

2010 CHINA SILICON METAL PRODUCTION AND COST

The Unique Handbook, Insightful Reliable and independent

One-off Edition



- To Analyze China silicon metal production status and factors affecting silicon metal production cost.
- To evaluate investment prospect and profitability of China's silicon metal industry, combining with silicon metal price trend.
- SMM exclusive survey on capacity, operating rates, cost structure at silicon metal producers.
- To understand silicon metal capacity and distribution in China, and to find out production costs and core competitiveness of Chinese silicon metal producers.

Authored by Shanghai Metals Market (<http://en.smm.cn>), China leading consulting expert with 10-year more experience and knowledge of the metals and steel industry, widely renowned for its daily published spot prices of over 100 metal types.

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2010 CHINA SILICON METAL PRODUCTION AND COST

Table of Contents:

1. China Silicon Metal Industry Development

- 1.1 Overview of Silicon Metal Production History
- 2.2 Silicon Metal Industry Chain Chart

2. China Silicon Metal Supply

- 2.1 Overview of China Silicon Metal Supply
- 2.2 China Silicon Metal Industrial Concentration
 - 2.2.1 Capacity by Scale
 - 2.2.1 Capacity by Region
- 2.3 China Silicon Metal Capacity
 - 2.3.1 Silicon Metal Capacity Distribution in 2010
 - 2.3.2 Silicon Metal Capacity in 2006-2010
- 2.4 China Silicon Metal Output
 - 2.4.1 Silicon Metal Output in 2006-2010
 - 2.3.2 Analysis on Monthly Silicon Metal Output in 2010

3. China Silicon Metal Production Cost

- 3.1 Silicon Metal Cost Structure Chart
- 3.2 Silicon Metal Cost Structure in Details
 - 3.2.1 Relevancy between Raw Material Prices and Cost
 - 3.2.1 Electric Power
 - 3.2.2.1 Classification of Electric Power Sources
 - 3.2.2.2 Sources of Electric Power in Main Producing Regions
 - 3.2.3 Reducing Agent
 - 3.2.3.1 Petroleum Coke
 - 3.2.3.2 Charcoal
 - 3.2.3.2 Coal
 - 3.2.1 Electrode

4. History and Current Status of Chinese

- Government Regulation on Silicon Metal Industry
 - 4.1 Policy
 - 4.2 Tax (Tax rebate, tariff)
 - 4.2.1 Breakdown of Silicon Metal Export Tariff Adjustment
 - 4.2.2 Top 20 Silicon Metal Exporters in 2010
 - 4.3 Electric Power Charge System (including trend of industrial electricity consumption in China)
 - 4.4 Environment Regulation

5. Future of China Silicon Metal Industry

- 5.1 Supply
 - 2.3 Forecast of China Silicon Metal Capacity
 - 2.3 Forecast of China Silicon Metal Output
- 5.2 Demand
 - 5.2.1 Demand from Aluminum Alloy Industry
 - 5.2.1 Demand from Organic Silicon Industry
 - 5.2.1 Demand from Polysilicon Industry
- 5.3 Policy
 - 5.3.1 Guidance of Industrial Policy

6. Name List of 2010 Silicon Metal Producers

Current Market Scenario & What to Expect Next

Major characteristics of China silicon metal production:

- Small scale but numerous numbers of silicon metal producers;
- low equipment level; high energy consumption and heavily polluting.
- **Cost structure:** silica 5%~7%, petroleum coke 8%~10%, charcoal 8%~10%, graphite electrode 10~12%, electrical power 55%~60%, others 10%~15%.
- Prices for raw materials and electric power have rallied rapidly in recent year, so silicon metal cost structure has also changed significantly in different period.

Chinese government has strengthened efforts to conduct a nationwide crackdown on companies that heavily consume energy since June 1, 2010, in order to conserve energy and cut emission. At the same time, local preferential electricity prices have been cancelled and punitive electricity prices have been imposed instead. In this context, silicon metal

**Unique Data
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Industry Players,**

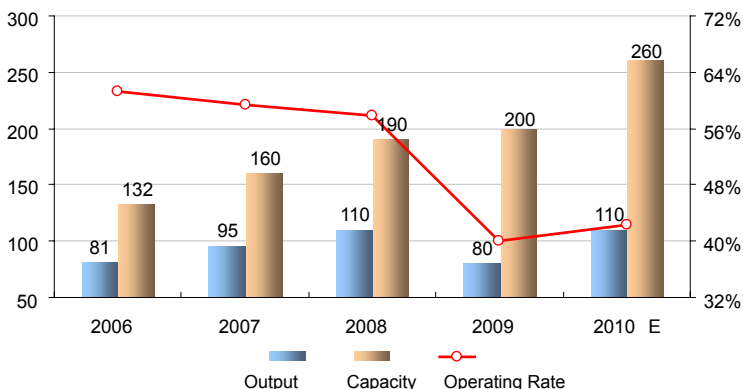
**Exclusive Insight of
Copper Scrap Market**

production costs have increased to great extent from that in 2009 and a new wave of production suspension is spreading at certain regions in China. According to provisions stipulated at Guidance of Elimination on Backward Production Techniques and Industrial Equipment at Certain Industry (2010 version) released by Ministry of Industry and Information Technology , furnaces below 6,300KVA shall be eliminated upon the release of this document, and 6,300KVA furnaces should be all eliminated prior to 2012. Elimination deadline in poverty-stricken area designated by Chinese government and in areas using small hydro-electric power plant can extent to 2014. In addition, Myanmar prohibited exports of charcoal to China, bring raw material prices on upward track. In this context, silicon metal production costs in China are also changing.

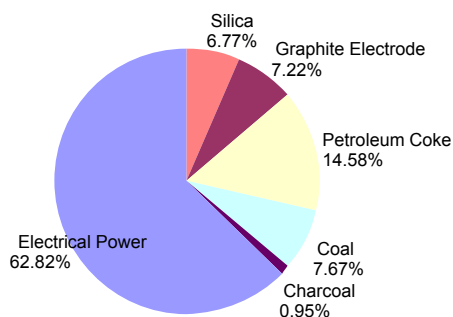
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China Silicon Metal Output, Capacity and Operating Rate in 2006-2010

Unit: 10 thousand ton



Unit Consumption of Raw Materials for 553# Silicon Metal -- 6300KVA



Data Source: SMM

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