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Director
Investigations 2
Anti-Dumping Commission
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Dear Sir/Madam

Investigation No. 524 – Continuation of anti-dumping measures – silicon metal exported from the People’s Republic of China – Statement of Essential Facts

I. Introduction

Simcoa Australia Pty Ltd (“Simcoa”) welcomes the findings and recommendations contained in Statement of Essential Facts No. 524 (“SEF 524”) that confirm:

- *The Commissioner is satisfied that the expiration of the anti-dumping measures on silicon metal exported from China would be likely to lead, to a continuation of, or a recurrence of, the dumping and subsidisation and material injury that the anti-dumping measures are intended to prevent”;*

And that because of this:

- *The Commissioner proposes to recommend that the notice have effect in relation to exporters generally from China, as if different variable factors had been ascertained, pursuant to section 269ZHF(1)(a)(iii). This would result in the Minister taking steps to secure the continuation of the Notice on and after 3 June 2020 in respect of the goods.”*

II. Future threat of dumping and subsidisation

SEF 524 determined that exports of silicon metal to Australia during the investigation period 1 July 2018 to 30 June 2019 were at dumped and subsidized prices as follows:

Country	Exporter	Dumping Margin	Countervailing Margin
China	Uncooperative and all other rate	20.7%	34.8%

At the commencement of the investigation, the Anti-Dumping Commission (“the Commission”) contacted major suppliers of silicon metal exported to Australia. The Commission received one response from a supplier, however, the information provided by the supplier was considered insufficient. The supplier did not respond to the deficiency advice forwarded by the Commission. In the absence of sufficient and reliable information from exporters of the goods from China, the Commissioner determined all exporters to be uncooperative (in accordance with subsection 269TAACA).

The Commissioner determined the export price for Chinese exporters based upon information obtained from the ABF import database and verified import purchasers made by Simcoa during the investigation period. In respect of normal values, the Commission has relied upon information verified in the original Investigation No. 237, adjusted for the movement export prices between the original investigation period and the current inquiry period.

The difference between the weighted average export price and the calculated normal value provided a dumping margin of 20.7 per cent for exports from China.



Simcoa's application for the continuation of measures included independent information concerning the cost to manufacture silicon metal in Fujian and Guizhou provinces – key production areas in China. The Commission could not verify the production costs referenced by Silicon and has relied upon verified cost to manufacture information from a cooperative exporter in the original investigation, adjusted for movements in prices (based upon export prices) subsequent to the original investigation period.

Whilst Simcoa accepts that there is limited information available to the Commission in this investigation, there has been significant increases in energy costs in China post the original investigation, and utilisation rates for Chinese silicon metal producers have declined, culminating in higher production costs.

In respect of the countervailable subsidies received by Chinese manufacturers of silicon metal, the Commission received no cooperation from the Government of China ("GOC") to establish the status of the 44 subsidy programs identified in Investigation 237.

The Commission has concluded that Chinese manufacturers and exporters of silicon metal continue to receive benefits under the 44 subsidy programs identified in Investigation 237. Simcoa concurs with the Commission's assessment concerning the ongoing benefits received by Chinese manufacturers and exporters of silicon metal.

III. Likelihood of future threat of material injury

Simcoa notes that the Commission has referenced the recent findings of the CBSA (i.e. March 2019) in its dumping expiry review:

- *There was an excess production capacity for silicon metal in China and information to indicate significant further capacity expansions;*
- *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 suggests that Chinese exporters are selling at low and potentially dumped prices in other markets and well below Canadian import prices; and*
- *Anti-dumping measures in place in both the United States of America and the European Union against silicon metal from China.*

Simcoa considers the identified matters referenced by the Commission as determined by the CBSA continue to apply in March 2020. Additionally, as concluded by the Commission, Chinese exporters have continued to supply the Australian market and have maintained distribution links to Australia, albeit in reduced volumes.

Simcoa also reiterates the findings of the Canadian International Trade Tribunal ("CITT") dated 22 August 2019 where it was satisfied that the Canadian industry would experience a recurrence of dumping and material injury if the Canadian measures on exports of silicon metal from China were rescinded¹. Specifically, CITT considered that should the measures expire, the Canadian silicon metal industry would price depression and price suppression from the Chinese exports to Canada that would undercut the selling prices of the Canadian domestic industry.

Based upon these findings Simcoa agrees with the Commission's assessment that the "*expiration of the measures would be likely to lead to a continuation of the dumping and subsidisation of goods exported from China to Australia*".

IV. Conclusion and Recommendations

The available evidence confirms that Chinese manufacturers and exporters of silicon metal continue to retain significant underutilised production capacity, maintain distribution links into the Australian market, are the subject of anti-dumping measures in Canada, the European union and the USA. The Commission has confirmed that Chinese exports of silicon metal to Australia during the current investigation period were at levels of dumping determined at 20.7 per cent and benefited from

¹ Refer Simcoa submission of 25 November 2019 (EPR Document No.3).

subsidies that were assessed at 34.8 per cent of export prices. It is therefore reasonable to be satisfied that should the measures be allowed to expire on 3 June 2020 there is a likelihood the Australian industry would experience a recurrence of dumping and subsidisation and material injury that the anti-dumping measures are intended to prevent.

Simcoa therefore welcomes and supports the Commissioner's recommendation to the Minister as detailed in SEF 524 to:

*"recommend that the notice have effect in relation to exporters generally from China, as if different variable factors have been ascertained, pursuant to section 269ZHF(1)(a)(iii).. This would result in the Minister taking steps to **secure the continuation of the Notice** on and after 3 June 2020 in respect of the goods." (emphasis added).*

Simcoa is unequivocal in its view that the continuation of the dumping and subsidy notices are essential to ensure that the Australian industry does not experience a recurrence, or future threat, of dumping and subsidisation and material injury that the measures are intended to prevent.

If you have any questions concerning this 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



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