



**Australian Government**  
**Australian Customs Service**

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**Customs Act 1901 - Part XVB**

**TRADE MEASURES BRANCH**

**PRELIMINARY AFFIRMATIVE DETERMINATION NO. 81**

**Silicon from the People's Republic of China**

**October 2004**

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<b>ABBREVIATIONS</b>
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Alcoa	Alcoa Australia Rolled Products Pty Ltd
China	The People's Republic of China
Chongqing	Chongqing Foreign Trade and Economy Company, Ltd
Comalco	Comalco Aluminium Limited
CTMS	Cost to make and sell
Customs	Australian Customs Service
Dandong	Dandong Gather Hope Metallurgical Company, Ltd
Datong	Shanxi Datong State Owned Silicon Factory
FOB	free on board
Fuling	Chongqing Fuling Import and Export Corporation
Hydro	Hydro Aluminium Kurri Kurri Pty Ltd
Minister	Minister responsible for Customs
NIP	Non-injurious price
Nonferral	Nonferral Pty Ltd
O E Products	O E Products Pty Ltd
Orica	Orica Australia Pty Ltd
ROH	ROH Automotive
Silicon	Refer Section 4.1
Simcoa	Simcoa Operations Pty Ltd (the applicant)
Sims Group	Sims Group Limited
SEF	statement of essential facts
the Act	The <i>Customs Act 1901</i>
the goods	The goods the subject of the application
Tomago	Tomago Aluminium Company Pty Ltd
USP	unsuppressed selling price

## 1 INTRODUCTION

On 27 April 2004 Simcoa Operations Pty Ltd (Simcoa) lodged an application requesting that the Minister for Justice and Customs (the Minister) publish a dumping duty notice in respect of certain silicon (silicon) exported to Australia from the People's Republic of China (China).

Simcoa alleged that silicon has been exported to Australia at prices less than the normal values and that the dumping has caused material injury to the Australian industry through:

- lost market share and lost sales;
- price undercutting, price depression and price suppression;
- reduced profits and profitability; and
- adverse impact on return on investment.

Following an examination of the applicant's claims, the Australian Customs Service (Customs) considered that there appeared to be reasonable grounds for the publication of a dumping duty notice. Public notification of initiation of the investigation was made on 19 May 2004 (refer to Australian Customs Dumping Notice No 2004/15). All Customs dumping notices are available on the internet at <http://www.customs.gov.au> (follow prompts for "Anti-Dumping").

Customs examined exports of silicon to Australia during the period 1 January 2003 to 31 March 2004 (the investigation period) to determine whether dumping had occurred. Customs examined details of the economic condition of the industry from 1 January 1999 for injury analysis (the injury analysis period).

Customs has determined that it appears there will be sufficient grounds for the publication of a dumping duty notice in respect of silicon exported from the China. In order to prevent material injury to the Australian industry while the investigation continues, securities will be required in respect of any interim dumping duty that may become payable in respect of the goods from China entered for home consumption on or after 7 October 2004. This preliminary affirmative determination (PAD) sets out the reasons for making this determination.

All references in this report to sections of legislation, unless otherwise specified, are to the *Customs Act 1901*.

## **2 GOODS AND LIKE GOODS**

### **2.1 GOODS UNDER CONSIDERATION**

The goods under consideration are:

- silicon containing more than 97% by weight, but less than 99.99% by weight, of silicon; or
- silicon containing a combined silicon and aluminium content of greater than 97% by weight but less than 99.99% by weight.

The goods under consideration are often referred to as silicon metal.

Silicon is a chemical element, metallic in appearance and steel grey in colour. It can be sold in lump, granule or powder form, although its final application is similar in all cases. In Australia silicon is predominantly used as an alloying element with aluminium.

The goods are classified under tariff item 2804.69.00, statistical code 14 of the *Customs Tariff Act 1995*. The applicable rate of Customs duty from China is free. Examination of Customs' commercial database revealed that many importations were entered incorrectly under tariff item 2804.61.00, statistical code 13.

### **2.2 PRIMARY USE AND SECONDARY USE SILICON**

In Australia silicon is used as an alloying element with aluminium in two ways. The type and level of impurities in the silicon generally determine if its end-use will be in the manufacture of either 'primary' or 'secondary' aluminium. The selling price of primary use silicon is almost always higher than secondary use silicon.

Primary aluminium is produced by the electrolytic reduction of alumina. This aluminium is then combined with other elements, such as silicon, to produce foundry and extrusion alloys used to manufacture goods such as car/truck wheels, window and door frames. Silicon used in these applications tends to be much more demanding in terms of lower impurity levels.

Secondary aluminium is produced from the recycling of scrap aluminium. Silicon is also added, but the quality requirement for silicon supplied to this industry is much lower and higher impurity limits of iron and calcium are tolerated. Secondary aluminium is used in the manufacture of general die casting alloys used to manufacture a range of car parts, including manifolds, crank cases, and other engine components.

There are numerous grades of silicon. However, throughout the report, Customs makes reference to primary and secondary use silicon. Primary use silicon refers to grades that are predominantly alloyed with primary aluminium while secondary use silicon refers to grades that are predominantly alloyed with secondary aluminium.

Customs notes that there is no international standard that defines the different grades of silicon. However, the terminology used by Chinese exporters is generally recognised by Australian importers and end-users. The terminology refers to the

maximum iron, aluminium and calcium impurity levels in the silicon. For example 'grade 553' is silicon with maximum impurity levels of 0.5% iron, 0.5% aluminium and 0.3% calcium; 'grade 2203' is silicon with maximum impurity levels 0.2% iron, 0.2% aluminium and 0.03% calcium. However, Customs notes that for some grades the terminology describes only the iron and calcium levels, an example being 'grade 2503', which is silicon with maximum impurity levels of 0.25% iron and 0.03% calcium.

Only silicon with an iron impurity level of less than 0.4% and a calcium impurity level of less than 0.1% is referred to as primary use silicon. Examples of grades of primary use silicon are Chinese grades 2202, 2203, 2205, 2503 and 3303. Silicon with higher iron or calcium impurity levels is referred to as secondary use silicon. Aluminium content is relatively unimportant given the intended end-use is making aluminium alloys. Examples of grades of secondary use silicon are Chinese grades 441, 552 and 553.

### 2.3 IMPORTS

Customs identified the volumes and origin of imports of the goods since 1999. The table below sets out the volumes as percentages of imports. Both primary and secondary use silicon were imported from China.

	1999	2000	2001	2002	2003	Jan - Jun 2004
<b>China</b>	100%	97%	97%	96%	99%	95%
<b>Others</b>	0%	3%	3%	4%	1%	5%

Data presented for January 1999 to June 2004 from Customs' commercial database.

### 2.4 LIKE GOODS

At the time of initiation of the investigation, Customs signalled that the Australian industry's claim that primary use and secondary use silicon were like goods would need closer examination. This is an important consideration because Simcoa only produces primary use silicon. Customs stated in its initiation report that, "...On the information provided we believe that it is reasonable to conclude that the primary use silicon produced by Simcoa is 'like' to the silicon exported from China, regardless of its end-use."<sup>1</sup> Customs also stated that it would "...be necessary to further examine this issue in the course of the investigation".

During the investigation, Customs posed the question of like goods to all parties during verification and end-user meetings, and comments have been incorporated into visit reports. In addition, Customs wrote to interested parties on 4 August 2004 to seek written submissions on the issue. Submissions were received from Orica Australia Pty Ltd (Orica), Simcoa, Sims Group Ltd (Sims Group) and Nonferral Pty Ltd (Nonferral).

<sup>1</sup> Non-confidential initiation report May 2004

Simcoa stated the following in its application:

- silicon produced by Simcoa has characteristics closely resembling product imported from China which is used to produce secondary aluminium alloys;
- the silicon production processes for both end use applications are essentially the same; and
- only silicon prices for use in secondary aluminium applications are published. This single price influences the price of silicon in both the primary and secondary use market segments.

Simcoa added the following comments in its subsequent submission:

- there is no standard industry identification of silicon;
- primary and secondary use silicon are, to a certain extent, interchangeable [confidential examples were provided];
- there are no distinctly different markets [for primary and secondary use silicon];
- there is no international standard governing the procedures for issuing a certificate of analysis; and
- impurity levels are only an indicator of end use.

Sims Group stated that "...the primary [aluminium] industry cannot use the less pure [secondary] grades"<sup>2</sup>. O E Products Pty Ltd (O E Products) and the representatives of Comalco Aluminium Limited (Comalco) echoed this claim. Sims Group also explained that secondary aluminium producers used secondary rather than primary use silicon for the sole reason of cost. Nonferral explained that due to the acceptable tolerances of the secondary aluminium ingots it produces, it has no need to use the higher purity primary use silicon. Orica suggested that the certificate of analysis that accompany every shipment should be used to determine whether the silicon is for primary or secondary use. OE Products and Sims Group supported this comment.

Some submissions commented about circumvention of possible anti-dumping measures and therefore were not directly relevant to the like goods issue.

Interested parties acknowledged that different selling arrangements exist for primary and second use silicon. Primary use silicon is supplied against fixed-term, fixed quantity purchase contracts while secondary use silicon is usually traded on a 'spot-price' basis.

Customs identified limited instances of interchangeability of primary and secondary use silicon during the investigation. The Sims Group is a secondary aluminium producer but uses some primary use silicon. Conversely, Alcoa Australia Rolled Products Pty Ltd (Alcoa) stated that it is a primary aluminium producer using a secondary use silicon in one of its production facilities.

Customs found no information that contradicts Simcoa's claim that there is little difference in the production process and costing of manufacturing primary or secondary use silicon. Customs also compared the published price information of a secondary use silicon with selling prices of Simcoa's primary use silicon. It is evident

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<sup>2</sup> Non-confidential submission from Sims Group 16 August 2004

that the selling price of primary use silicon is almost always higher than secondary use, and that the movement in the imported primary and secondary use silicon selling prices over the investigation period followed a similar trend.

Customs understands that the form in which the goods are sold (e.g. lumps or powder, in boxes or bags) does not affect the issue of like goods in this instance for silicon. Customs also notes that both primary and secondary use silicon is classified to the same tariff item.

Customs acknowledges that two fairly distinct silicon markets involving different supply arrangements exist in Australia. However, in comparing the imported silicon with Simcoa's product Customs noted:

- the essential physical and performance characteristics are similar;
- the production processes are similar;
- they have a common tariff classification;
- a degree of interchangeability (or overlapping uses) exists; and
- the products have similar end uses (in so far as they act as a strengthening agent to aluminium).

Therefore, Customs is satisfied that in terms of s.269T(1) silicon manufactured by Simcoa is a like good to both primary and secondary use silicon exported from China. Although not identical in all respects to the goods, the Australian-produced goods have characteristics closely resembling the imported goods.

## **3 AUSTRALIAN INDUSTRY**

### **3.1 INTRODUCTION**

Simcoa produces primary use silicon, in Western Australia (WA), which it sells to the primary aluminium market in Australia. Simcoa also exports a substantial volume of locally-produced silicon to countries throughout the world. As discussed in section 2.4, Customs has concluded that the goods produced by Simcoa are like goods to the silicon imported from China.

Simcoa also has a fully-owned subsidiary company that imports and sells secondary use silicon from China, with approximately three-quarters of sales being exported. Most of the remaining imports are sold to Simcoa and a small amount is sold domestically.

### **3.2 AUSTRALIAN INDUSTRY**

Simcoa stated that it is the only Australian manufacturer of silicon and that it operates the only fully integrated silicon manufacturing operation in the world. Its silicon plant is located in Kemerton Industrial Park, Wellesley, WA and its quartzite mine is at Moora, also in WA.

The Simcoa plant consists of a sawmill, two charcoal retorts, two arc electric furnaces, a baghouse for cleaning the “furnace off gases” and product packaging and despatch facilities. Silicon is produced by combining quartzite with a carbon containing reducing agent. Woodchips are used as a production aid: gaseous silicon monoxide reacts with solid carbon and the woodchips are added to “fluff” the mix up to get a better reaction. Molten silicon is tapped from the furnace 12 times per day. The hot silicon is poured into chill frames on steel casting tables for cooling. Solidified silicon is later crushed to the desired size for customer delivery. The plant operates 24 hours per day, seven days per week. Simcoa provided a more detailed description of the production process in its application.

Simcoa uses high purity quartzite quarried from its own mine and transported to its silicon manufacturing plant by rail. The quartzite is categorised into various grades depending on impurity levels.

Simcoa typically uses low ash charcoal made from eucalyptus marginata (a hardwood ‘jarrah’ timber). The wood used to manufacture charcoal is a mixture of forest residues and sawmill off cuts from commercial logging for sawn timber. Coal is also used as a carbon source but, because it generates more ash, it has higher impurity levels.

Simcoa develops a production schedule identifying the quantity of each grade required. The production department selects the raw materials required to achieve the specified product. To a large extent the raw materials govern the impurity levels in the finished product, although the calcium level can be reduced by further processing (some silicon is lost during this process). As the molten silicon is cast, samples are taken and analysed to confirm the grade.

Customs inspected Simcoa's production facility and is satisfied that at least one substantial process in the manufacture of silicon is carried out in Australia. Customs is therefore satisfied that, in accordance with ss. 269T(2) and (4), the silicon was manufactured in Australia and Simcoa is the Australian industry producing like goods.

### **3.3 SIMCOA AS AN IMPORTER OF SILICON**

A number of interested parties claimed that Simcoa imports and trades silicon. Customs reviewed sales by Simcoa and its subsidiary, as well as import information from Customs' commercial database.

As noted above in section 3.1, Simcoa purchases small quantities of Chinese secondary use silicon from its subsidiary company. Simcoa also entered a small quantity of 'returned' Australian-produced silicon due to quality issues, and some trial product in 2000.

The subsidiary company of Simcoa imported secondary use silicon between 1999 and 2003 and a very small proportion of these importations were sold into the Australian market. These domestic sales by Simcoa's subsidiary represented approximately 1% of sales into the Australian market in 2003.

### **3.4 SIMCOA AS AN EXPORTER OF SILICON**

In its application and on its website<sup>3</sup> Simcoa advised that it sells silicon to export markets, shipping silicon from the port at Fremantle to customers across the world. A submission from Comalco's representatives<sup>4</sup> highlighted certain information on Simcoa's website; namely that Simcoa produces more than 32,000 tonnes of silicon per year and exports over 90%. The submission called for Customs to terminate the investigation on the basis that injury cannot be material when Simcoa's export sales performance is considered. Further discussion of this issue is contained in section 7.5.2.

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<sup>3</sup> Refer to Attachment A 2.9 in Simcoa's non-confidential application 27 April 2004

<sup>4</sup> Non-confidential submission from Corrs Chambers Westgarth 5 July 2004

## 4 AUSTRALIAN MARKET

### 4.1 MARKET STRUCTURE

The Australian market for silicon is supplied by Simcoa and by importers. As shown by the table in section 2.3, almost all of the imports over the injury analysis period were from China.

In Australia, silicon is predominantly sold to the aluminium industry, which is divided into primary aluminium producers and secondary aluminium producers.

The primary aluminium producers usually issue a request for tender, every six to twelve months, for the supply of silicon that meets certain technical specifications, often specific to the individual smelter.

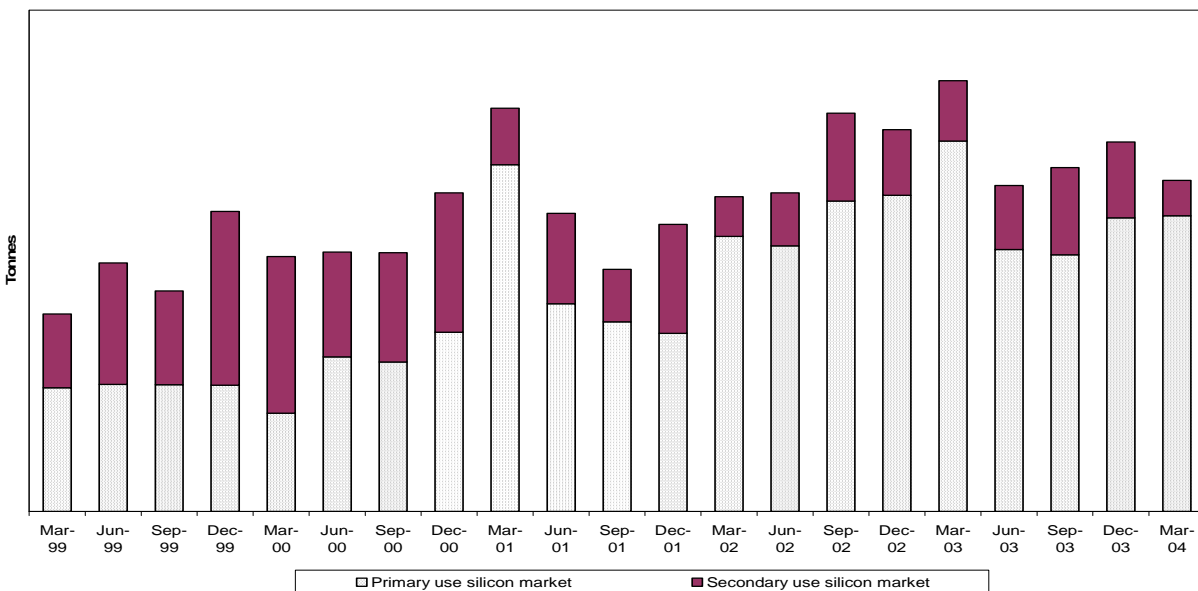
The market for secondary use silicon operates differently, with end users generally purchasing silicon at 'spot prices' rather than through a supply contract.

The channel to market for the Chinese silicon can involve traders in China and importing traders in Australia before being sold to aluminium producers. Simcoa supplies silicon to the primary aluminium market by selling directly to the customer without any intermediaries in the process.

In some cases, the goods may be warehoused near the premises of the aluminium producers, and smaller deliveries made on a regular basis.

### 4.2 MARKET SIZE

During the investigation Customs collected data from importers and Simcoa to calculate the size of the Australian market. Interested parties visited by Customs provided detailed data for imports and sales made during the investigation period. The balance of data for the injury period was sourced from Customs' commercial database, and provided to importers to confirm the accuracy. The graph below shows the total size of the market over the injury analysis period.



Customs identified and categorised each company's import data into primary use or secondary use silicon to estimate the size of the two markets. Where Customs' import data did not clearly identify primary or secondary use silicon, Customs determined the use on a cost per tonne basis, or by identifying the customer from the information in Customs' database. In relation to one importer, where the grade was not readily identifiable, the company advised Customs of the proportions of primary and secondary use silicon in its imports.

Import volumes of secondary use silicon have fluctuated over the injury analysis period with a clear trend downwards. Import volumes of primary use silicon have grown, particularly from 2000. At the same time Simcoa's domestic sales have remained fairly constant. Overall, the market in Australia has grown over the injury analysis period.

## 5 THE DUMPING INVESTIGATION

Dumping occurs when the export price of a product is less than the normal value of the same (or similar) product in the domestic market of the country of export. This section explains the results of Customs' investigations into whether silicon has been exported from China at dumped prices during the investigation period.

### 5.1 PARTICIPATION

Simcoa identified a number of exporters in its application. Customs also identified a number of exporters and suppliers from its commercial database and sent exporter questionnaires to all these parties. In assessing dumping margins, Customs had regard to the following exporters and suppliers.

Exporter/manufacturer	Response received	Visited
Dandong Gather Hope Metallurgical Co., Ltd	Yes	Yes
Shanxi Datong State Owned Silicon Metal Factory	Yes	Yes
Hunan Sino Silicon Industry Ltd	Yes	No

Other exporters and suppliers contacted by Customs did not participate in this investigation.

Customs also visited the following importers and end-users of silicon:

- Alcoa Australia Rolled Products Pty Ltd;
- Comalco Aluminium Limited;
- Hydro Aluminium Kurri Kurri Pty Ltd;
- ION Automotive Limited;
- Nonferral Pty Ltd;
- OE Products Pty Ltd;
- Orica Limited;
- ROH Automotive;
- Sims Group Limited;
- Tennant Ltd; and
- Tomago Aluminium Company Pty Ltd.

### 5.2 EXPORT PRICE

#### 5.2.1 Shanxi Datong State Owned Silicon Metal Factory

Shanxi Datong State Owned Silicon Factory (Datong) exported primary use silicon to Australia during the investigation period. It provided details of its sales to Australia in its submission and Customs verified this information when it visited the company. Datong is responsible for negotiating export quantities and prices, and for delivering the goods to the wharf. Customs is satisfied that Datong was the exporter of the goods. Customs is also satisfied that the goods were exported to Australia otherwise than by the importer, and purchased by the importer from the exporter in arms length transactions.

Customs calculated free on board (FOB) export prices using the invoiced prices from Datong to the Australian importer, excluding any part of that price that represents a charge in respect of the transport of the goods after exportation or in respect of any other matter arising after exportation. Customs is satisfied that export prices for primary use silicon can be established under s. 269TAB(1)(a).

### **5.2.2 Dandong Gather Hope Metallurgical Co., Ltd**

Dandong Gather Hope Metallurgical Co., Ltd (Dandong) exported primary use silicon to Australia during the investigation period. It provided details of its sales to Australia in its submission and Customs verified this information when it visited the company. Dandong utilised the services of two companies, Chongqing Foreign Trade & Economy Co., Ltd (Chongqing) and Chongqing Fuling Import and Export Corporation (Fuling). However, Customs considers that Dandong is the exporter. While Chongqing and Fuling invoice and receive payment from the Australian importer, these companies merely act as agents for Dandong. Customs considered the following:

- Dandong is responsible for negotiating quantities available for export, price and delivering the goods to the wharf;
- Dandong selects which company will act as Dandong's export agent;
- the Australian importer receives orders from its Australian customers, places these with Dandong, pays Chongqing or Fuling in accordance with terms arranged with Dandong and organises importation; and
- the Australian customers place orders specifically for product from Dandong and pay for the goods on terms agreed with the Australian importer.

Customs is satisfied that the goods were exported to Australia other than by the importer but were not purchased by the importer from the exporter therefore export price cannot be established under s. 269TAB(1)(a) or (b). Customs calculated FOB export prices using the invoiced price from Chongqing and Fuling to the Australian importer, excluding any part of that price that represents a charge in respect of the transport of the goods after exportation or in respect of any other matter arising after exportation. Customs considers export prices for primary use silicon can be established under s. 269TAB(1)(c), having regard to all the circumstances of the exportations.

### **5.2.3 Other exporters**

Hunan Sino Silicon Industry Ltd provided limited information in the exporter's questionnaire, including information on all exports to Australia during the investigation period. This information included grade, invoice date, quantity, invoice terms, invoice price, the cost of ocean freight and the cost of marine insurance. Customs was able to match the quantities and invoice values with information obtained from its commercial database.

Information in respect of other exporters was obtained from a number of importers. Customs was able to match this with information obtained from its commercial database. It was also able to identify the grade of silicon exported by each exporter.

Customs calculated FOB export prices for both primary and secondary use silicon exported to Australia by other exporters. Where the terms of sale were cost and freight, or cost, insurance and freight, Customs estimated freight costs using information provided by Hunan or obtained from importers in respect of FOB transactions examined during importer visits.

Customs considers export prices for other exporters can be established under s. 269TAB(3), having regard to all relevant information.

### 5.3 NORMAL VALUE

The legislative provisions dealing with normal value assessment for exporters in countries that have economies in transition changed in late 2003. Under the provisions of s. 269T(5C), a country has an economy in transition at a time if:

- (a) before the time, the Government of the country had a monopoly, or a substantial monopoly, of the trade of that country and determined, or substantially influenced, the domestic price of goods in that country; and
- (b) at the time, that Government does not:
  - (i) have a monopoly, or a substantial monopoly, of the trade of that country; or
  - (ii) determine, or substantially influence, the domestic price of goods in that country.

On the basis of this definition, Customs is satisfied, for the purposes of this investigation, that economy in transition provisions apply.

Normal values for exporters in countries that have an economy in transition are determined under s. 269TAC(5D) if market conditions do not prevail in that country in respect of the domestic selling price of like goods. Normal values are also determined under that provision if the exporters do not respond or do not adequately respond to the supplementary section of the exporters' questionnaire about whether the provisions of s. 269TAC(5D)(a) and (b) apply. Regulation 183 identifies the matters to which the Minister must have regard in determining whether these provisions apply.

Having regard to information provided by Datong, Dandong and the Chinese Ministry of Commerce, Customs considers that there is no basis for concluding that market conditions do not prevail in China in respect of domestic sales of silicon. These matters are discussed in the public file versions of the visit reports. In drawing this conclusion, Customs gave particular weight to evidence that the:

- significant production inputs are supplied at prices that substantially reflect conditions found in a market economy;
- manufacturers visited kept accounting records in accordance with the generally accepted accounting standards in China; and
- generally accepted accounting standards in China are substantially in line with International Accounting Standards.

### 5.3.1 Shanxi Datong State Owned Silicon Metal Factory

In its submission, Datong provided details of all domestic sales during the investigation period and Customs verified this information when it visited the company. Datong sells a number of different grades of silicon to various domestic customers. Customs is satisfied that Datong's domestic sales of silicon were arms length transactions in terms of s. 269TAA.

Customs conducted its ordinary course of trade analysis by grade. Datong advised that the difference in cost of producing the various grades was very small and that it did not calculate different costs for the various grades. Customs considers it is appropriate to calculate normal values using domestic sales of the grade most comparable with the grade exported to Australia. Customs found that the percentage of sales of this grade that were not in the ordinary course of trade was greater than 20%. Therefore these sales were not included in the sales used to establish normal values.

Customs found that the total volume of sales of this grade that were in the ordinary course of trade represented more than 5% of the total volume of the comparable grade exported to Australia. Therefore Customs does not consider this a low volume in terms of s. 269TAC(2)(a).

Customs calculated normal values for primary use silicon for Datong under s. 269TAC(1) using the price paid or payable for the comparable grade of silicon sold in the ordinary course of trade for home consumption in China in sales that were arms length transactions. Positive adjustments to the price paid for inland transport, net difference in VAT expense, FOB charges (including terminal handling charges, packing/stuffing and export handling) and export bank fees have been made under s. 269TAC(8) to establish the normal values. Negative adjustments have been made for domestic delivery charges. The adjustments were considered necessary to ensure that normal values were properly comparable to export price.

### 5.3.2 Dandong Gather Hope Metallurgical Co., Ltd

In its submission, Dandong provided details of all domestic sales during the investigation period and Customs verified this information when it visited the company. Dandong sells a number of different grades of silicon to various domestic customers. Customs is satisfied that Dandong's domestic sales of silicon were arms length transactions in terms of s. 269TAA.

Dandong does not cost individual grades, but it stated the cost to produce the most comparable grade is higher than the weighted average for all grades for the following reasons:

- the higher cost of the quartz required for this grade (about 10 to 15%);
- the cost of the oxygen used in the oxygen blowing process used to reduce the quantity of calcium; and
- a 3 to 5% loss of silicon during the oxygen blowing process.

The information made available by Dandong did not allow Customs to accurately quantify or verify these costs. Customs was therefore unable to establish if domestic

sales of the most comparable grade were in the ordinary course of trade. In addition, Customs could not establish whether the requirements of price paid for other like goods under s. 269TAC(1) have been met. Therefore, Customs considers that insufficient evidence has been provided and verified to establish normal values under s. 269TAC(1) using Dandong's domestic sales.

Customs can establish normal values under s. 269TAC(1) using sales by other sellers if domestic sales of like goods by the exporter are not in the ordinary course of trade or not at arms length. Customs cannot determine if the relevant domestic sales by Dandong are not in the ordinary course of trade and therefore Customs cannot establish normal values under s. 269TAC(1) using sales by other sellers.

In the circumstances described in s. 269TAC(2)(b), normal values can be established under s. 269TAC(2)(c) (constructed normal value) or s. 269TAC(2)(d) (sales to third countries). However, as noted above, Customs cannot be satisfied that the relevant domestic sales by Dandong are not in the ordinary course of trade and therefore Customs cannot establish normal values under s. 269TAC(2).

Customs has calculated normal values for primary use silicon under s. 269TAC(6) having regard to all relevant information. Customs considers that the best available information is Dandong's verified cost to make and sell. Unlike the situation in respect of Datong, Customs considers that the cost of producing the grade exported to Australia is higher than Dandong's average cost of production. Therefore, Customs has added an estimated additional cost component representing the additional cost of making the comparable grade exported to Australia.

Customs considers that a profit component should be included. However, Customs could not reasonably establish the price paid or payable. Therefore Customs cannot accurately estimate profit from the domestic sales of the most comparable grade. However, given Dandong only sells silicon, and the vast majority of sales are domestic, Customs considers it is reasonable to use the overall company rate of profit in establishing normal values.

The calculation of normal values includes an amount for FOB charges.

### **5.3.3 Other exporters**

No other exporter responded to the supplementary section of the exporters' questionnaire. Customs therefore established normal values for primary and secondary use silicon under s. 269TAC(5D), having regard to all relevant information. Customs calculated normal values by uplifting the export price for primary and secondary use silicon for other exporters by a dumping margin calculated for Datong in respect of primary use silicon.

#### 5.4 DUMPING MARGINS

Customs calculated a weighted average of export prices and normal values for each exporter. Dumping margins calculated by Customs are summarised in the following table.

<b>Exporter</b>	<b>Method</b>	<b>Dumping margin</b>
Datong	s. 269TACB(2)(a) )	5.6%
Dandong	s. 269TACB(2)(a) )	3.7%
Other exporters	s. 269TACB(2)(a) )	8.1%

## **6 ECONOMIC CONDITION OF THE INDUSTRY**

Simcoa claimed injury commenced in 1999. Customs therefore examined data for the period from 1 January 1999 for the purpose of injury analysis.

### **6.1 APPLICANT'S CLAIMS**

Simcoa claimed that dumping caused material injury in the form of:

- lost market share and lost sales;
- price undercutting, price depression and price suppression;
- reduced profits and profitability; and
- adverse impact on return on investment.

### **6.2 CUSTOMS ASSESSMENT**

In assessing the economic condition of the industry, Customs also examined the impact of Simcoa's imports and purchases of secondary use silicon from China, its export performance and other injury factors.

#### **6.2.1 Price effects**

##### **6.2.1.1 Price undercutting**

Price undercutting occurs when imported product is sold at a price below that of the Australian product.

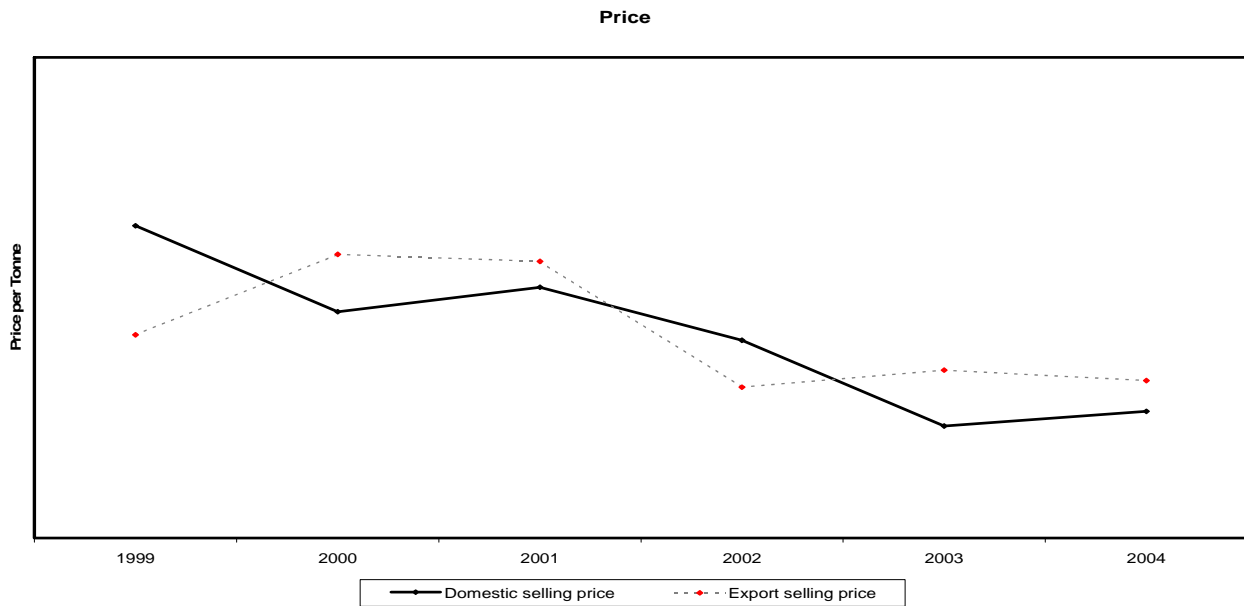
Customs gathered information on importers' selling prices for the investigation period. An analysis of price relativities was undertaken to assess whether price undercutting had occurred. As discussed in section 2.2, the prices of secondary use silicon were generally lower than primary use silicon prices, which exaggerated any undercutting analysis using Simcoa's primary use silicon prices. As Simcoa only sells primary use silicon, the comparison was made only with imported primary use silicon from China over the investigation period. The overall analysis revealed the price of most imports undercut Simcoa's prices. The margins of undercutting were up to 16%.

To understand the undercutting more clearly, Customs identified customers who purchased primary use silicon from Simcoa and from China. Some adjustments to prices were made to ensure sales were compared at similar sale and delivery terms. This analysis showed a significant degree of price undercutting, especially during the latter half of the investigation period.

##### **6.2.1.2 Price depression**

Price depression occurs when there is a reduction in prices. Customs analysed Simcoa's domestic and export sales and found that unit prices (calculated as net yearly weighted averages) declined over the injury analysis period. Customs notes that the rate of decline has been considerable and the fall in domestic prices has been greater than the fall in export prices.

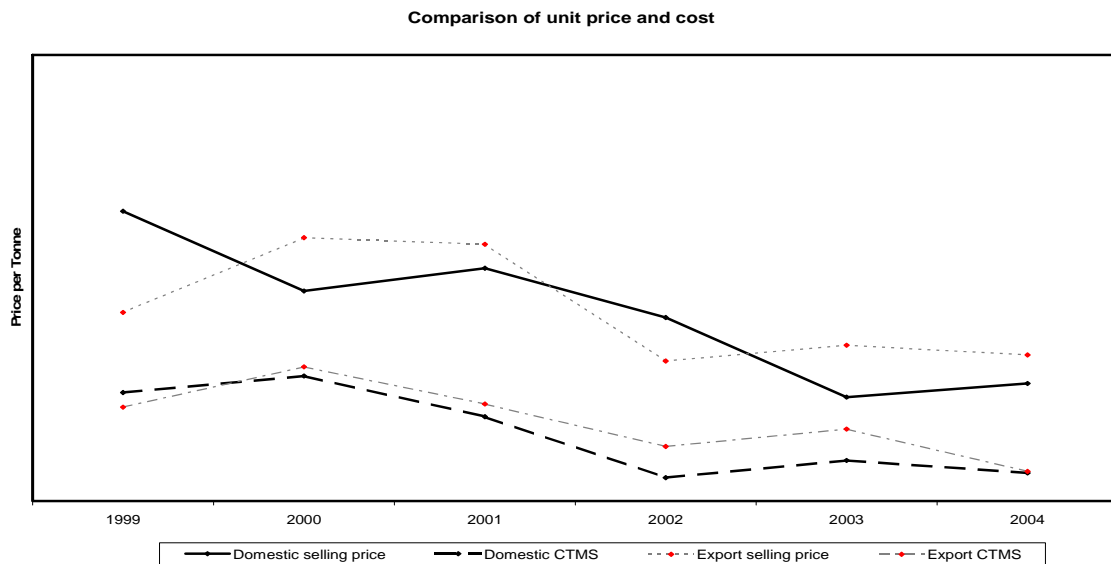
Movements in prices over the injury analysis period are illustrated in the chart below. Note, the selling price for 2004 reflects sales in the March 2004 quarter only.



**6.2.1.3 Price suppression**

Price suppression occurs when price increases for the Australian industry’s product, which otherwise would have occurred, have been prevented.

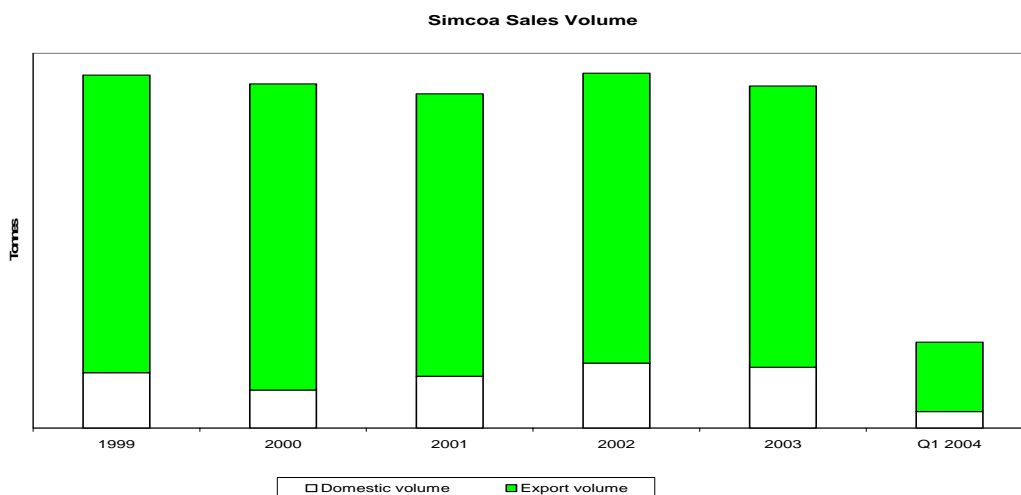
Customs examined the relativities of Simcoa’s prices and costs over the injury analysis period. It is apparent in the chart below that, although Simcoa managed to reduce its production and selling costs of silicon over that period, the unit prices of Simcoa’s domestic sales declined at a greater rate. This supports a finding of price suppression. It is also evident from the chart below that the changes in export prices and costs were less significant than the changes in domestic prices and costs.



### 6.2.2 Volume effects

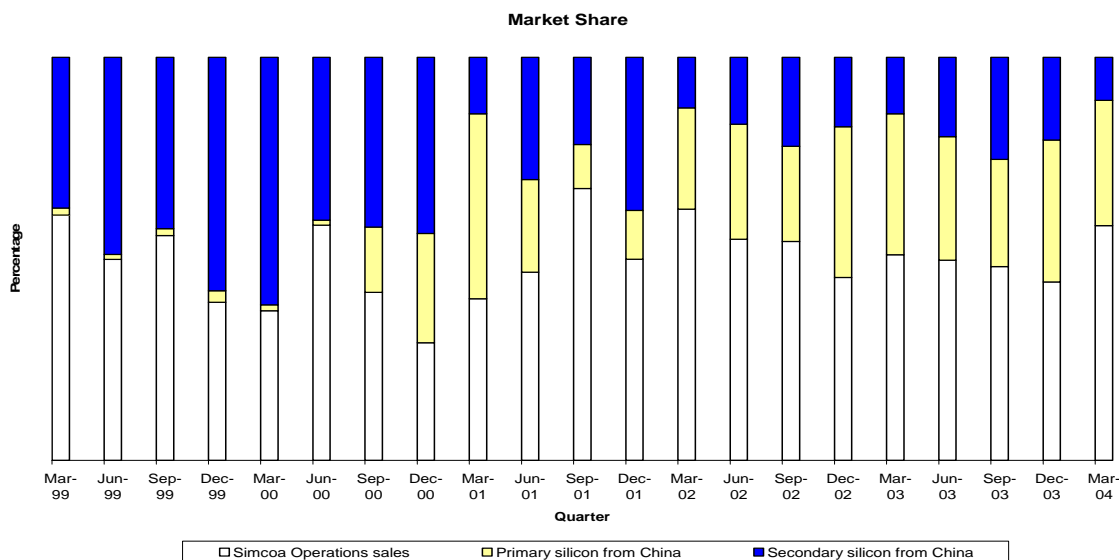
#### 6.2.2.1 Sales volume

Simcoa claimed it lost certain sales of silicon during the injury analysis period. However, Customs observed that overall sales volumes in both the domestic and export markets remained relatively stable over that period. Customs has found that the Australian industry has not suffered an overall loss of sales. Movements in sales volumes in both the domestic and export markets are illustrated in the following chart. The sales volume for 2004 is for the first quarter only.



#### 6.2.2.2 Market share

An examination of all imports of silicon from China indicates that import volumes increased steadily over the injury analysis period, whilst Simcoa's volume remained fairly constant. If the analysis is restricted to primary use silicon this increase of imports is more pronounced. Customs concludes that Simcoa has suffered injury in the form of reduced market share and that the loss is due to an increasing volume of imports in a growing market rather than through lost sales. The following chart highlights the movements in market shares over the injury analysis period.



To quantify Simcoa's loss of market share, Customs compared 1999 with the average for the investigation period. For the Australian silicon market overall, Simcoa's share fell by one percentage point. Simcoa's share of the primary silicon market over the same period declined by 35 percentage points.

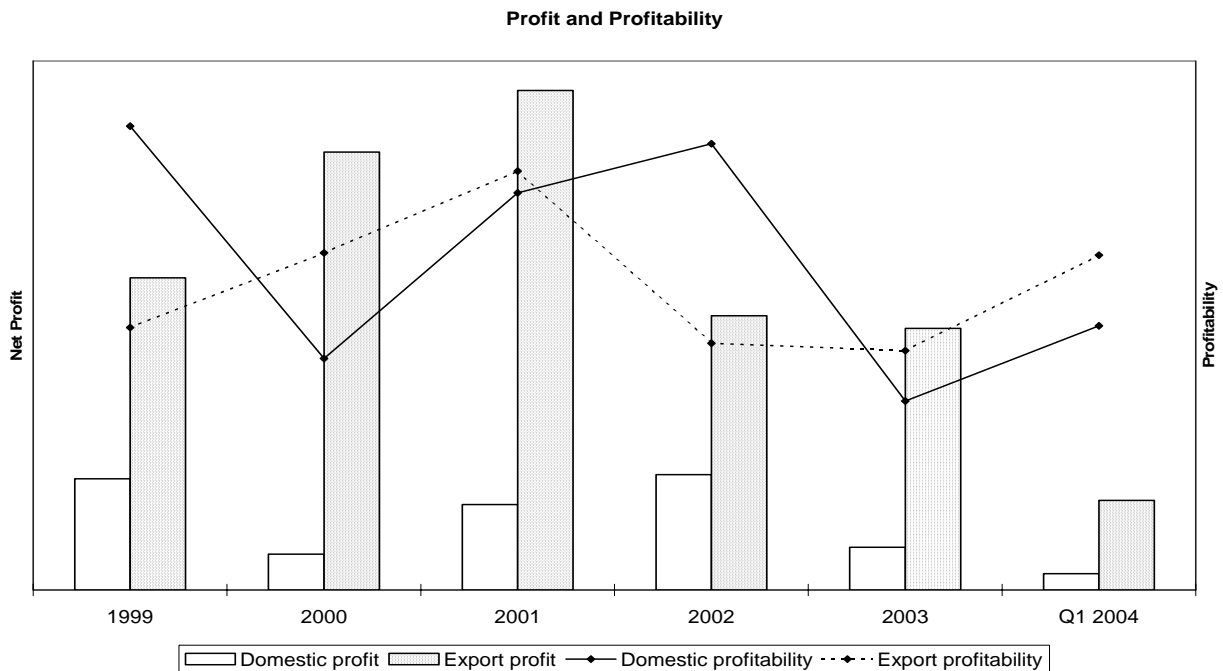
### 6.2.3 Profit and profitability

Customs examined movements in profits and profitability. For the purpose of profit analysis Customs is referring to absolute profit figures. Profitability is net profit measured as a percentage of revenue, calculated in this case, on a per unit basis.

Simcoa's total profit from domestic sales fluctuated over the injury period to a point that was considerably lower in 2003 than in 1999. Its profit from export activities also fluctuated over the injury period but fell at a less significant rate than profits from domestic sales.

Simcoa's profitability followed a similar trend, although there was some improvement in the March quarter of 2004. Despite this improvement, the rate of profitability on domestic sales in 2003 was still only half of that achieved in 1999. As is evident from the chart below, profitability on export sales was lower than domestic sales in 1999. Export sales profitability fluctuated over the injury analysis period and was slightly higher than the level for domestic sales in the investigation period.

Customs is satisfied that Simcoa has suffered injury in the form of reduced profits and profitability. Note the profit for 2004 is based on the first quarter only.



## **6.2.4 Other relevant economic factors**

### **6.2.4.1 Assets**

Customs compared the net book value of plant and equipment for each year of the injury analysis period. It was evident that the value fell each year as a net result of acquisitions, disposals and depreciation.

### **6.2.4.2 Capital investment**

Customs' analysis revealed that the value of capital investment employed in the production of silicon, measured as the value of additional assets acquired during the year, fell from 1999 to 2002 then rose in 2003. The main additional expenditure in the investigation period was in respect of plant shutdown costs for maintenance, although there was some additional expenditure on plant and equipment.

### **6.2.4.3 Research and development**

Research and development expenditure fluctuated during the injury analysis period with a general trend downwards.

### **6.2.4.4 Revenue**

Customs' analysis of Simcoa's total sales data established that sales revenue fell steadily over the injury analysis period. The fall in revenue was more pronounced in export sales.

### **6.2.4.5 Return on investment**

Simcoa claimed that return on investment declined each year of the injury analysis period. It claimed that the return in 2003 was significantly lower than the return in 1998 and it "...falls well short of 'hurdle' rates required to justify reinvestment...". Customs has not considered information provided for any period prior to 1999.

Customs undertook the analysis by comparing profits as a percentage of the net book value of plant and equipment, as well as profits as a percentage of the value of replacement plant and equipment. Customs' analysis revealed that either method of calculation revealed a similar trend of fluctuations with an overall trend downwards over the injury analysis period.

### **6.2.4.6 Capacity and capacity utilisation**

Simcoa advised that its production capacity was about 32,000 tonnes per annum and that it produced at full capacity throughout the injury analysis period. The extent to which Simcoa's capacity limitations and market focus have contributed to injury is examined in section 7 dealing with causation. As Simcoa is operating at full capacity, movements in net revenue reflect movements in prices.

### **6.2.4.7 Employment and wages**

Employment numbers and hours worked fell slightly during the injury analysis period. This is consistent with Simcoa's campaign to reduce costs. Simcoa's total wages bill

remained relatively stable. Productivity, measured as production tonnes per employee, increased, reflecting reduced employment numbers.

#### 6.2.4.8 Stocks

Simcoa's stock levels fluctuated during the injury analysis period and were at their lowest level during the investigation period.

#### 6.2.4.9 Cash flow

Simcoa measured cash flow as the accounts receivable balance for silicon. This measure increased steadily throughout the injury analysis period. Customs also had regard to net increase in cash held and observed that Simcoa strengthened their position each year.

### 6.3 CONCLUSION

As a result of the injury analysis undertaken, Customs is satisfied that the Australian industry producing silicon has suffered from the following forms of injury:

- price undercutting;
- price depression;
- price suppression;
- loss of market share;
- reduced profits; and
- reduced profitability.

Customs' analysis did not support Simcoa's claim that it had suffered a loss of sales volume in the domestic market over the injury analysis period.

The analysis of other relevant economic factors over the injury analysis period revealed the following:

- a declining net value in assets;
- declining levels of capital investment to 2002, then a rise in 2003;
- fluctuating levels of research and development expenditure;
- declining levels of export and domestic revenue;
- return on investment fluctuated whilst declining;
- constant capacity utilisation;
- employment fell slightly and wages remained relatively stable;
- stocks in 2003 fell to a level below that for 1999; and
- increasing levels of cash flow.

Having regard to all of the factors above, Customs considers that the Australian industry has suffered injury.

## 7 HAS DUMPING CAUSED MATERIAL INJURY?

During the course of the investigation, Customs met with the Australian industry, importers and a number of end users. During these meetings many claims were made concerning causal link, which have been recorded in the relevant visit reports or in submissions made by interested parties. The following issues are examined in further detail below:

- dumping
- price effects
  - price undercutting
  - price depression
  - price suppression
  - price underselling
- volume effects
- profit and profitability
  - reduced profits
  - reduced profitability
- other possible causes of injury
  - introduction of competition in the silicon market
  - export performance by Simcoa
  - global pricing impact on Australian market
  - Simcoa's production capacity

Customs' analysis focussed mainly on the impact of imports of primary use silicon on the Australian industry and market. However, the analysis of injury factors such as price depression and market share also incorporated the impact of secondary use silicon imports in the market.

### 7.1 DUMPING

As set out in section 5, Customs found dumping margins for silicon exported from China in the investigation period ranged between 3.7% to 8.1%. These margins are not negligible in terms of s. 269TDA(1). Customs also found that 100% of all silicon exported from China during that period was dumped. The volume of the dumped silicon is not negligible in terms of ss. 269TDA(3) and (4).

### 7.2 PRICE EFFECTS

#### 7.2.1 Price undercutting

As discussed in section 6.2.1.1, Customs compared the Australian industry's prices to end users with prices for imported primary use silicon at the same level of trade over the investigation period. Customs found that the selling price of the dumped goods had undercut the Australian industry's selling price in the vast majority of comparisons. As mentioned previously, the margins of undercutting were up to 16%.

Some importers and end users were of the view that selling prices of imported silicon are justifiably lower than Simcoa's goods. In support of this claim, Comalco explained that its Beijing office has a role in quality control and logistics in relation to

silicon exported from China. This suggests there are costs to the end user that would not apply to purchases of silicon from Simcoa.

Other importers and end users suggested a price premium could be expected for the Australian goods given the advantages of proximity, lead time and convenience. Customs has not been able to quantify any price premium. However, Customs considers the margin of undercutting is likely to have exceeded any reasonable measure of a price premium.

Customs identified considerable margins of price undercutting for the vast majority of imported silicon. Customs considers this undercutting would be sufficient to influence the prevailing market prices. Customs considers the dumping margins were significant in enabling imported products to undercut the Australian industry's prices and therefore provide an important link between dumping and the injury to the Australian industry.

### **7.2.2 Price depression**

As discussed in section 6.2.1.2, Customs is satisfied that Simcoa suffered injury in the form of price depression. Simcoa claimed that since the introduction of dumped Chinese primary use silicon to the Australian market, it had been forced to drop its prices to remain competitive.

Most interested parties confirmed that primary use silicon is sold under a fixed price contract, with suppliers quoting supply of a set quantity of silicon over a set period. Some end-users acknowledged that they would go back to a supplier for a better price if the original quote was uncompetitive, which supported Simcoa's claim of reducing its prices to retain sales.

Customs notes most interested parties considered that price was a major factor when purchasing silicon, along with surety of supply and quality. Alcoa explained that silicon is a commodity and purchasing decisions are heavily influenced by price.

Given this price sensitivity, the dumping margins found and the considerable margins of price undercutting, Customs considers it is reasonable to accept that Simcoa needed to reduce its prices to remain competitive with dumped imports and maintain sales volumes.

Customs has considered the relationship between prices of primary and secondary use silicon, as many claims were raised that secondary use prices influence primary use prices.

Secondary use silicon is traded on a 'spot-price' basis, which can change weekly. Contemporary FOB price estimates for grade '553' in China (a popular secondary grade) are regularly published by industry journals. These estimates are held to be quite accurate by silicon importers in Australia.

Customs noted that primary use silicon price trends were demonstrably similar to secondary use silicon price trends during the investigation period with the price differential remaining reasonably consistent during that period.

Customs is of the opinion that prices in the primary use silicon market reflect the trends of the secondary use silicon market. Customs is satisfied that pressure applied to Simcoa prices by imports of primary and secondary use silicon from China has led to Simcoa suffering price depression.

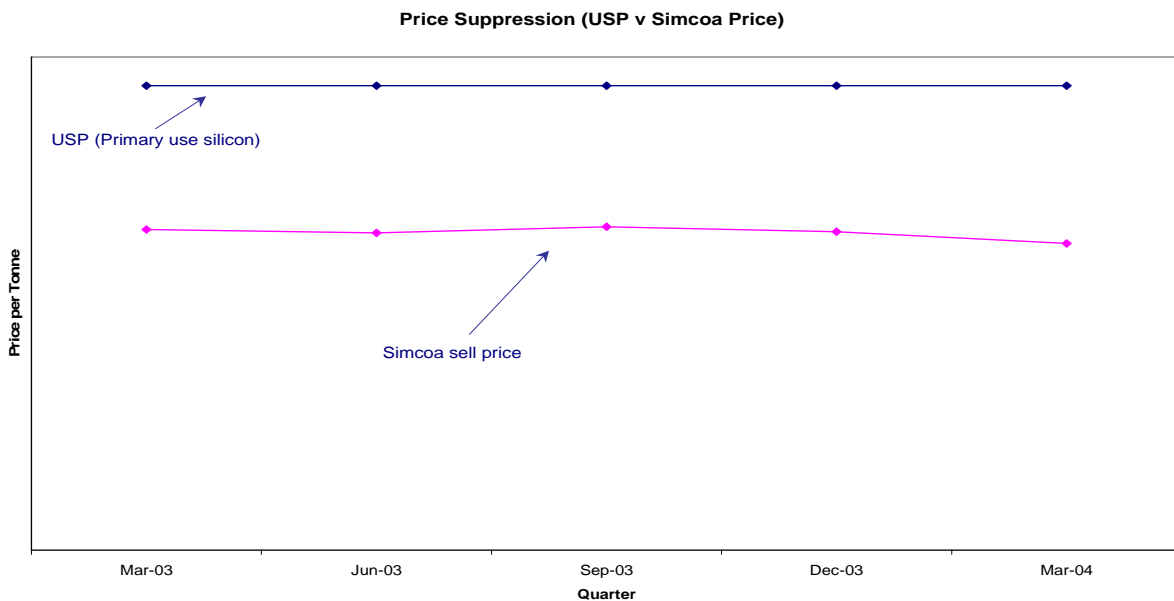
### 7.2.3 Price suppression

Customs concluded at section 6.2.1.3 that Simcoa suffered price suppression because its selling prices declined at a greater rate than its costs over the injury analysis period.

To further analyse price suppression, Customs has also compared the unsuppressed selling price (USP) – a price Simcoa could reasonably expect to achieve in a market unaffected by dumping – with its actual selling prices over the investigation period. USPs are discussed in greater detail in section **Error! Reference source not found.** of this report.

Simcoa's actual selling prices have been below the USP throughout the period, as shown in the chart below, and this is indicative of the degree of price suppression that has been caused by dumping.

Customs is satisfied that the Australian industry suffered price suppression due to competition from dumped imports, which prevented price increases which otherwise could have occurred.



### 7.2.4 Price underselling

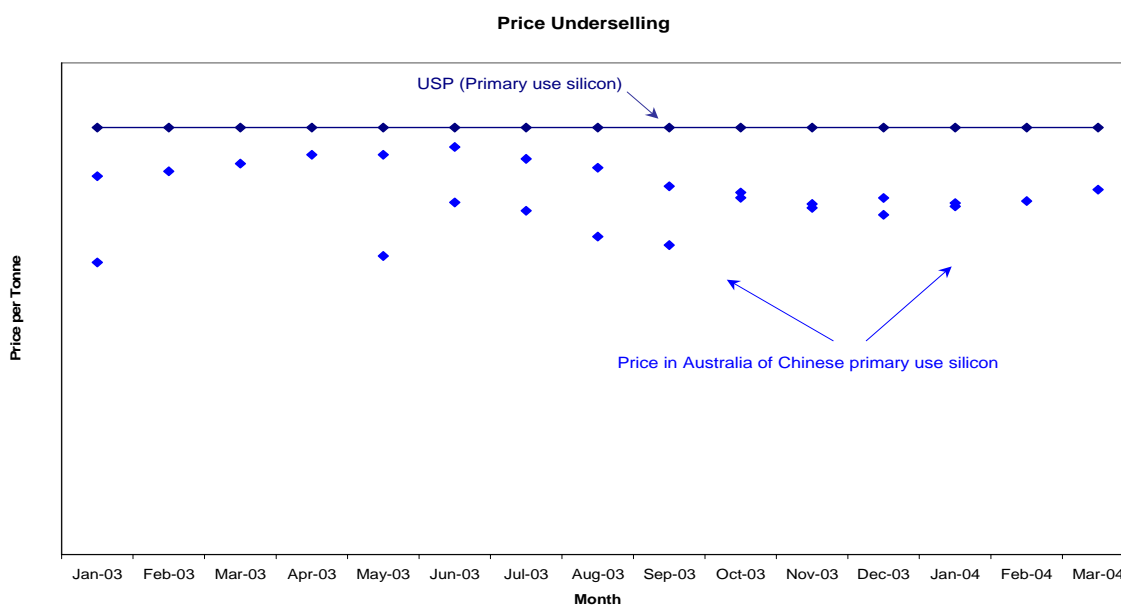
Price underselling analysis is conducted through the comparison of selling prices of the dumped imports in Australia with selling prices the Australian industry may have achieved in a market unaffected by dumping (i.e. the USP).

Where the USP exceeds the selling prices of dumped imports in Australia, the margin may be indicative of an 'injury margin', or a notional measure of the amount by which

prices of dumped imports would need to be raised to remove the injurious effects of dumping.

The calculation provides a similar (if not identical) margin to a comparison of weighted average export prices with non-injurious prices (NIP), which is explained in greater detail in section **Error! Reference source not found.** NIPs represent export prices that (where observed by exporters, and assuming all other post exportation costs and margins remain constant) should remove injury caused by dumping. The difference between these comparisons is that the USP relates to the situation in the market in Australia, whereas the NIP is at the FOB export price level.

Customs' assessment, as summarised in the chart below, indicates that the selling price in Australia of dumped Chinese primary use silicon was consistently and considerably lower than the USP. Customs considers this analysis supports the position that dumping has caused injury to the Australian industry.



### 7.3 VOLUME EFFECTS

As Customs concluded earlier in this report that Simcoa had not suffered injury in the form of lost sales volume overall, the following discussion only addresses market share.

Customs notes that significant volumes of primary use silicon have been imported from China, commencing in 2000, and the market for primary use silicon has grown steadily over the injury analysis period. Volumes of imported secondary use silicon have decreased considerably since 2000.

Primary use silicon from China has maintained a substantial market share since 2000. Simcoa's domestic sales volumes have remained relatively stable over the injury analysis period and in the context of a growing market this has resulted in a reduced market share. Simcoa stated that its loss of market share coincided with a substantial growth in volumes of silicon from China and at the same time imports

from other countries had almost ceased<sup>5</sup>. Customs' examination of imports confirmed that import volumes from countries other than China were negligible since at least 1999.

Customs notes that availability of alternative sources of silicon has been a significant factor in many purchasing decisions. Interested parties explained that this is not only in the interests of competition for raw material supply, but is also important for minimising the risk of interruptions to supply.

Having regard to these circumstances, the export focus of Simcoa, the growing Australian market and the magnitude of the dumping margin, Customs is not convinced that in the absence of dumping Simcoa would have maintained the market share it held prior to 2000. However Customs considers it is reasonable to expect that Simcoa may have achieved a higher domestic sales volume if import competition had not been cheaper because of dumping. In this context, Customs considers that Simcoa's market share in the investigation period was lower than what it might otherwise have been in the absence of dumping.

## **7.4 PROFIT AND PROFITABILITY**

### **7.4.1 Reduced profits**

The level of profits achieved by Simcoa in 2003 was lower than 1999, the period prior to Chinese primary use silicon entering the Australian market.

As noted above, Customs found dumping caused price depression and price suppression. Even though Simcoa managed to reduce costs over the injury analysis period, and maintained overall domestic sales volume, Customs considers the price effect caused by dumping resulted in reduced profits for Simcoa.

### **7.4.2 Reduced profitability**

As the rate of decline in Simcoa's prices over the injury analysis period exceeded the rate of decline in unit costs, it follows that Simcoa's profitability also declined over that period. Customs considers that the price depression and price suppression caused by dumping resulted in a decline in Simcoa's profitability.

## **7.5 OTHER POSSIBLE CAUSES OF INJURY**

### **7.5.1 Introduction of competition in the silicon market**

It is apparent that the Australian market has relied on imports of secondary use silicon and that there was little volume of primary use silicon imported prior to 2000. It is evident from the chart at section 6.2.2.2 that imported primary use silicon from China emerged in considerable volumes in 2000 and have held a substantial market share since.

Comalco claimed that "...considering sourcing silicon from a number of sources... kept [Simcoa] competitive."<sup>6</sup> Most end-users agreed that it was healthy to have

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<sup>5</sup> Non-confidential visit report from Simcoa June 2004

<sup>6</sup> Non-confidential visit report from Comalco July 2004

competition in the domestic market. They stated that until 2000, affordable alternatives to Simcoa that met minimum quality standards had not been available in Australia.

Many end-users, including Comalco, Hydro Aluminium (Hydro), Tomago Aluminium (Tomago) and ROH Automotive (ROH), advised their company policies required that, where possible, key raw materials must be sourced from more than one supplier. They also stated they consider silicon is a key raw material in their production of aluminium products. This policy was said to be in the interests of competition and to guarantee supply.

Some parties expressed concern that Simcoa's parent company was one of Simcoa's largest customers. There is a perception among some interested parties that Simcoa's parent could ultimately consume all Simcoa's silicon production. In response to these claims, Simcoa stated that its company policy is to supply the local market before securing export sales. It said that sales to its parent company did not constrain its ability to supply the Australian market<sup>7</sup>.

Customs' analysis confirmed that Simcoa exported silicon to its parent company, but that these sales constituted a minority of the company's total sales in 2003. Customs is also aware of circumstances in which Australian customers were supplied stock previously allocated to Simcoa's parent company.

Interested parties also suggested that injury to Simcoa was caused through the introduction of competition rather than through dumping. Some end-users also commented on the level of service they had received from Simcoa, suggesting Simcoa was complacent in a monopoly market.

Several interested parties stated that the Chinese primary use silicon represents a viable alternative to Simcoa, and to this extent Customs considers the mere presence of new competition is likely to have impacted on Simcoa. However, having regard to the margins of dumping and price undercutting, Customs considers the price of Chinese silicon in the Australian market would have been higher if the goods were not exported at dumped prices.

Therefore Customs considers, in this instance, the mere emergence of China as a viable alternative source of supply does not detract from Customs' analysis as to whether dumping, of itself, has caused injury.

### **7.5.2 Export performance by Simcoa**

Submissions received from consultants acting on behalf of Comalco, requested the investigation be terminated under s. 269TDA(13) on the grounds that the injury suffered by Simcoa was not material when its export performance was also taken into account.

Customs has had regard to the industry's overall performance so far as it relates to the manufacture of silicon for both the domestic and export markets. Customs has made an assessment of whether the injury to the whole Australian industry that was

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<sup>7</sup> Non-confidential submission from Simcoa 16 August 2004

caused by dumping is, of itself, material. In undertaking this analysis, Customs has been careful to ensure that any injury (caused by silicon exported from China at dumped prices) has not been overstated due to factors other than dumping, such as export performance.

### **7.5.3 Global pricing impact on Australian market**

During the investigation, many parties stated that as China was the world's largest silicon producer, its prices set the benchmark globally. Publications that printed global silicon prices referred to Chinese prices as their source. Some interested parties claimed that Simcoa had been able to ignore global prices prior to 2000 as Australia was a captive market. The implication was that the price depression experienced by Simcoa was a correction to the Australian market to bring it in line with global markets.

Hydro explained it was owned by a large international company that conducted tendering exercises for procurement of raw materials on a global scale. Hydro provided information that indicated where Simcoa was placed amongst other silicon suppliers around the world in terms of price.

Customs considers that while the introduction of significant volumes of imported primary use silicon to the Australian market could be expected to influence Simcoa's pricing, it is the dumping that has afforded the Chinese silicon an additional competitive advantage.

### **7.5.4 Simcoa's production capacity**

A number of interested parties suggested that as Simcoa was operating at full capacity, it could not supply any more silicon to the Australian market. As discussed in section 7.5.1, Simcoa's policy is to supply the domestic market before exporting and it would reduce its export sales to meet increased demand in the domestic market. Customs has analysed the relationship between Simcoa's profitability of export and domestic sales, as well as the circumstances of particular export sales, and found nothing to suggest that Simcoa's stated policy would not be observed.

## **7.6 CONCLUSION**

Customs considers that the degree and consistency of price undercutting by dumped imports and the depression of Simcoa's prices can reasonably be linked to the presence of dumped imports in the Australian market. Customs concludes that Simcoa's prices have been suppressed by the dumping. Customs also considers dumping has caused Simcoa to lose some market share. These factors have resulted in reduced profits and profitability. Customs considers the price and profit effects that were caused by dumping were material.

Customs therefore concludes that dumped imports of silicon from China have caused material injury to Simcoa. Customs considers that its analysis of other possible causes of injury shows nothing to detract from this finding.

**8 WILL DUMPING AND MATERIAL INJURY CONTINUE?**

If the Minister is satisfied that material injury has been caused to an industry, anti-dumping measures may be imposed on future exports of like goods only if the Minister is also satisfied that the future exports of like goods may be dumped.

Customs has considered a number of issues raised by interested parties relevant to determining whether dumping and material injury will continue. Customs' research suggests that China is one of the world's leading producers of silicon, producing 30 – 40% of the world's silicon. The research also suggests that Chinese exports of silicon globally have grown significantly with an increase of more than 60% over the injury analysis period.

At present, anti-dumping measures are in place for silicon exported from China to the European Union and the United States of America, which could limit the possibilities of selling to those markets. This may encourage Chinese exporters of silicon to establish or expand into other markets. Also, a number of parties stated there is currently a global shortage of aluminium and Australian producers were running at capacity or looking to expand to meet the demand.

Customs also considers that most aluminium producers have a policy of using multiple suppliers of key raw material inputs and will continue to look to alternatives to Simcoa's product. As explained in section 2.3, almost all of the silicon imported into the Australian market is from China, leaving purchasers with a very limited choice of alternative supply sources.

Based on the available evidence, Customs considers that exports from China may continue to be at dumped prices. Customs also considers that failure to publish a dumping duty notice would result in a continuation of the material injury caused by dumping.

## 9 DUMPING SECURITY PAYABLE

For the purpose of this PAD, Customs calculated export prices, normal values and NIPs. The amount of dumping security payable is the difference between the PAD export price and the lower of the PAD normal value and the PAD NIP plus the amount, if any, by which the export price is less than the PAD export price.

Customs calculated the NIP for primary use silicon by deducting from the USP the post FOB exportation costs of the most efficient representative importer. Customs considers secondary use silicon are like goods to primary use silicon exported from China. Customs established the NIP for secondary use silicon using the weighted average export price for secondary use silicon exported from China during the investigation period. The methods of calculating the PAD export prices and PAD normal values are summarised in the following table.

Goods exported by Datong	Primary use silicon	PAD export price	The weighted average of Datong's export prices during the investigation period
		PAD normal value	The weighted average of Datong's normal values during the investigation period
	Secondary use silicon	PAD export price	The weighted average of export prices for secondary use silicon during the investigation period
		PAD normal value	The export price for secondary use silicon uplifted by Datong's dumping margin
Goods exported by Dandong  or  Goods manufactured by Dandong and supplied by Chongqing or Fuling	Primary use silicon	PAD export price	The weighted average of Dandong's export prices during the investigation period
		PAD normal value	The weighted average of Dandong's normal values during the investigation period
	Secondary use silicon	PAD export price	The weighted average of export prices for secondary use silicon during the investigation period
		PAD normal value	The export price for secondary use silicon uplifted by Dandong's dumping margin
All other exporters	Primary use silicon	PAD export price	The weighted average of export prices, for exporters other than Datong and Dandong, for primary use silicon during the investigation period
		PAD normal value	The export price for primary use silicon uplifted by the dumping margin of these exporters
	Secondary use silicon	PAD export price	The weighted average of export prices for secondary use silicon during the investigation period
		PAD normal value	The export price for secondary use silicon uplifted by the dumping margin of these exporters