

Appendix 19 - Non-Confidential Summary – PCC China Costs Note (June 2025)

Silicon Metal Production Costs and Prices in China (based on public sources)¹

I. Sources and methodology

This summary is based on [REDACTED], a widely recognized Chinese information provider covering the ferro-alloy and silicon metal industries, established in [REDACTED]. [REDACTED] publishes regular market data on prices, costs, and production volumes. Its data are subscription-based but publicly accessible. Additional figures on Chinese imports are drawn from UN Comtrade.

II. Key findings (May 2025)

According to [REDACTED] (May 2025):

- Average Chinese export price: approx. USD 1,215/t FOB.
- Average Chinese production cost: approx. USD 1,815/t.
- Implied cash loss: approx. USD -600/t, equal to a -49% margin.

This demonstrates that Chinese silicon metal production is deeply unprofitable, even on a cash-cost basis excluding depreciation, interest, or amortisation.

III. Evolution 2022–2025

[REDACTED] data show the following trend:

Year	Average Cost (USD/t)	Average Export Price (USD/t)	Loss (USD/t)	Margin (%)
2022	2,551	2,400	-151	-6.3%
2023	2,094	1,945	-149	-7.7%
2024	1,956	1,825	-131	-7.2%
2025	1,815	1,215	-600	-49.3%

→ In 2022–24, losses were modest, in the range of -6% to -8%.

→ In 2025, the industry shifted into severe systemic losses of nearly -50%.

IV. Production capacity and oversupply

¹ This summary relies solely on public data ([REDACTED], UN Comtrade) and does not disclose PCC's internal assumptions or calculations. It is therefore suitable as a non-confidential summary under Articles 12 and 13 of the SCM Agreement.

Ferroalloynet reports:

- Chinese silicon metal capacity increased from 8.1 Mtpa (Jan 2024) to 9.6 Mtpa (May 2025).
- Output fell sharply due to weaker domestic demand (especially in the solar/polysilicon sector). Annualised production for Jan–May 2025 was just 3.8 Mt, equivalent to 39% utilisation.
- Despite falling demand and heavy stock build (rumoured at up to 1 Mt), new capacity continues to be added, including large integrated solar/silicone complexes, especially in Xinjiang.

→ Result: extreme overcapacity and stockpiling, pushing Chinese producers to export at exceptionally low prices.

V. “Normal value” and evidence of dumping

██████████ cost data allow a calculation of a “normal value” by adding a reasonable profit margin (e.g. 10%). In May 2025, such a value would have been close to USD 2,000/t.

- Actual export price was only USD 1,215/t.
- The gap was approx. USD -782/t, or -64% below normal value.
- Over the past three years, the gap suggests that anti-dumping duties in the range of 17% to 64% would be justified.

VI. Imports into China at inflated prices

UN Comtrade data show that China has recently imported silicon metal from Europe and Africa at prices up to three times higher than the domestic market price.

- Main suppliers: Ferroglobe facilities in France, Spain and South Africa.
- Purpose: to source silicon metal for downstream solar products exported to the US, in order to comply with US bans on Xinjiang-origin raw materials.
- These high-priced imports worsen distortions in the Chinese market and indirectly increase pressure to export ordinary silicon metal at dumped prices to other markets, including Iceland.

VII. Conclusions

- According to public ██████████ data, the Chinese silicon metal industry is in severe systemic losses in 2025, unlike in earlier years when losses were modest.
- The main drivers are overcapacity, collapsing demand, and ongoing state-backed investment.

- These conditions result in dumped exports at extremely low prices, spreading price injury to producers worldwide, including PCC in Iceland.
- Using a standard “normal value” approach, the evidence supports the imposition of anti-dumping measures.