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Crystalline Silicon Photovoltaic Cells and Modules from China (Review)

Petitioners' Opening Presentation

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Introduction

- Vulnerability of the Domestic Industry
- Conditions of Competition
- The Section 201 and 301 Tariffs
- Volume Effects
- Price Effects
- Adverse Impact
- Conclusion

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The Current State of the Domestic Industry

- The domestic industry has lost 28 cell and module producers since 2012
- The Commission recently concluded that the domestic industry is "seriously injured" and suffering from a "significant overall impairment"
- Despite growing demand, the U.S. industry's performance indicators have declined significantly, including in interim 2018

New Investments in Solar Manufacturing

- With the AD/CVD orders and Section 201 tariffs in place, the domestic industry is now poised for recovery
- More than 4.5 GW of new cell and module capacity is expected to come online in the United States in the near future

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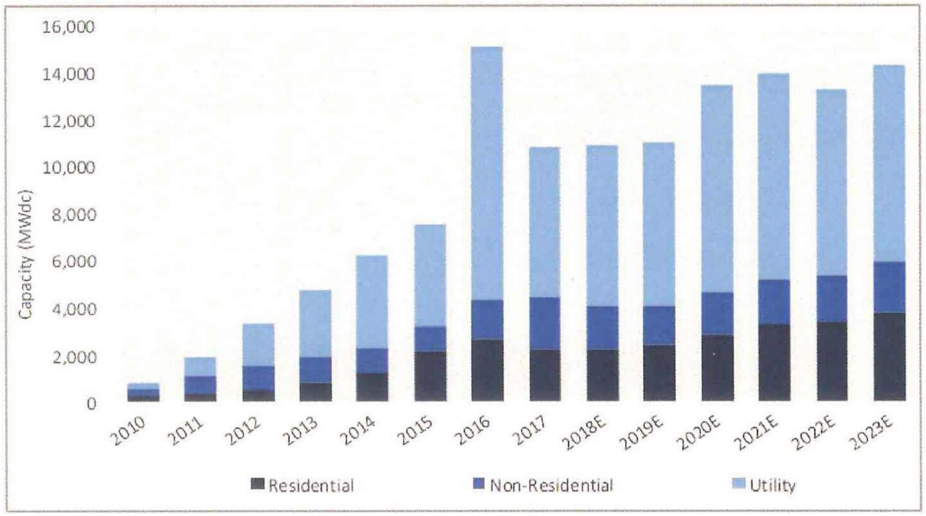
New Capacity Announcements

- Jinko Solar (FL) (400 MW; modules)
- LG Electronics (500 MW; modules)
- Sunpreme (TX) (400 MW; cells)
- Hanwha Q Cells (GA) (1.6 GW; modules)
- Heliene, Inc. (MN) (140 MW; modules)
- Seraphim Solar (MS) (500 MW; modules)
- Mission Solar (TX) (400 MW; modules)
- SunPower (OR) (acquired assets of SolarWorld Americas)

Conditions of Competition: Demand

- Since 2012, demand in the United States has increased and is expected to continue to increase:

Figure 2.6 U.S. PV Installation Forecast, 2010-2023E



Source: GTM Research

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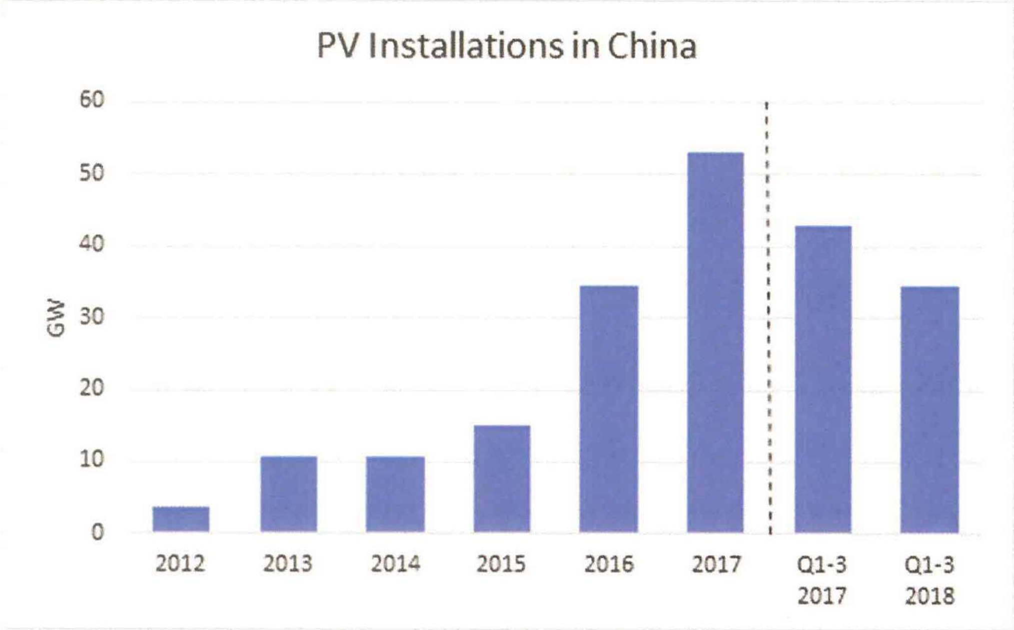
Conditions of Competition: Demand

- Demand in China has grown, but declined sharply in 2018:



Source: Prehearing Report at IV-15 – IV-16 and Figure IV-2.

Conditions of Competition: Global Overcapacity

- Capacity worldwide has expanded dramatically, leading to massive global overcapacity
- China is by far the largest contributor to global overcapacity
- Chinese producers continue to increase their cell and module capacities despite this oversupply

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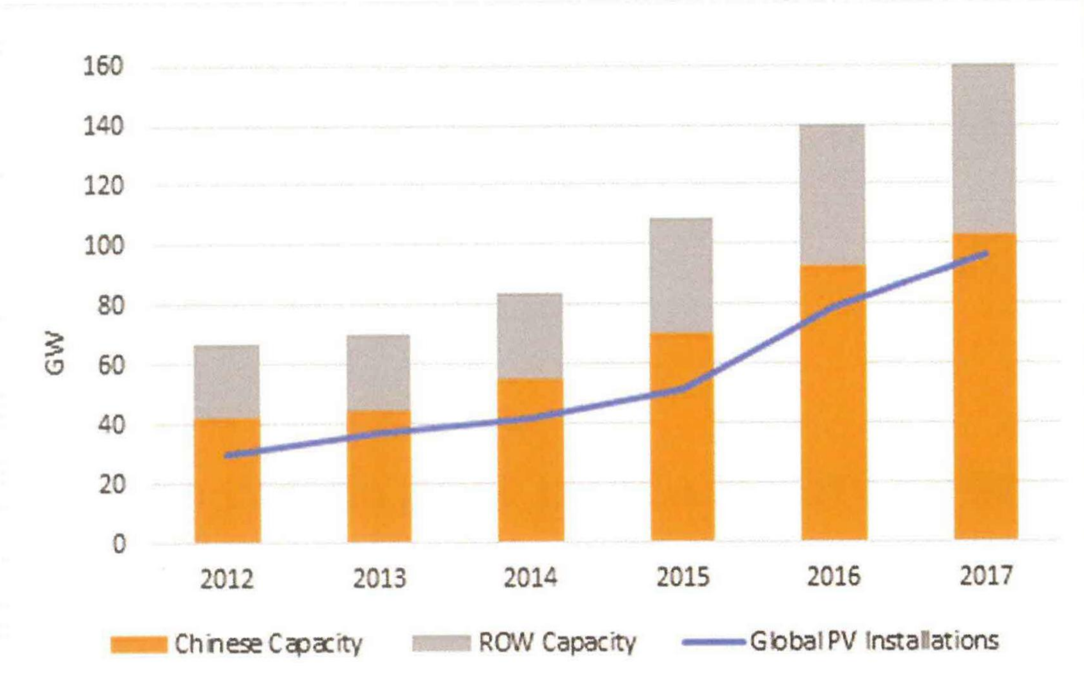
Conditions of Competition: Chinese Overcapacity



Source: GTM Research PV Pulse

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Other Conditions of Competition

- Price is a very important factor in purchasing decisions
- The U.S. market is attractive
  - The U.S. market is large and growing
  - Even though U.S. prices have declined, they remain higher than prices in China and third-countries

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Section 201 Trade Remedies

- 2.5 GW tariff-rate quota on cells
  - All cell imports under the 2.5 GW threshold enter tariff-free; no country-by-country allocation
  - As of November 26, 2018, only 23.54% of quota filled
- Tariffs on cells (above quota level) and modules
  - 30% for first year, decreases by 5% each year to 15% in the fourth year

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Section 201 Trade Remedies

- 201 tariffs are temporary; can be terminated early or not extended
- Effects of tariff have been blunted by rapid decline in module prices due to exacerbated oversupply as a result of change in Chinese government incentives
    - BNEF predicts a 34% decline in module prices in 2018
- Commission has assessed AD/201 duties before

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Section 301 Tariffs

- 25% tariff on cells and modules from China effective August 16, 2018
- 301 tariffs are uncertain
  - Companies can request exclusions
  - Tariff level subject to change
  - Duration of tariffs uncertain; can be terminated at any time

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Likely Volume Effects

- Chinese imports have remained at substantial levels
- U.S. prices are higher than alternative markets
- Chinese producers' need an outlet for their massive oversupply; face trade barriers in alternative markets
- Ability to ship massive volumes in short amount of time, as evident from stockpiling ahead of 201 tariffs
- 201 tariffs will have limited inhibiting effects

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Anticipated Negative Price Effects

- Subject imports have continued to undersell the domestic like product, even with the orders in effect
- Importers and purchasers anticipate that prices in the United States will fall if the orders are revoked
- DOC expects dumping margins as high as 249.96% and subsidy margins as high as 19.41% if orders are revoked

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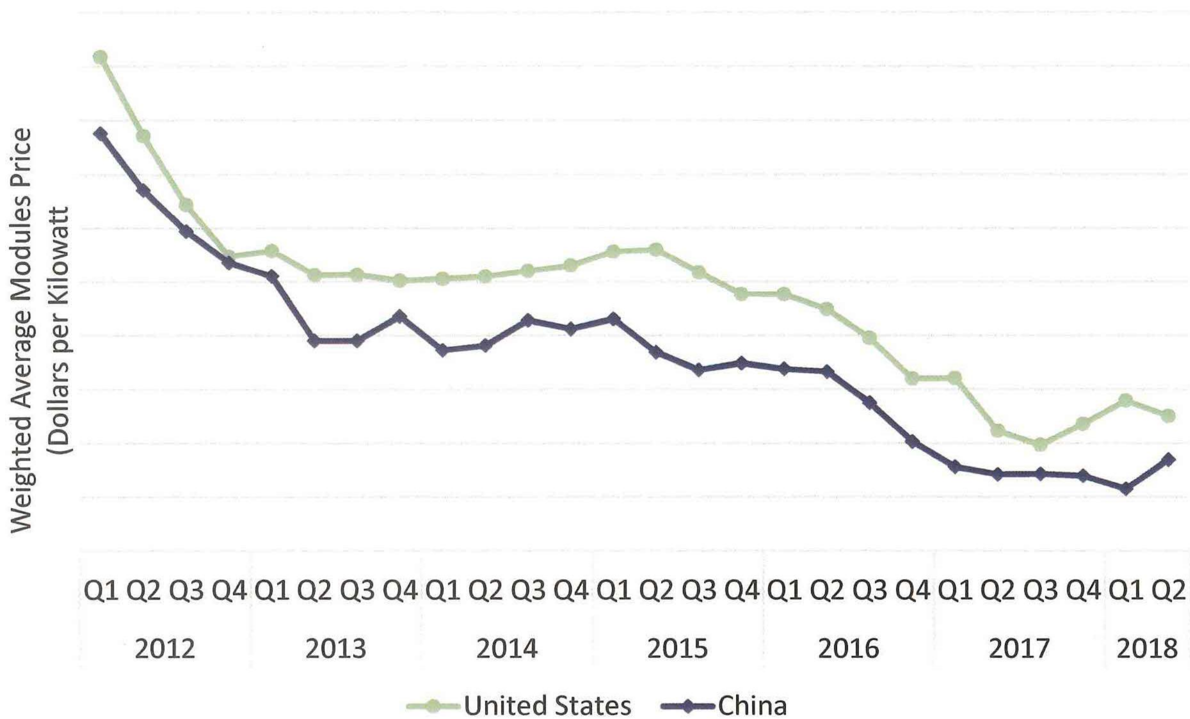
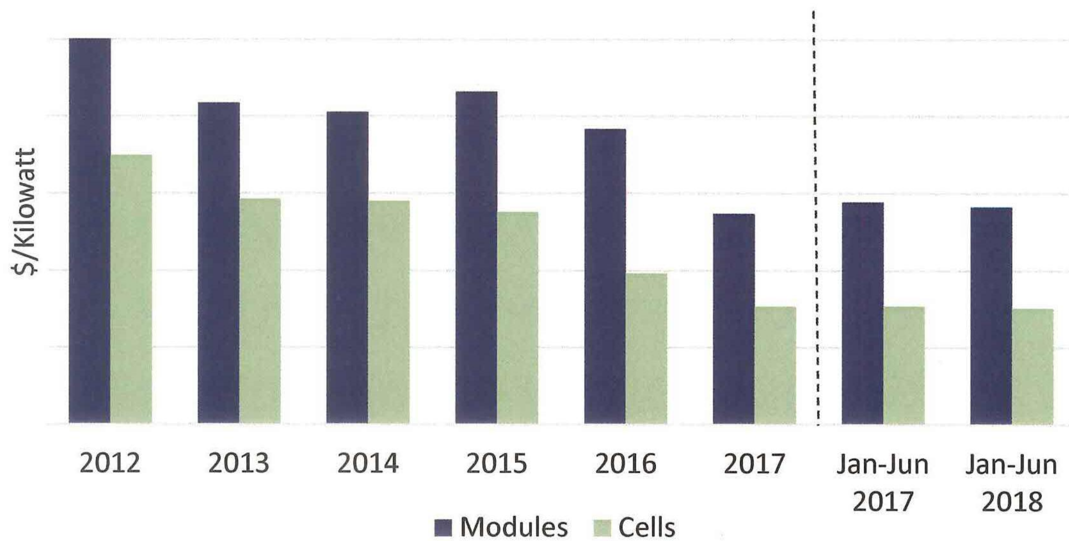
Imports Undersold Domestic Product in a Majority of Comparisons



Source: Prehearing Staff Report, Tables V-3-10.

Domestic Average Unit Values Fell Substantially



Source: Prehearing Staff Report, Tables III-9 and III-10.

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Subject Imports Would Have An Adverse Impact on U.S. Producers

- The Commission has twice found that imports from China have caused injury to the domestic industry
  - Solar 201 finding of serious injury in 2017 due to global surge
- The U.S. industry is highly susceptible to material injury
- Now on the verge of recovery, even a return of a modest volume of dumped and subsidized Chinese imports would devastate U.S. producers

Conclusion

- The U.S. industry is poised for recovery
- The AD/CVD orders are critical to allowing new investments in U.S. solar manufacturing to take hold
- Massive volumes of dumped and subsidized subject imports will undoubtedly surge into the U.S. market if the orders are revoked.
- Revocation would further harm U.S. manufacturing

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SunPower Relocates Equipment to Hillsboro Facility