From July 2012 until late 2015, Quebec Silicon was owned by Globe Specialty Metals (“Globe”). In late 2015, Globe merged with Grupo FerroAtlantica to form Ferroglobe.⁷

[28] Quebec Silicon sells the silicon metal it produces to both end users and to a distributor who then re-sells it to end users. It should be noted that as a result of its ownership stake, Dow is entitled to 49% of the silicon metal produced by QSLP, while Ferroglobe Canada is entitled to the remaining 51% of production. Ferroglobe Canada is responsible for managing the production operations at the Bécancour facility with input from Dow with regards to production planning. All of the silicon metal sold to Dow is exported and Dow does not re-sell any of the silicon metal back into the Canadian market.⁸

⁶ Exhibits 14 (PRO) and 15 (NC) – Response to Canadian Producer ERQ – Québec Silicon, response to Questions Q8 and Q9.

⁷ *Ibid.*, response to Question Q9.

⁸ *Ibid.*

CANADIAN MARKET

[29] The Canadian production and the apparent market for silicon metal cannot be disclosed as the total value and volume of Canadian production of silicon metal during the POR was based on confidential information filed by the sole Canadian silicon metal producer (i.e. Québec Silicon). The imports of silicon metal from China and all other countries are presented in **Table 1** and **Table 2** below.

Table 1: Imports of certain silicon metal
(Value in CAN\$)

	2021	2022	2023	2024 (Jan – Apr)
China	8,346	483,556	136,794	3,559
All Other Countries ⁹	64,150,262	90,327,552	56,316,572	12,297,535
Total Imports	64,158,607	90,811,109	56,453,365	12,301,094

Table 2: Imports of certain silicon metal
(Volume in kilograms)

	2021	2022	2023	2024 (Jan – Apr)
China	1,802	74,179	43,309	35
All Other Countries ¹⁰	23,304,805	16,977,030	14,436,784	3,552,157
Total Imports	23,306,607	17,051,210	14,480,092	3,552,192

[30] In general, the market share of imports from China, in terms of volume and value, slightly increased 2022 with a decrease in 2023. Whereas, the market share of imports from non-subject countries increased in 2022, then decreased in 2023 in terms of volume. In terms of value, the market share for non-subject countries decreased between 2021 to 2023.

ENFORCEMENT DATA

[31] In the enforcement of the CITT's order during the POR, as detailed in **Table 3** below, the CBSA assessed a total amount of anti-dumping and countervailing duties of \$2,379 on subject imports from China. The total value for duty of subject imports during the POR from China was approximately \$628,696. As a percentage of the total value for duty, the combined anti-dumping and countervailing duties assessed during the POR were equal to 0.4%. The quantity of subject goods, on which anti-dumping and countervailing duties were assessed was roughly 119,290 kg.

⁹ Exhibit 22 (PRO) – CBSA Import and Compliance Statistics – Day 50.

¹⁰ *Ibid.*

Table 3: Enforcement Data – SIMA duties assessed during the POR¹¹
(Value in \$)

Country Name	2021	2022	2023
China	1,273	1,106	0

PARTIES TO THE PROCEEDINGS

[32] On June 25, 2024, the CBSA sent a notice concerning the initiation of the expiry review investigation and ERQs to known Canadian producers, importers and exporters. The Government of China (GOC) was also sent an ERQ relating to subsidy.

[33] The ERQs requested information relevant to the CBSA’s consideration of the expiry review factors, as listed in subsection 37.2(1) of the *Special Import Measures Regulations* (SIMR).

[34] The only Canadian producer, Québec Silicon, participated in the expiry review investigation and responded to the ERQ.¹² One importer, RTA, responded to the CBSA’s ERQ.¹³ No response was received from exporters or the GOC.

[35] Québec Silicon provided a case brief to the CBSA in support of its position that continued or resumed dumping and subsidizing of silicon metal is likely if the CITT’s order expires.¹⁴ No other case briefs or reply submissions were received by the CBSA from any other parties notified by the CBSA at the initiation of this expiry review investigation.

INFORMATION CONSIDERED BY THE CBSA

[36] The information considered by the CBSA for purposes of this expiry review investigation is contained in the administrative record. The administrative record includes the information on the CBSA’s exhibit listing, which is comprised of the CBSA exhibits and information submitted by interested parties, including information which the interested parties feel is relevant to the decision as to whether dumping and subsidizing are likely to continue or resume absent the CITT order. This information may consist of expert analysts’ reports, excerpts from trade magazines and newspapers, orders and findings issued by authorities of Canada or of a country other than Canada, documents from international trade organizations such as the World Trade Organization (WTO) and responses to the ERQs submitted by Canadian producers, exporters, importers and governments.

¹¹ Exhibit 22 (PRO) – CBSA Import and Compliance Statistics – Day 50.

¹² Exhibits 14 (PRO) and 15 (NC) – Response to Canadian Producer ERQ – Québec Silicon.

¹³ Exhibits 16 (PRO) and 17 (NC) – Response to ERQ – Rio Tinto Alcan Inc.

¹⁴ Exhibits 23 (PRO) and 24 (NC) – Case brief filed on behalf of Québec Silicon.

[37] For purposes of an expiry review investigation, the CBSA sets a date after which no new information submitted by interested parties will be placed on the administrative record or considered as part of the CBSA’s investigation. This is referred to as the “closing of the record date” and is set to allow participants time to prepare their case briefs and reply submissions based on the information that is on the administrative record as of the closing of the record date. For this investigation, the administrative record closed on August 14, 2024.

POSITION OF THE PARTIES – DUMPING

[38] Certain details provided in case briefs and reply submissions were designated as confidential information by the submitting counsel. This has restricted the ability of the CBSA to discuss specific details raised in these submissions.

Parties Contending that Continued or Resumed Dumping is Likely

Québec Silicon

[39] The Canadian producer, Québec Silicon, made representations in its ERQ response and in its case briefs supporting its position that dumping of certain silicon metal from China is likely to continue or resume should the CITT’s order expire. Therefore, they argued that the anti-dumping measures should remain in place.

[40] The main factors identified by Québec Silicon can be summarized as follows:

International Market Conditions

- Global Economic Conditions
- Global Silicon Metal Outlook and Weakening Demand
- Global Production and Overcapacity
- Global Silicon Metal Price Volatility

Silicon Metal Pricing in the Canadian Market

- Pricing of Chinese Imports of Silicon Metal in the Canadian Market

China’s Economic Conditions and the Silicon Metal Market

- China’s Economic Conditions
- Chinese Costs and Export Prices
- Chinese Silicon Metal Production and Overcapacity
- Chinese Silicon Metal Demand
- Softening Demand in Downstream Industries
- Chinese Silicon Metal Prices
- China’s Propensity for Dumping
- Export Orientation
- Slowdown in China’s Major Export Markets
- Non-Market Economy and Significant Government Involvement

Canadian Market Conditions

- Low-priced Competition in the Canadian Market from Other Countries
- Inability to Sell at Normal Values
- Concentrated Customer Base

International Market Conditions

[41] Québec Silicon submits that the international market conditions make it likely that China will export large volumes of silicon metal to Canada at low prices in the next 12 to 24 months.¹⁵ International market conditions are extremely volatile and expected to remain so for the next 12 to 24 months. Québec Silicon argues that global silicon metal capacity continues to grow, placing continued volume and price pressure on markets and producers around the world. This creates an incentive for silicon metal producers to increase production by exporting in order to spread high fixed costs over more tonnes produced. Québec Silicon further argues that the volatility and incentive to increase production for export caused by the excess capacity crisis is expected to continue for the foreseeable future.¹⁶

Global Economic Conditions

[42] Québec Silicon cites that the World Bank anticipates economic recovery to be soft following the COVID-19 pandemic, the ongoing Russia-Ukraine conflict, and a rise in global inflation.¹⁷

[43] Québec Silicon notes that the World Bank expects global inflation to grow at a slower pace over 2024 to 2026 following the initial post-COVID-19 pandemic recovery of 6.3% growth in 2021. Global GDP growth is forecasted to slow to 2.6% in 2024, 2.7% in 2025 and 2.7% in 2026. The World Bank further states that the period from 2020 to 2024 is the weakest start to a decade for global growth since the 1990s.¹⁸

Global Silicon Metal Outlook and Weakening Demand

[44] Québec Silicon reports that global silicon metal demand grew between 2021 and 2023, and is forecasted to grow in 2024. However, this growth is forecasted to slow down in 2025 and in 2026.¹⁹ The Canadian producer states that the surge in demand is largely driven by the expansions of the silicone, semiconductor, solar cell and lithium-ion rechargeable battery industries.²⁰

¹⁵ Exhibits 23 (PRO) and 24 (NC) – Case brief filed on behalf of Québec Silicon, para. 33.

¹⁶ *Ibid.*, para. 34.

¹⁷ *Ibid.*, para. 35.

¹⁸ *Ibid.*, para. 36.

¹⁹ *Ibid.*, para. 38.

²⁰ *Ibid.*, para. 39.

Global Production and Overcapacity, and China's Dominance

[45] Québec Silicon submits that global capacity for silicon metal has grown significantly over the last few years and is expected to continue rapidly growing despite slowing global demand. Capacity increased from 2021 to 2023 and is forecasted to continue increasing between 2023 and 2026.²¹

[46] The Canadian producer also reports that China represented the majority of the total global capacity in 2023. Global production resulted in a low utilisation rate. Québec Silicon further notes that the trends are projected to continue from 2024 to 2026, and global capacity will continue to be bolstered by China between 2024 and 2026.²²

[47] Québec Silicon notes that there was no market for existing excess capacity and that there will be no market for the new capacity additions. It further argues that the significant capital investments made by Chinese producers to increase capacity will result in Chinese producers seeking to supply whatever markets are available, including the Canadian market should the CITT's order expire.²³

Global Silicon Metal Price Volatility

[48] Québec Silicon submits that global silicon metal prices peaked between the end of 2021 and the beginning of 2022, and have since declined, including Chinese export prices which were the lowest for grades 553 and 441 from 2021 to May 2024. When compared to US and European Union (EU) pricing during that same period, the Canadian producer states that Chinese export prices were lower than US pricing and EU pricing. Québec Silicon further argues that the increase in global prices was largely due to increased demand in downstream industries, such as the aluminium alloy, silicone, semiconductor, solar cell and lithium-ion rechargeable battery industries, and contracted supply caused by electricity regulations in China and high energy costs in Europe.²⁴

[49] Québec Silicon adds that silicon metal production costs largely contributed to the rise in prices throughout the world, and indicated that numerous Chinese provincial authorities implemented "energy consumption controls" on production facilities primarily reliant on coal. The Canadian producer notes that plants that were largely dependent on coal cut output by 80% to 90% in 2021, while the ongoing energy crisis in Europe resulted in operating costs rising by 20% to 30%.²⁵

²¹ Exhibits 23 (PRO) and 24 (NC) – Case brief filed on behalf of Québec Silicon., para. 41.

²² *Ibid.*, paras. 42-43.

²³ *Ibid.*, para. 44

²⁴ *Ibid.*, paras. 45-47

²⁵ *Ibid.*, para. 48

[50] Québec Silicon notes that the decrease in pricing is a result of a steady contraction of demand in the US and Europe, as well as a reduction in the price of raw materials compounded with a growth in supply. However, the Canadian producer adds that silicon metal prices will likely remain highly volatile.²⁶

Silicon Metal Pricing in the Canadian Market

Pricing of Chinese Imports of Silicon Metal in the Canadian Market

[51] Québec Silicon provided an analysis on the CBSA's Import and Compliance Statistics (re: Exhibit 22). According to the CBSA's own statistics, there were 23 MT of imports from China in 2023. Québec Silicon argues that should the CITT's order be rescinded, Chinese producers would lower selling prices to secure sales in Canada and compete at dumped prices with low-priced imports from Australia, Brazil, Malaysia, Netherlands and Norway.²⁷

Chinese Economic Conditions and the Silicon Metal Market

China's Economic Conditions

[52] Québec Silicon reports that China's economy is forecasted to slowdown and enter a potential deflationary crisis. After the COVID-19 lockdowns were lifted, China's GDP growth in Q1 of 2023 reached 8.9% before subsequently falling to 5.2% for all of 2023. China's GDP growth is expected to remain low at 4.6% in 2024 and 4.1% in 2025 following low consumer confidence, a struggling real estate market and reductions in foreign investment.²⁸

Chinese Costs and Export Prices

[53] Québec Silicon submits that pricing and costing information from CRU, a leading authority on metal markets and costing, is a reasonable source for estimating dumping costs, yet constantly understates actual costs due to less transparency. Québec Silicon compared reported CRU costs with actual costs from Québec Silicon for 2022 and 2023. In the comparison, the Canadian producer factored the CRU underestimation to adjust costs.²⁹

[54] Québec Silicon provided two tables summarizing the estimated margins of dumping calculations for China. The tables show the CRU average plant operating cost estimates for China in 2022 and 2023.³⁰

²⁶ Exhibits 23 (PRO) and 24 (NC) – Case brief filed on behalf of Québec Silicon., para. 49

²⁷ *Ibid.*, para. 51

²⁸ *Ibid.*, paras. 55-56

²⁹ *Ibid.*, paras. 59-60

³⁰ *Ibid.*, paras. 61-63

[55] In addition, Québec Silicon refers to an email from William Rowland, which included an example of an offer for silicon metal from a Chinese trader dated June 2024. The offer was priced at US\$1,840/MT FOB, and William Rowland stated that the “removal of dumping duties will likely open the floodgates for Chinese silicon metal into Canada.”³¹

Chinese Silicon Metal Production and Overcapacity

[56] Québec Silicon submits global silicon metal production from 2021-2023 was largely represented by Chinese production, and that the percentage will increase from 2024-2026. In addition, the Canadian producer indicates that although millions in metric tonnes of silicon metal worth of investments in China were made as of June 2024, the utilisation rate is forecasted to drop its peak and with the market experiencing massive overcapacity, Chinese annual production capacity is predicted to increase within the next few years.³²

[57] Québec Silicon provided a table summarizing the Chinese production and capacity for silicon metal, which shows a forecasted increase of excess capacity from 2024-2026.³³

[58] Québec Silicon states that inventory levels continued to climb compared to recent years, which has delayed market rebalancing in China as producers continue to commission silicon metal products. Québec Silicon also notes that the excess inventory in China in 2024 is bigger than the size of the entire Canadian market.³⁴

Chinese Silicon Metal Demand

[59] Québec Silicon provided a table demonstrating the apparent Chinese consumption growth, and reports that silicon metal demand in China’s domestic market will have a slower growth rate in the coming years. The table shows strong growth between 2021 and 2023, with forecasted slower growth rates from 2024-2026.³⁵

[60] Citing a Fastmarkets report, Québec Silicon states that the slower growth rates can be largely attributed to weakened growth and demand from downstream industries such as the photovoltaic, semiconductor, aluminium and automobile sectors.³⁶

Softening Demand in Downstream Industries

[61] With regard to the aluminium sector, Québec Silicon submits that downstream orders of aluminium from a weakened real estate sector have generally decreased, while aluminium imports have replaced domestic Chinese production, leading to additional production cuts from the aluminium sector.³⁷

³¹ Exhibits 23 (PRO) and 24 (NC) – Case brief filed on behalf of Québec Silicon, para. 65

³² *Ibid.*, paras. 67-69

³³ *Ibid.*, paras. 69-70

³⁴ *Ibid.*, para. 72

³⁵ *Ibid.*, para. 73

³⁶ *Ibid.*, para. 74

³⁷ *Ibid.*, para. 76

[62] Québec Silicon notes that despite government subsidies and measures to boost automobile sales, domestic consumer demand in the automobile industry has remained weak since 2017 due to a lack of confidence in economic recovery. The Canadian producer also submits that from 2018 to 2022, domestic annual vehicle shipments, excluding exports and including imports, have decreased from 27 million to 23.8 million, with no signs of short-term recovery.³⁸

[63] Québec Silicon submits that the photovoltaic and polysilicon sectors are showing sign of slowing down despite demonstrating considerable growth in the last few years. Polysilicon producers have “entered a stage of overcapacity in the wake of rapid expansions”, while profit margins have continued to shrink, leading to the postponement or cancellation of numerous production expansions. The Canadian producer also notes that polysilicon prices have fallen by 52% in January 2024 as inventory levels continue to expand and price cuts are anticipated.³⁹ In addition, Québec Silicon states that the solar sector has seen a decrease in capacity growth from 55% in 2023 to 31% in 2024, and the photovoltaic industry will not be able to absorb the excess capacity of silicon metal production domestically in China.⁴⁰

Chinese Silicon Metal Prices

[64] Québec Silicon reports that silicon metal prices have declined rapidly since their peak in October 2021, and supports this assertion by providing a table which shows prices declining from 2022 to the first five months of 2024.⁴¹

China’s Propensity for Dumping

[65] Québec Silicon lists jurisdictions, other than Canada, that have imposed trade restrictions on silicon metal from China. The list includes the EU and the US with anti-dumping measures, and Australia with anti-dumping and countervailing measures. Québec Silicon states that the measures in place suggest that Chinese exporters are likely to resume dumping into Canada if the CITT’s order expires.⁴² The Canadian producer further notes that the resumption of dumping in the case of an expiration was also asserted by the Australian Anti-Dumping Committee in its continuation inquiry into Chinese silicon metal.⁴³

[66] Québec Silicon also argues that Chinese producers continue to explore other avenues to maintain silicon metal exports to countries with trade barriers. The Canadian producer notes that Chinese exporters have considered re-exporting silicon metal products through a third country, such as Thailand, after the United States International Trade Commission (USITC) retained its anti-dumping measures in November 2023.⁴⁴

³⁸ Exhibits 23 (PRO) and 24 (NC) – Case brief filed on behalf of Québec Silicon, para. 77

³⁹ *Ibid.*, para. 78

⁴⁰ *Ibid.*, para. 79

⁴¹ *Ibid.*, paras. 80-81

⁴² *Ibid.*, paras. 82-83

⁴³ *Ibid.*, para. 84

⁴⁴ *Ibid.*, para. 85

Export Orientation

[67] Québec Silicon argues that there is an imperative for Chinese producers to move silicon metal products to export markets, due to the production capacity that far exceeds domestic demand for silicon metal in China. Québec Silicon elaborates that the imperative is exacerbated in non-market economies, such as China, where wholly or partly state-owned producers are influenced by political pressures as opposed to market-based considerations.⁴⁵

[68] Québec Silicon cited a UN Comtrade report to show the total Chinese exports of subject and non-subject goods under silicon metal from 2020 to 2023. Chinese exports of subject goods increased by 18% in 2021, then subsequently decreased by 11% and 12% in 2022 and 2023, respectively. Québec Silicon notes that the declines correspond with a spike in domestic demand. However, with demand forecasted to fall sharply in 2024 and remain low in 2025 and 2026, the Canadian producer states that Chinese exporters will likely turn to export markets to sell off excess production between 2024 to 2026 and resume selling into Canada at dumped prices.⁴⁶

[69] Québec Silicon further notes that China is the leading exporter of silicon metal and its exports are, on average, triple the size of the next largest exporters, Norway, Brazil and France. The Canadian producer also notes that Canada's silicon market is very small when compared to China's production, excess capacity and exports. Québec Silicon asserts that China would flood the entire Canadian market.⁴⁷

Slowdown in China's Major Export Markets

[70] Québec Silicon notes that two-thirds of Chinese silicon metal exports are shipped to Asia, with Japan and South Korea being the largest export markets for the subject goods from 2021 to 2023. Québec Silicon provided a table showing a contraction in demand for Japan and South Korea in 2022 and 2023, and a forecasted growth in demand between 2024 and 2026. The Canadian producer states that despite the growth, demand in these countries will remain below pre-contraction levels through 2026, and Chinese silicon metal producers will be looking to other export markets to sell their growing production volumes.⁴⁸

[71] Québec Silicon points out that trends for total Chinese exports to all Asian markets indicate a reorientation towards other market destinations outside of Asia to absorb China's excess capacity and production. Québec Silicon believes that the reorientation will most likely occur if China's two largest consumers continue to have domestic demand levels that are lower than previous years. Québec Silicon contends that given the trade measures in place in Australia, the EU and the US, Canada, whose demand is forecasted to grow between 2024 and 2026, will be an attractive opportunity for Chinese producers if the CITT's order expires.⁴⁹

⁴⁵ Exhibits 23 (PRO) and 24 (NC) – Case brief filed on behalf of Québec Silicon, para. 86

⁴⁶ *Ibid.*, paras. 87-89

⁴⁷ *Ibid.*, paras. 92-94

⁴⁸ *Ibid.*, paras. 95-97

⁴⁹ *Ibid.*, 98-99

Non-Market Economy and Significant Government Involvement

[72] Québec Silicon cites the CBSA’s Statement of Reasons of the original silicon metal investigation which states that, pursuant to section 20 of SIMA, “there is sufficient reason to believe that domestic prices for silicon metal in China are not substantially the same as they would be if they were determined in a competitive market”. The Canadian producer believes that these conditions continue to exist today.⁵⁰

[73] To support its argument, Québec Silicon cites the history of Blue China National Bluestar (Group) Co. who was “brought under the central government’s administration” in 2000, before becoming a subsidiary of China National Chemical Corp. in 2004.⁵¹ The Canadian producer also argues that the China Non-Ferrous Metal Industry Association plays a large role in the production of Chinese silicon metal through its Silicon Industry branch. From the association, Québec Silicon cites that it aims to serve “as a bridge and link between the government and enterprises and institutions”, and states that the association provides recommendations to government authorities to improve micro-control and management. Québec Silicon adds that in doing so, the association “safeguards the legitimate rights and interests of China’s silicon industry and strengthens China’s silicon industry position in international trade”.⁵²

[74] In addition to the overall picture presented above, the Canadian producer submits the European Commission’s report “On Significant Distortions in the Economy of the People’s Republic of China for the Purposes of Trade Defence Investigations”, which provides an analysis on the Chinese aluminium and chemical sectors that are vital to the silicon metal industry.⁵³ With respect to the aluminum industry, the European Commission concluded that the Chinese “domestic market is served significantly by large SOEs, which account for dominant share of Chinese aluminium production and production capacity.”⁵⁴ With respect to the chemical industry, the report concludes that SOEs exercise significant control through numerous planning and regulatory documents that have been updated in China’s 14th Five-Year Plan and ad hoc policy interventions of the government. The report further concludes that “the State not only pursues a certain vision of the chemical sector but that it will step in to make necessary course corrections.”⁵⁵

Canadian Market Conditions

Low-priced Competition in the Canadian Market from Other Countries

[75] Québec Silicon contends that there are various sources of low-priced offshore imports in the Canadian market and that Chinese silicon metal producers would have to compete at these prices or likely offer lower pricing in order to penetrate the Canadian market.⁵⁶

⁵⁰ Exhibits 23 (PRO) and 24 (NC) – Case brief filed on behalf of Québec Silicon, paras. 100-101

⁵¹ *Ibid.*, para. 102

⁵² *Ibid.*, para. 103

⁵³ *Ibid.*, para. 105

⁵⁴ *Ibid.*, para. 106

⁵⁵ *Ibid.*, para. 107

⁵⁶ *Ibid.*, paras. 110-111

Inability to Sell at Normal Values

[76] Québec Silicon refers to its ERQ response along with the CBSA's Import and Compliance Data, and notes that Chinese imports of silicon metal into Canada have been negligible between 2021 and April 2024, with imports representing only 0.5% or less of total imports into Canada during the period.⁵⁷

[77] Québec Silicon also refers to the CBSA's calculated margins of dumping, which range from 47.3% to 235%, and amounts of subsidy ranging from 1,460.50 Renminbi (RMB)/MT to 1,945 RMB/MT. Since the final determination, the Canadian producer states that it does not appear that any Chinese producer or importer of the subject goods is importing into Canada at normal values, thus rendering Chinese exporters unable to competitively ship silicon metal.⁵⁸

Concentrated Customer Base

[78] Québec Silicon notes RTA and Alcoa as the main customer base with well-established purchasers that have a global reach and outlook. The Canadian producer argues that there is little doubt that said purchasers would be willing and able to purchase subject goods, given that like goods and subject goods are interchangeable and Chinese producers have an increasing capacity to supply purchasers with low-cost silicon metal.⁵⁹

Parties Contending that Continued or Resumed Dumping is Unlikely

Rio Tinto Alcan

[79] The responding importer, RTA, made representations in its ERQ response supporting its position that dumping of certain silicon metal from China is not likely to continue or resume should the CITT's order expire. Therefore, they argued that the anti-dumping measures in place should be allowed to expire.

[80] The main factors identified by the importer can be summarized as follows:

- the global supply and demand balance and pricing dynamics of silicon metal;
- production costs of silicon metal in China are increasing;
- China's main export market for silicon metal is Asia;
- demand and supply in the Chinese silicon metal market; and
- RTA and silicon metal inventory

⁵⁷ Exhibits 23 (PRO) and 24 (NC) – Case brief filed on behalf of Québec Silicon, para. 112

⁵⁸ *Ibid.*, para. 113-114

⁵⁹ *Ibid.*, para. 115

The global supply and demand balance and pricing dynamics of silicon metal

[81] RTA notes that based on CRU forecasts, global silicon demand is expected to be driven by several factors and discusses growth in silicon prices in the medium term.⁶⁰

[82] In regards to supply, RTA argues that the available Chinese supply for exports is already being absorbed at near prevailing world market prices, thus making it unlikely to conclude that Chinese silicon metal will be diverted from high price markets to be dumped into Canada at low prices. The importer adds that consumption growth in the chemical industry and vertically organized production for international consumption severely strains the availability of supply.⁶¹

[83] RTA also notes that future availability of aluminium alloy production is a risk, due to the increasing share of production capacity that is being held by the chemical industry. The importer refers to the CRU silicon metal outlook, which brought evidence of strong growth in the chemicals sector.⁶²

[84] With regard to global container rates, RTA contends that rates have increased significantly since the pandemic and that costs have been unpredictable. The importer provided data of the Freight Container Index from Freightos, which shows rates surging from approximately USD \$2,500/container in 2020 to approximately USD \$22,500/container by the end of 2022.⁶³

Production costs of silicon metal in China are increasing

[85] RTA contends that production costs for silicon metal in different countries has changed since the pandemic, especially in China, with an increase of 37% since 2020. To support its argument, RTA cites a CRU silicon production cost table by country from 2017 to 2027.⁶⁴

China's main export market for silicon metal is Asia

[86] The importer contends that Chinese exports have focused on Asia for many years and that Asia is China's main export market. RTA refers to the CRU Silicon Metal Outlook data that exhibits Chinese silicon metal exports by country and region.⁶⁵

⁶⁰ Exhibits 16 (PRO) and 17 (NC) – Response to ERQ – Rio Tinto Alcan Inc., pg. 10

⁶¹ *Ibid.*, pg. 11

⁶² Exhibits 16 (PRO) and 17 (NC) – Response to ERQ – Rio Tinto Alcan Inc., pg. 11-12

⁶³ *Ibid.*, pg. 12

⁶⁴ *Ibid.*, pg. 12-13

⁶⁵ *Ibid.*, pg. 13-14

Demand and supply in the Chinese silicon metal market

[87] RTA states that the pivot towards green energy will remain the most critical determinant for the future of silicon metal demand. The importer adds that China will remain as the world's leading consumer of silicon metal and will account for much of the growth. RTA cites the CRU data which demonstrates that demand for China represents a high percentage of global demand in 2023, but the importer states that geopolitics and reshoring will boost consumption elsewhere.⁶⁶

[88] RTA contends that China's chemical and solar industries continue to grow. The importer notes that the two industries account for a substantial portion of silicon metal consumption.⁶⁷

[89] RTA insists that the CBSA focus on real silicon metal production forecasting as the historic data shows that China uses only half of its theoretical capacity. RTA notes several factors limiting the ability of Chinese silicon metal producers to increase production to 100%, such as seasonal cycles linked to rainy seasons and electricity costs, an increase in environmental regulations, unavailability of transportation containers and cost efficiency.⁶⁸

RTA and silicon metal inventory

[90] RTA contends that it does not maintain inventory of the subject goods, but does maintain inventory of domestic and imported non-subject silicon metal. The importer contends that its inventory has fluctuated over the period of the inquiry depending on the variation in consumption for RTA's primary aluminium production and availability in the market.⁶⁹

CONSIDERATION AND ANALYSIS – DUMPING

[91] In making a determination under paragraph 76.03(7)(a) of SIMA whether the expiry of the order is likely to result in the continuation or resumption of dumping of the goods, the CBSA may consider factors identified in subsection 37.2(1) of the SIMR, as well as any other factors relevant in the circumstances.

⁶⁶ Exhibits 16 (PRO) and 17 (NC) – Response to ERQ – Rio Tinto Alcan Inc., pg. 14

⁶⁷ *Ibid.*, pg. 15

⁶⁸ *Ibid.*

⁶⁹ Exhibits 16 (PRO) and 17 (NC) – Response to ERQ – Rio Tinto Alcan Inc., pg. 16-17

[92] Guided by these aforementioned factors, the CBSA conducted its review based on the documentation submitted by the various participants and its own research, all of which can be found on the administrative record. The following list represents a summary of the CBSA's analysis conducted in this expiry review investigation with respect to dumping:

- Global Silicon Metal Market Conditions
- Economic Outlook in China
- Production Volume and Overcapacity of Silicon Metal in China
- Pricing Data, Negligible Volumes of Subject Goods into Canada despite Cooperative Exporters having Normal Values Based on Market Pricing
- Imposition of Anti-dumping Measures by Authorities of Jurisdictions other than Canada concerning Silicon Metal from China

Global Silicon Metal Market Conditions

[93] In April 2024, the IMF reported that economic activity grew steadily as global inflation decreased from its peak in mid-2022, defying warnings of stagflation and a global recession. Global GDP growth, which was estimated at 3.2%, is expected to maintain the same pace in 2024 and 2025. However, the pace is historically low due to the longer-term effects of the COVID-19 pandemic and the Russia-Ukraine conflict, weak growth in productivity and increasing geo-economic fragmentation. The IMF notes that intensifying supply-enhancing reforms would facilitate inflation and debt reduction, allow economies to increase growth toward the higher pre-pandemic era average, and accelerate convergence toward higher income levels.⁷⁰

[94] Information on the record indicates that global silicon metal prices declined in mid-2023, before remaining stable by the year-end. The information from ChemAnalyst notes that the initial decline was influenced by several factors, including uncertain economic conditions which reduced the consumption rate, and high inventory levels amid an increased production rate across the second quarter. ChemAnalyst adds that to address the reduced consumption rate and high inventory levels, mills from the leading countries of silicon metal production lowered their offer prices to increase demand, increase trade and gain large orders.⁷¹

[95] Furthermore, silicon metal producers outside of China were concerned about China's dominance in certain downstream industries, such as the solar industry, which has created an imbalance in the supply and demand market. China's dominance has led producers to expand and meet clean energy demands for silicon production.⁷²

⁷⁰ Exhibits 18 (PRO) and 19 (NC) – Close of Record attachments from Québec Silicon. Attachment 10 - IMF World Outlook, April 2024.

⁷¹ Exhibit 11 (NC) - Articles, reports and CBSA research. 005 – Silicon Metal Global Price Trends and Forecasts – ChemAnalyst; Exhibits 23 (PRO) and 24 (NC) – Case brief filed on behalf of Québec Silicon, para. 39.

⁷² Exhibit 11 (NC) - Articles, reports and CBSA research. 005 – Silicon Metal Global Price Trends and Forecasts – ChemAnalyst.

[96] 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.

Economic Outlook in China

[97] The China Economic Update published on June 2024 from the World Bank reports that Real GDP growth accelerated to 5.3% in early 2024. Growth was revised from the World Bank's 2023 Update and projected to reach 4.8% in 2024, due to stronger-than-expected exports and the results stemming from recent policy measures. However, growth for 2025 is projected at 4.1%. As mentioned above, the momentum is expected to taper due to the normalization of demand for services after the post-pandemic recovery, property sector adjustments and manufacturing investment forces from soft demand and deflationary pressures.⁷³

[98] The 2024 Economic Outlook from the Organisation for Economic Cooperation and Development (OECD) reports on adjustments in the real estate sector, while infrastructure and manufacturing investments are growing at a moderate but steady pace. In addition, consumption growth will be stable but affected by high precautionary savings after the pandemic. Local government investments for debt resolution will gain momentum, exports will increase as global demand recovers and more Chinese goods will become competitive in international markets. With regard to the consumer price inflation, OECD reports that it will remain very low and producer prices will continue to decrease.⁷⁴

[99] 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.

Production Volume and Overcapacity of Silicon Metal in China

[100] Information on the record shows that Chinese silicon metal capacity far exceeds capacity in the rest of the world and that much of that capacity remains under-utilized.⁷⁵

⁷³ Exhibit 11 (NC) - Articles, reports and CBSA research., 006 – China Economic Update July 2024 - World Bank.

⁷⁴ *Ibid.*, 007 – China OECD Economic Outlook 2024.

⁷⁵ Exhibits 18 (PRO) and 19 (NC) – Close of Record attachments from Québec Silicon. Confidential Attachment 5 – CRU, Silicon Metal Market Outlook (June 2024).

[101] According to the China Nonferrous Metals Industry Association (CNMIA), the nonferrous metal industry saw a stable performance in 2023 with growing production. Total production for 10 common nonferrous metal types, which include silicon metal, reached 74.7 million MT, which was a 7.1% increase from 2022. CNMIA further reports that fixed-asset investments also increased by 17.3% from 2022, and the growth rate reached a record high within the last decade.⁷⁶

[102] In June 2024, the World Bank's China Economic Update notes an imbalance in demand and supply and reports a decrease in the overall industrial capacity utilization rate in 2023. The idle capacity has contributed to producer price deflation, which has eroded industrial profit margins. The China Economic Update reports the rate decreasing to an average of 74.9% over the last four quarters, compared to the pre-pandemic average of 76.7% from 2017 to 2019. The decline is mostly concentrated in sectors that include the production of non-metal minerals and ferrous metals, and downstream industries which include the electronics sector and the automobile sector. The Economic Update also notes that the decline can be partly reversed in 2024 with an improvement in global trade.⁷⁷

[103] According to the China Report Network, the photovoltaic industry is another downstream sector impacted by overcapacity and technological changes affecting silicon materials. The Silicon Industry Branch contends that downstream demand orders will improve, inventory pressure will ease, and subsequent silicon material prices may continue to maintain a steady rise; however, the overcapacity issue has not been reversed, thus silicon metal prices have remained low.⁷⁸

[104] 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.

⁷⁶ Exhibit 11 (NC) – Articles, reports and CBSA research, 011 – China's nonferrous metal output maintains steady growth in 2023 – China.org.

⁷⁷ *Ibid.*, 006 – China Economic Update July 2024 – World Bank.

⁷⁸ Exhibits 18 (PRO) and 19 (NC) - Close of Record attachments from Québec Silicon. Public Attachment 17 – China Report Network.

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

[105] According to an article from Mining Technology, the second quarter of 2024 saw a decline in the price of silicon-based products due to oversupply and slow demand recovery. The article notes that stockpiles of silicon commodities with lower-than-usual demand in the automotive, electronics, photovoltaics and aluminium industries contributed to the price remaining low.⁷⁹

[106] As noted by both Québec Silicon and RTA and confirmed by the CBSA, imports of subject goods from China have declined substantially since anti-dumping duties were first imposed. Low volumes continued to be imported during the POR. During the POR, imports of silicon metal from China accounted for less than 0.2% in terms of volume and 0.1% in terms of value of the total imports of silicon metal. As such, and despite the cooperative exporters having normal values, the volume of Chinese silicon metal imports have been negligible throughout the POR.

[107] Based on the Enforcement data, a total of 119,325 kg (119.3 MT) of silicon metal, with a value of \$632,254, entered Canada during the POR. Subject imports of silicon metal from China were assessed a total of \$2,379 in anti-dumping duties. This is in contrast to the approximately 58.27 million kg (58,270 MT) of imports from all other sources.

[108] Volume and value have increased since the last Expiry Review in 2018. Over the previous POR (January 1, 2015 – July 31, 2018), imports from China totalled 7 kg (0.007 MT) in terms of volume and \$7,106 in value. It is apparent that total imports of silicon metal from China had significantly increased.⁸⁰

[109] 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.

[110] 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.

⁷⁹ Exhibit 20 (PRO) - Additional articles, reports and CBSA research, Public Attachment 014 - Falling prices for China's Silicon Industry - Mining Technology.

⁸⁰ Exhibit 11 (NC) – Articles, reports and CBSA research – Public Attachment 002 – SM 2018 ER - SOR

Imposition of Anti-dumping Measures by Authorities of Jurisdictions other than Canada concerning Silicon Metal from China

[111] Based on the information on the record, three countries other than Canada have imposed anti-dumping measures on silicon metal. This information was gathered from the WTO's Integrated Trade Intelligence Portal. The countries are Australia, the EU and the US.⁸¹

[112] Most recently, the USITC completed its fifth review of the anti-dumping measures in place with respect to silicon metal from China in November 2023 and determined that the measures should continue. The original anti-dumping duty order issued by the US Department of Commerce dates back to June 1991, demonstrating a long history of dumping and likelihood of continued or resumed dumping by Chinese exporters. The highest amount of US anti-dumping duty currently in place against Chinese silicon metal is 139.49%.⁸²

[113] With regard to anti-dumping measures in Australia, Australia's Anti-dumping Commission found in 2015 that silicon metal from China was both dumped and subsidized. The margin of dumping for all other goods originating in or exported from China was determined at 20.7%. The Commission continued its anti-dumping measures after a 2020 review of the finding. An inquiry was initiated in 2024, with the commissioner stating that there appear to be reasonable grounds for asserting that the expiration of the anti-dumping measures may lead, or may be likely to lead, to a continuation or recurrence of injury.⁸³

[114] The EU also recently conducted a review of its anti-dumping measures in place against Chinese silicon metal and, in August 2022, determined that the measures should continue. The rates of anti-dumping duty that apply to Chinese subject goods range from 16.3% to 16.8%. Furthermore, since EU anti-dumping measures were originally put in place in December 1995, the EU conducted two anti-circumvention investigations and found that exporters located in both Korea and Taiwan had circumvented the finding against Chinese silicon metal.⁸⁴

⁸¹ Exhibits 23 (PRO) and 24 (NC) – Case brief filed on behalf of Québec Silicon - Public Attachment 29 – WTO I-TIP Search.

⁸² Exhibit 11 (NC) - Articles, reports and CBSA research – Public Attachment 012 – USITC Silicon Metal from China Expiry Review – Nov 2023.

⁸³ Exhibits 18 (PRO) and 19 (NC) – Close of Record attachments from Québec Silicon – Public Attachment 32 – Australia AD & CVD Duties and Rates (%); *Ibid.*, Public Attachment 44 – Australia 2015 Findings Against Chinese Silicon Metal; *Ibid.*, Public Attachment 46 – Australia 2020 Findings Against Chinese Silicon Metal

⁸⁴ Exhibits 18 (PRO) and 19 (NC) - Close of Record attachments from Québec Silicon – Public Attachment 30 - EU Regulation No 2022/1394 - Expiry Review China Silicon Metal.

[115] These trade measures imposed on silicon metal from China show that China is an export oriented country. After the US made its finding in 1991, China began dumping in the EU, which led to an imposition of anti-dumping duties in 1995. Once Canada made its final determination of dumping in 2013, Chinese silicon metal exporters moved to Australia, whose anti-dumping measures were implemented in 2015. The timeline of anti-dumping measures put in place shows China has sought opportunities to sell in other markets when trade measures are implemented in one. Further, Chinese exporters have a propensity to dump in any open market at less than the market value. Based on the information on the record and summarized above, 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.

Determination regarding likelihood of continued or resumed dumping

[116] Based on the information on the record with respect to: Global silicon metal market conditions; economic outlook in China; production volume and overcapacity of silicon metal in China; pricing data, negligible volumes of subject goods into Canada despite cooperative exporters having normal values based on market pricing; and imposition of anti-dumping measures by authorities of jurisdictions other than Canada concerning silicon metal from China, the CBSA has determined that the expiry of the order is likely to result in the continuation or resumption of dumping into Canada of certain silicon metal originating in or exported from China.

POSITION OF THE PARTIES - SUBSIDIZING

Parties Contending that Continued or Resumed Subsidizing is Likely

Québec Silicon

[117] Québec Silicon made representations in its ERQ response and in its case brief supporting its position that the subsidizing of certain silicon metal from China is likely to continue or resume should the CITT's order expire. Accordingly, the Canadian producer argued that the countervailing measures should remain in place.

[118] The main factors identified by Québec Silicon can be summarized as follows:

- Estimated Margins of Subsidy
- Countervailable Subsidy Programs
- GOC Heavily Supports its Silicon Metal Industry
- Other Chinese Goods are Subject to Countervailing Duties in Canada

Estimated Margins of Subsidy

[119] Québec Silicon submitted estimated amounts of subsidy for Chinese silicon metal for purposes of demonstrating the likelihood of resumed or continued subsidization. The amounts, under section 19 of SIMA, were calculated as the difference between the estimated total cost of production for China (cost of manufacturing, selling, general and administration, and financial expenses) and the export price for silicon metal, which was based on the lowest and highest price as reported by CRU. Québec Silicon notes that actual amounts and margins are likely much higher.⁸⁵

[120] Québec Silicon concludes that Chinese exporters will continue or resume shipping subsidized silicon metal to Canada if the order expires, and notes that this is supported by Australia's recent subsidy finding on Chinese silicon metal and China's notification to the WTO on subsidy programs.⁸⁶

Countervailable Subsidy Programs

[121] Québec Silicon refers to Australia's Anti-dumping Commission which imposed countervailing duties of 45% against Chinese silicon metal imports in 2015, and renewed the finding in 2020. During the 2020 investigation, the Australian Anti-Dumping Commission identified 36 countervailable programs. A Continuation Inquiry was announced in 2024 regarding the anti-dumping and countervailing measures on the imports, which are due to expire on June 3, 2025. The Commission considered that "there was adequate evidence tending to prove the ongoing existence of the relevant subsidy programs."⁸⁷

[122] Québec Silicon notes that the Linan Group, which consists of three Chinese silicon metal exporters, cooperated in the 2020 investigation and are subject to countervailing duties. Two of the exporters, Hua'an Linan Silicon Industry Co., Ltd. and Xiamen K Metal Co., Ltd., participated in the CBSA's original investigation in 2013.⁸⁸

[123] The Canadian producer showed that the CBSA's 2013 investigation identified 91 total potential subsidies, 6 of which were used by responding exporters. Some programs were maintained while other potentially used programs were added in the 2018 expiry review. With regard to the July 2023 notification on subsidies to the WTO, China listed 14 identical or similar programs that were found to be countervailing by the Australia Anti-Dumping Commission and by the CBSA in its 2013 investigation and 2018 expiry review. Some of the programs listed by Québec Silicon include incentive funds, funds for the development of small-to-medium enterprises (SMEs) and funds for High and New Technology Funds.⁸⁹

⁸⁵ Exhibits 23 (PRO) and 24 (NC) – Case brief filed on behalf of Québec Silicon, paras. 118-119.

⁸⁶ Exhibits 23 (PRO) and 24 (NC) – Case brief filed on behalf of Québec Silicon, para. 121.

⁸⁷ *Ibid.*, paras. 122-124.

⁸⁸ *Ibid.*, para. 125

⁸⁹ *Ibid.*, paras. 126-127

GOC Heavily Supports its Silicon Metal Industry

[124] Québec Silicon indicates Australia’s countervailing duty of 34.8% maintained for all Chinese silicon metal exporters, and notes that Australia identified numerous subsidy programs which may confer benefits to Chinese silicon metal producers, highlighting the GOC’s deep involvement and interest in the domestic industry.⁹⁰

[125] Québec Silicon identified examples of financial and institutional support for the silicon metal sector at micro and macro levels. The Canadian producer argued that Baotou Xuyang Silicon Technology Co., Ltd. received a government subsidy of USD \$8.3 million (RMB 59.9 million) in industrial support funds pursuant to a “Industrial Silicon, Polycrystalline Silicon, Monocrystalline Silicon Pulling, and Monocrystalline Silicon Slicing Integrated Project Investment Agreement”. In addition, the silicon metal industry was included in the GOC’s “Work Plan for Stable Growth of the Nonferrous Metals Industry” proposed by seven governmental departments. Québec Silicon explains that the plan outlines numerous policies that promote large-scale consumption of Chinese silicon metal products and the support for technological transformation of industrial silicon to implement energy-saving and carbon-reducing process upgrades.⁹¹

[126] Furthermore, the Canadian producer contends that the GOC provides financial support to those in the silicon metal industry to increase research and development investments, promote new technologies and the development of the industry “in a high-end and intelligent direction.” Québec Silicon argues that the GOC and its policies aim to enhance product brands and added value while also incentivising industry players to “make breakthroughs in technological innovation, quality control, energy conservation, etc.”, as well as encouraging technical cooperation throughout the industrial supply chain to improve overall competitiveness.⁹²

[127] Québec Silicon adds that the GOC also cooperates through the CNMIA to achieve various industrial, technological and efficiency goals. The CNMIA actively cooperates with several regional departments to strengthen industry management, documents production and operational issues of the silicon metal producers to local government departments, such as the Sichuan Provincial Economic and Information Technology Commission, the Yunnan Provincial Industry and Information Technology Commission, and the Xinjiang Provincial Industry and Information Technology Commission. Québec Silicon contends that this is done with the goal of receiving financial or institutional support through major programs and reforms.⁹³

⁹⁰ Exhibits 23 (PRO) and 24 (NC) – Case brief filed on behalf of Québec Silicon, para. 128

⁹¹ *Ibid.*, para. 129

⁹² *Ibid.*, para. 130.

⁹³ *Ibid.*, paras. 131-132.

[128] Québec Silicon notes that the CNMIA also advocates for specific government policies and assistance for technological progress, energy conservation and environmental protection to promote sustainable and healthy growth in the domestic silicon metal industry. The Canadian producer argues that interactions between silicon metal producers and national departments have increased, further indicating that the GOC has become more invested in the growth of the domestic silicon metal industry along with its up and downstream supply chains.⁹⁴

Other Chinese Goods are Subject to Countervailing Duties in Canada

[129] Québec Silicon states that the GOC subsidizes many industries, and notes that the CBSA has 24 out of 28 measures against Chinese goods that involve countervailing duties.⁹⁵

Parties Contending that Continued or Resumed Subsidizing is Unlikely

[130] In reviewing the responding importer's ERQ response, the CBSA notes that it is RTA's position that the subsidizing of certain silicon metal from China is not likely to continue or resume should the CITT's order expire. While it is RTA's contention that the evidence indicates subsidization of the subject goods is not likely to resume, the submission made by RTA does not include specific arguments which relate solely to subsidy. In this regard, all of RTA's arguments have already been summarized in the Position of the Parties – Dumping section of this report.

CONSIDERATION AND ANALYSIS – SUBSIDIZING

[131] In making a determination under paragraph 76.03(7)(a) of SIMA as to whether the expiry of the order is likely to result in the continuation or resumption of subsidizing of the goods, the CBSA may consider the factors identified in subsection 37.2(1) of the SIMR, as well as any other factors relevant under the circumstances.

[132] Guided by these aforementioned factors, the CBSA conducted its review based on the documentation submitted by the various participants and its own research, all of which can be found on the administrative record. The following list represents a summary of the CBSA's analysis conducted in this expiry review investigation with respect to subsidy:

- The Continued Availability of Subsidy Programs for Silicon Metal Producers and Exporters in China; and
- A Propensity of the GOC to Subsidize a Variety of Goods Imported into Canada and Silicon Metal Produced in China and Exported to Other Markets.

⁹⁴ Exhibits 23 (PRO) and 24 (NC) – Case brief filed on behalf of Québec Silicon, para. 133.

⁹⁵ *Ibid.*, para. 136

The Continued Availability of Subsidy Programs for Silicon Metal Producers and Exporters in China

[133] At the conclusion of the CBSA's original subsidy investigation in 2013, the CBSA identified 91 subsidy programs and had found that 6 of the 91 identified programs had conferred benefits to the cooperative exporters. The CBSA determined that 100% of the subject goods exported from China were subsidized and that the weighted average amount of subsidy, expressed as a percentage of the export price, was equal to 21.1%. The amounts of subsidy found for the cooperative exporters ranged from RMB 1,460.5 to RMB 1,934.5 per MT. For all other exporters, the amount of subsidy was determined under Ministerial Specification pursuant to subsection 30.4(2) of SIMA. The amount of subsidy determined for non-cooperative exporters was equal to 1,945.0 RMB/MT.⁹⁶

[134] Detailed descriptions of the programs and explanations as to why they were regarded as countervailable subsidies are contained in the CBSA's Statement of Reasons issued at the final determination.⁹⁷

[135] In reviewing China's most recent subsidy notification filed with the WTO in July of 2023⁹⁸, 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. While the names used by the GOC for the programs can differ from those used by the CBSA, the following list of programs highlights some of the programs included in the notification that are identical or similar to programs included in the original investigation and that could be potentially available to Chinese silicon metal producers and exporters. The list below is only meant to provide some examples of the continued availability of subsidy programs in China which could potentially be used by Chinese silicon metal producers and is not meant to be exhaustive.⁹⁹

- i. Preferential tax policies in the western regions: this program is available from 2001 to the present and provides reduced income tax rates and exemptions of VAT on imported equipment for enterprises in encouraged industries located in specified regions. The regions include the largest silicon metal producing provinces of Sichuan, Yunnan, and Xinjiang.
- ii. Preferential tax policies for high-tech enterprises: this program is available from 2008 to the present and provides a 15% reduced income tax rate to high or new technology enterprises.

⁹⁶ Exhibit 11 (NC) - Articles, reports and CBSA research, Public Attachment 001 – SM 2013 IN – Final Determination.

⁹⁷ *Ibid.*, Appendix 2.

⁹⁸ Exhibits 18 (PRO) and 19 (NC) – Close of Record attachments from Québec Silicon – Attachment 47 – “China’s New and Full Notification Pursuant to Article XVI:1 of the GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures – G/SCM/N/401/CHN.

⁹⁹ Exhibits 18 (PRO) and 19 (NC) – Close of Record attachments from Québec Silicon – Attachment 47 – “China’s New and Full Notification Pursuant to Article XVI:1 of the GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures – G/SCM/N/401/CHN.

- iii. Preferential tax treatment of additional calculation and deduction of research and development expenses: this program is available from 2018 to the present and provides a reduced income tax rate to enterprises for the development of new technologies, new products and new techniques.
- iv. Preferential tax policies for enterprises transferring technology: this program is available from 2008 to the present and provides income tax exemptions and/or reductions to resident enterprises who transfer technology.
- v. Preferential VAT treatment for integrated utilization of resources: this program is available from 2022 to the present and provides value-added tax refunds for enterprises promoting integrated utilization of resources, energy conservation and emission reduction.
- vi. Preferential tax treatment for import of equipment: this program is available from 1998 to the present and provides tariff exemptions to enterprises using equipment for domestic and foreign-invested projects.
- vii. Fund for development of strategic emerging industries: this program is available from 2012 to the present and provides funding to promote innovation and key technologies for projects in strategic industries.
- viii. Reward and support fund for restructuring of industrial enterprises: this program is available from 2016 to the present and provides funding allocations based on excessive capacities dissolved in steel, coal and other industries.

[136] 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.

A Propensity of the GOC to Subsidize a Variety of Goods Imported into Canada and Silicon Metal Produced in China and Exported to Other Markets

[137] As highlighted by Québec Silicon and noted earlier in the report, of the 28 trade measures in Canada currently in place against Chinese goods, 24 of those measures include countervailing duties in addition to anti-dumping duties.¹⁰⁰

[138] Information on the administrative record also shows that Australia conducted an inquiry in 2020 respecting Chinese silicon metal and determined that the expiration of the measures on Chinese silicon metal would be likely to lead to a continuation of, or a recurrence of, the subsidization that the measures are intended to prevent. In its original investigation, the Anti-Dumping Commission of Australia found that cooperative exporters had been subsidized by a margin of 6.3% and that all other exporters had been subsidized by a margin of 32.3%.¹⁰¹

¹⁰⁰ Exhibits 23 (PRO) and 24 (NC) – Case brief filed on behalf of Québec Silicon, para. 136.

¹⁰¹ Exhibits 18 (PRO) and 19 (NC) – Close of Record attachments from Québec Silicon - Attachment 46, Australia Anti-Dumping Commission, Silicon metal exported from the People's Republic of China – Inquiry into the Continuation of Anti-dumping and Countervailing Measures of Applying to Silicon Metal (2020).

[139] 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.

Determination Regarding Likelihood of Continued or Resumed Subsidizing

[140] Based on the information on the administrative record in respect of the continued availability of subsidy programs for silicon metal producers and exporters in China and a propensity of the Government of China to subsidize a variety of goods imported into Canada and silicon metal produced in China and exported to other markets, the CBSA has determined that the expiry of the order is likely to result in the continuation or resumption of subsidizing of certain silicon metal originating in or exported from China.

CONCLUSION

[141] For the purpose of making a determination in this expiry review investigation, the CBSA conducted its analysis within the scope of the factors found under subsection 37.2(1) of the SIMR and considered any other factors relevant in the circumstances. Based on the foregoing analysis of pertinent factors and consideration of information on the record, on November 21, 2024, the CBSA made a determination pursuant to paragraph 76.03(7)(a) of SIMA that the expiry of the order made by the CITT on August 22, 2019, in Expiry Review No. RR-2018-003 in respect of silicon metal originating in or exported from China:

- i. is likely to result in the continuation or resumption of dumping of the goods from China; and
- ii. in is likely to result in the continuation or resumption of subsidizing of the goods from China.

FUTURE ACTION

[142] The CITT has now initiated its expiry review to determine whether the continued or resumed dumping and subsidizing are likely to result in injury. The CITT's expiry review schedule indicates that it will make its decision by April 30, 2025.

[143] If the CITT determines that the expiry of the order with respect to the goods is likely to result in injury, the order will be continued in respect of those goods, with or without amendment. If this is the case, the CBSA will continue to levy anti-dumping and/or countervailing duties on dumped and/or subsidized importations of the subject goods.

[144] If the CITT determines that the expiry of the order with respect to the goods is not likely to result in injury, the order will expire in respect of those goods. Anti-dumping and/or countervailing duties would then no longer be levied on importations of the subject goods, and any anti-dumping and/or countervailing duties paid in respect of goods that were released after the date that the order was scheduled to expire will be returned to the importer.

CONTACT US

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