



**Australian Government**  
**Department of Industry,  
Innovation and Science**

**Anti-Dumping  
Commission**



## **Public File**

Application for the  
continuation of a dumping  
and/or  
countervailing notice  
or  
continuation of an undertaking

Silicon Metal exported from The People's  
Republic of China

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**APPLICATION UNDER SECTION 269ZHC OF THE *CUSTOMS ACT 1901* FOR THE CONTINUATION OF A DUMPING AND/OR COUNTERVAILING DUTY NOTICE OR CONTINUATION OF AN UNDERTAKING**

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I hereby request, in accordance with section 269ZHC of the *Customs Act 1901* (the Act) that the Minister:

continue a dumping duty notice, or

continue a countervailing duty notice, or

continue the undertaking given under the Act by

Simcoa Operations Pty Ltd

*(Name of company or organisation)*

in respect of the goods the subject of this application.

I believe that the information contained in this application:

- provides reasonable grounds for continuation of the anti-dumping measure; and
- is complete and correct to the best of my knowledge and belief.

Signature:



Name:

David Miles

Position:

Vice President

Company:

Simcoa Operations Pty Ltd

ABN:

42 009 064 653

Date

15 August 2019

**Signature requirements**

Where the application is made:

*By a company* - the application must be signed by a director, servant or agent acting with the authority of the body corporate.

*By a joint venture* - a director, employee, agent of each joint venturer must sign the application. Where a joint venturer is not a company, the principal of that joint venturer must sign the application form.

*On behalf of a trust* - a trustee of the trust must sign the application.

*By a sole trader* - the sole trader must sign the application.

*In any other case* - contact the Commission's client support section for advice.

**Assistance with the application**

The Anti-Dumping Commission has published guidelines to assist applicants with the completion of this application. Please refer to the '*Instructions and Guidelines for applicants: Application for continuation*' on the Commission's website.

The Commission's client support section can provide information about dumping and countervailing procedures and the information required by the application form. Contact the team on:

**Phone:** 13 28 46

**Fax:** (03) 8539 2499

**Email:** [clientsupport@adcommission.gov.au](mailto:clientsupport@adcommission.gov.au)

Other information is available from the Commission's website at [www.adcommission.gov.au](http://www.adcommission.gov.au)

Small and medium enterprises (i.e., those with less than 200 full-time staff, which are independently operated and which are not a related body corporate for the purposes of the *Corporations Act 2001*), may obtain assistance, at no charge, from the Department of Industry, Innovation and Science's International Trade Remedies Advisory (ITRA) Service. For more information on the ITRA Service, visit [www.business.gov.au](http://www.business.gov.au) or telephone the ITRA Service Hotline on +61 2 6213 7267.

**Required information****1. Provide details of the name, street and postal address, of the applicant seeking the continuation.**

The applicant company seeking the continuation of the anti-dumping and countervailing measures on exports from The People's Republic of China ("China") to Australia of silicon metal is:

Simcoa Operations Pty Ltd  
973 Marriott Road  
WELLESLEY WA 6233

Postal Address:  
P.O. Box 1389  
BUNBURY WA 6233  
Website: [www.simcoa.com.au](http://www.simcoa.com.au)

**2. Provide details of the name of a contact person, including their position, telephone number and facsimile number, and e-mail address.**

The contact person at Simcoa Operations Pty Ltd (hereafter referred to as "Simcoa") for the purposes of this application is:

Mr David Miles  
Vice President  
Site Services and Marketing  
Simcoa Operations Pty Ltd  
Tel: (08) 9780 6762  
Email: [davidmiles@simcoa.com.au](mailto:davidmiles@simcoa.com.au)

**3. Provide the names, addresses, telephone numbers and facsimile numbers of other parties likely to have an interest in this matter e.g. Australian manufacturers, importers, exporters, users.**

The following parties are likely to have an interest in this matter:

Exporters:

Xiamen K Metal Co., Ltd  
Room 1003-1004,  
No.1, Tong'an  
Building No 623  
Sishhui Road,  
Hull District Xiamen China  
Tel: 86 592 3102112  
Fax: 86 592 5560560  
Contact: [della@kmetal.cn](mailto:della@kmetal.cn)

Guizhou Liping Linan Industry Co., Ltd  
Industry Area, Hongzhou Town  
Liping County  
Guizhou China  
Tel: 86 1386 0829816

Hua'an Linan Silicon Industry Co., Ltd  
Ganjyuan, Xinwei Village  
Xinwei Town, Hua'an County  
Zhangzhou City, Fujian China  
Tel: 86 1360 5073777

Importers:

Pacific Aluminium  
Level 3  
500 Queen Street  
Brisbane Qld 4001  
GPO Box 2435  
Brisbane Qld 4001  
Tel: 61 7 3028 2000  
Fax: 61 7 3028 2013  
Website: [www.pacificaluminium.com.au](http://www.pacificaluminium.com.au)

**4. The application must include a detailed statement setting out reasons for seeking continuation of the anti-dumping measure. Applicants must provide evidence addressing whether, in the absence of measures, dumped or subsidised imports would cause material injury to the local industry producing like goods. Applicants should refer to the “Guidelines for Preparing an Application for Continuation of Measures” for assistance.**

(a) Background

(i) *Application*

By application dated 6 January 2014 Simcoa Operations Pty Ltd (Simcoa”) requested the Anti-Dumping Commission to commence an investigation into the dumping and subsidization of silicon metal (“silicon”) exported from the People’s Republic of China (“China”). Simcoa is the sole Australian manufacturer of silicon.

(ii) *The goods*

Silicon metal was described in the Report No. 237 as:

- *silicon metal containing at least 96.00 per cent but less than 99.99 per cent silicon by weight; and*
- *silicon metal containing between 89.00 per cent and 96.00 per cent silicon by weight that contains aluminium greater than 0.30 per cent by weight,*

*of all forms (i.e. lumps, granules, or powder) and sizes.*

(iii) *Decision*

The then Australian Customs and Border Protection Service (ACBPS) conducted an investigation into the claims of the Australian industry. The ACBPS investigation determined that the Chinese exports to Australia were at dumped and subsidized prices and the Australian industry had suffered material injury from the dumping and subsidization. The Minister accepted the ACBPS’ recommendations and imposed anti-dumping and countervailing measures on all exports of silicon metal from China to Australia with effect from 3 June 2015. The ACBP’s findings are contained in Report No. 237.

(iv) *Expiry of measures*

ADN 2019/77 of 17 June 2019 notified that interested parties have 60 days (i.e. by cob on 16 August 2019) to make an application for the continuation of the anti-dumping measures so that they do not expire on 3 June 2020.

Simcoa is the only manufacturer of silicon metal in Australia. By this application, Simcoa is seeking the continuation of the measures as it considers that should the notice be allowed to expire on 3 June 2020 it is likely that the Australian industry would again experience material injury that

the anti-dumping measures are intended to prevent.

(b) Will the dumping or subsidization continue, or recur?

• **anti-dumping actions by other countries;**

Anti-dumping measures on silicon metal exported from China to Canada have applied since 2013. In March 2019, the Canadian Border Services Agency (“CBSA”) made a determination that the expiry of the Canadian International Trade Tribunal (“CITT”) of 19 November 2013:

- *in respect of certain silicon metal originating in or exported from China is likely to result in the continuation of dumping of the goods;*
- and*
- *in respect of certain silicon metal originating in or exported from China is likely to result in the continuation or resumption of subsidizing of the goods.*

A final decision of the CITT as to whether the expiry of the measures will likely lead to a continuation of injury is due on 22 August 2019.

• **relevant evidence as to the current normal values in the exporting country;**

In Report No. 237 the Minister accepted the then ACBPS’s recommendation that a market situation applied to silicon metal sold in China. Simcoa understands that the Government of China (“GOC”) has not altered its policies over the intervening period following the publication of Report 237 and that a market situation in respect of silicon metal sold in China continues to apply.

Domestic selling prices for silicon metal sold in China therefore cannot be relied upon for the purposes of assessing normal values for silicon metal sold in China. Simcoa subscribes to [company name] for global silicon market reporting and has obtained cost of production data for Chinese silicon metal manufacturers. China is the world’s largest supplier of silicon metal accounting for approximately two-thirds of the approximate 3 million tonnes of global production. Of 1.2 million tonnes of new capacity brought online in the last decade, China accounted for 85 per cent of this new production<sup>1</sup>.

Silicon metal producers in China adjust production to meet demand. The cost to manufacture silicon metal is therefore variable dependent upon the cost of electricity (established by the local provincial government) and demand (both domestic and global). However, during 2018 the cost of production for silicon metal produced in Fujian and Guizhou provinces (where cooperative exporters in Investigation No. 237 were located) ranged between US\$xxxx and US\$xxxx per metric tonne (or A\$xxxx to A\$xxxx per metric tonne). These production costs are for cash costs only and do not include plant overheads, depreciation, selling & general administration (“S,G&A”) expenses or profit. Depreciation and S,G&A costs are estimated at approximately A\$xxxx per tonne<sup>2</sup>, and an amount of profit of xxxx per cent would be required for a high capital investment such as silicon metal manufacture.

The constructed selling price for silicon metal in 2018 in China is estimated at between A\$xxxx to A\$xxxx per metric tonne. Please refer to Confidential Attachment 1 for [company name] production cost extracts for silicon metal in China.

<sup>1</sup> CRUGroup – Silicon Metal Market outlook, March 2019, P.10.

<sup>2</sup> Based upon Simcoa Operations 2018/19 s,G&A expenses from Confidential Appendix A6.1.

• ***whether exports have continued following imposition of the measure and estimates of export price;***

Exports of silicon metal to Australia from China have continued following the imposition of the measures. The following Table 1 details the export volumes to Australia from 2015.

**Table 1 – Exports of silicon metal from China to Australia – volume (Tonnes)**

<b>Period</b>	<b>Volume (Tonnes)</b>	<b>Ave. Export price</b>
2015/16	2949	\$2777
2016/17	905.44	\$3104
2017/18	3196.38	\$2107
2018/19	953.628	\$2455

Source ABS import data

Notes: 1. 2018/19 data to May 2019 only (i.e. does not include June 2019).  
2. ABS data includes some unreliable Customs values in 2017/18 and 2018/19 that have been excluded from above table to arrive at unit values.

Chinese suppliers have continued to export silicon metal to Australia following the imposition of anti-dumping measures in 2015. Since 2014/15, Chinese export prices to Australia have continued to decline.

• ***whether the exporter has retained distribution links in Australia;***

Chinese exporters of silicon metal have maintained distribution links into the Australian market. Large volume supply continues into alumina facilities in Queensland, NSW and Tasmania.

• ***whether the exporter retains an excess capacity that may be directed to Australia.***

According to S&P Global Platts dated 7 August, China's capacity utilization rates for silicon metal producers is low. Combined with falling prices, exports of silicon metal will likely be injurious to the Australian industry.

Simcoa notes the following from [company name] published on 7 August 2019<sup>3</sup>:

*“The decline in silicon prices has led to a cut in production in some parts of China, especially in Fujian province, it added. In Fujian and Gansu provinces, the silicon sector’s average run rates at the end of July was as low as 5% and 68% of capacity, respectively, down from 60% and 75% in early July, CNIA [China Non-Ferrous Metals Industry Association] data showed.*

*In the other top silicon producing regions in China such as Xinjiang, Yunnan and Sichuan, the silicon sector’s run rates end-July remained underutilized, though the rates had risen by the end of the month versus early July.*

*Xinjiang’s end-July run rate of 61% was up from 46% early July while Sichuan’s Aba prefecture and Yunnan’s Baoshan city saw the rates edge up to 53% and 50%, respectively, from 48% each early July, its data showed.*

*China exported 57,800 mt of silicon in June, down 13.9% year on year, with first half 2019 silicon exports of 348,000 mt down 11% year on year, General Administration of Customs data showed. H1 silicon export prices averaged*

<sup>3</sup> Refer Confidential Attachment 2.

*\$1805/mt, down 11.9% from 2018's average, according to the data."*

The above-quoted Platts extract confirms that Chinese silicon manufacturers are operating at significantly reduced rates, with prices falling and overall supply down in 2019 versus 2018.

Simcoa considers that the available evidence supports its concerns that Chinese exporters of silicon metal possess excess production capacity that could be used to supply exports to Australia should the measures be allowed to expire in June 2020. Chinese exporters can readily increase production of silicon metal so as to increase export volumes to Australia resulting in the displacement of locally-produced supply to Australian customers.

(c) Will the material injury recur?

Simcoa considers that if the measures are allowed to expire it is likely that Chinese exporters of silicon metal will increase supply of export volumes to Australia resulting in a recurrence of material injury that the anti-dumping measures are intended to prevent.

Recent market reports (i.e. Platts) confirms that silicon metal prices are in decline. In the absence of anti-dumping measures the domestic volumes supplied by Simcoa could transfer to dumped exports from China – particularly at current levels of \$xxxx per metric tonne (i.e. A\$xxxx per metric tonne). At these price levels, dumping margins of circa 25 per cent to 34 per cent are likely to exist.

***Market trends following the imposition of the measures***

- *volume and value of imports and sources of imports;*

Following the imposition of measures in June 2015, Simcoa has been able to recover its position and increase supply to local customers. Simcoa has established reasonable and fair supply to Australian customers that were previously supplied with dumped Chinese exports prior to the imposition of the measures.

- *sales and market shares of all suppliers;*

Simcoa has improved its share of the Australian market since 2015 with imports from China now accounting for a reduced share of the Australian market. Please refer to Confidential Appendix A2 – Australian market.

- *performance of the local industry, showing key indicators such as profits, price trends, investment and employment;*

Simcoa has completed Confidential Appendix A6.1 – domestic cost to make and sell and profit for the four-year period ending June 2019. Over this period Simcoa has improved local sales volumes. Simcoa's profit and profitability have, in 2017/18 and 2018/19 deteriorated as Simcoa has experienced higher production costs that it has not been able to pass onto customers (due in part to the measures not having been revised since imposition).

- *Subsidies*

Report No. 237 identified 38 countervailable subsidy programs operated by the GOC. This included Program No.1 – Electricity provided by government at less than adequate remuneration – a significant program that was identified by the then ACBPS that afforded a benefit to the cooperative exporters (i.e. the Linan Group) during the investigation period.

Simcoa is not aware that the GOC has withdrawn or minimized the impact of



any of the confirmed 38 subsidy programs identified in Report No. 237. Simcoa therefore considers that the continuation of the subsidy measures are also required to ensure that Chinese exports of silicon metal do not cause a recurrence of material injury to the Australian industry.

***Likelihood of material injury in the absence of anti-dumping measures***

Simcoa has demonstrated that China's silicon metal producers are currently operating at reduced production rates. Chinese exporters retain the production capacity and capability to supply demand on the Australian market should the measures be allowed to expire.

The current environment in 2019 is that silicon metal prices globally are retreating as demand is in decline and producers seek to supply to recoup some production costs. In some Chinese facilities, production rates are reduced further so that the market is not awash with excess production. Based on current Chinese export prices it is likely that, in the absence of anti-dumping measures, exports from China to Australia would be at dumped prices.

Simcoa contends that the anti-dumping measures have been effective in addressing injurious dumping and subsidization from China. With increasing production capacity in China since the measures were imposed, it is considered that in the absence of the measures material injury from dumping and subsidization will recommence.

Simcoa therefore requests the Commissioner to commence an investigation into the continuation of anti-dumping measures on silicon metal exported from China to establish whether Simcoa's contentions that in the absence of anti-dumping measures it is considered likely that the Australian industry would suffer a recurrence of material injury that the anti-dumping measures are intended to prevent.

**5. The applicant must provide details of the current anti-dumping measure(s) the subject of this continuation application, including:**

**- tariff classification**

The tariff subheading and statistical code applicable to silicon metal is 2804.69.00 in Schedule 3 of *the Customs Tariff Act 1995*, statistical code 14.

**- the countries or companies**

The goods the subject of this continuation application are exported from China. All exporters in China are the subject of the measures.

**- specified date of publication of the measure**

The date of publication of the notice imposing the original anti-dumping and countervailing measures was 3 June 2019 (refer ADN 2015/71).

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<b>Decision</b>	
<b>Provision of data</b>	<p>Industry financial data must, wherever possible, be submitted in an electronic format.</p> <ul style="list-style-type: none"><li>• The data should be submitted on a media format compatible with Microsoft Windows.</li><li>• Microsoft Excel, or an Excel compatible format, is required.</li><li>• If the data cannot be presented electronically please contact the Commission's client support section for advice.</li></ul>
<b>Lodgement of the application</b>	<p>This application, together with the supporting evidence, must be lodged in the manner approved by the Commissioner under subsection 269SMS(2) of the Act. The Commissioner has approved lodgement of this application by either:</p> <ul style="list-style-type: none"><li>• preferably, email, using the email address <a href="mailto:clientsupport@adcommission.gov.au">clientsupport@adcommission.gov.au</a>, or</li><li>• post to:  The Commissioner of the Anti-Dumping Commission GPO Box 2013 Canberra ACT 2601, or</li><li>• facsimile, using the number (03) 8539 2499.</li></ul>
<b>Public Record</b>	<p>During an investigation all interested parties are given the opportunity to defend their interests, by making a submission. The Commission maintains a public record of these submissions. The public record is available on the Commission's website at <a href="http://www.adcommission.gov.au">www.adcommission.gov.au</a>.</p> <p>At the time of making the application both a confidential version (for official use only) and non-confidential version (public record) of the application <u>must</u> be submitted. Please ensure each page of the application is clearly marked "FOR OFFICIAL USE ONLY" or "PUBLIC RECORD". The non-confidential application should enable a reasonable understanding of the substance of the information submitted in confidence. If you cannot provide a non-confidential version, contact the Commission's client support section for advice.</p>