

**BEFORE THE UNITED STATES INTERNATIONAL TRADE COMMISSION
WASHINGTON, D.C.**

**CRYSTALLINE SILICON PHOTOVOLTAIC CELLS AND MODULES FROM CHINA
INV. NOS. 701-TA-481 AND 731-TA-1190 (REVIEW)**

**TESTIMONY OF
VINCENT AMBROSE
SENIOR DIRECTOR AND GENERAL MANAGER SALES
CANADIAN SOLAR (USA) INC.**

Good afternoon and thank you for the opportunity to appear before you today. My name is Vincent Ambrose. I am the General Manager for Canadian Solar (USA) Inc., a wholly owned subsidiary of Canadian Solar Inc. (“Canadian Solar”), which was founded in 2001. Canadian Solar is a globally integrated, ‘top three’ solar company that is headquartered in Ontario, Canada and has approximately 10,000 employees globally.

Canadian Solar is firmly committed to the U.S. market for solar power. We currently have 200 employees in the United States and have invested approximately \$940 million here, including acquiring solar development company Recurrent Energy LLC in 2015 for \$265 million. Canadian Solar provides capital, technology, and know-how to support the growth of the U.S. market for solar products.

While we were once upon a time a major supplier of Chinese-origin cells and modules to the U.S. market, this is no longer the case. Our exports of these

products to the United States have dropped significantly since 2016, and Canadian Solar publicly announced in February 2018 that our business strategy no longer involves the sourcing of solar cells and modules from China to the U.S. market.

Let me give you some background to explain why we have made these changes to our sourcing patterns.

First, the shift in Canadian Solar's sourcing for the U.S. market reflects the increased globalization of solar cell and module production. Major solar manufacturers – ourselves included – have diversified their manufacturing locations in response to a variety of market factors, including growing CSPV demand in third countries, logistics costs, and trade measures. Since 2012, solar manufacturing facilities have proliferated throughout Asia and in other regions. Like many other major solar suppliers, Canadian Solar has responded to the same incentives and has invested in substantial manufacturing facilities outside of China, including facilities in Thailand, Brazil, and Vietnam.

As a result of this significant diversification of production, the sources of solar cells and modules for the U.S. market have also rebalanced away from China. Today, South Korea and Malaysia are the largest sources of solar cells and modules in the United States, with solar products also being sourced from Vietnam, Singapore, Japan, Taiwan, and Mexico. In fact, Chinese imports into the United States have been declining since 2015 and today account for a very small

portion of the solar panels that are deployed in the U.S. market. Imports from China accounted for only 2 percent of total imports in the first half of 2018. This sharp decline occurred even before the President decided to impose a separate 25-percent Section 301 tariff on imports of solar cells and modules from China.

Consistent with these market changes, Canadian Solar plans to source solar modules in the United States primarily from its manufacturing locations outside of China, principally from its facilities in Southeast Asia. Canadian Solar's operations in China have been redeployed to other markets, including, most importantly, the huge and growing China home market and other large and growing regional markets throughout Asia. Our decision to source for the U.S. market outside of China is both consistent with Canadian Solar's global investment decisions and our assessment of where our best economic interests lie. To be very direct: our manufacturing diversification, combined with the impacts of the Section 201 and Section 301 tariffs, mean that it is not commercially advantageous for Canadian Solar to ship solar cells and modules to our U.S. customers.

This is not to suggest that we have shuttered our Chinese manufacturing facilities. We have not. However, we have been successful in repositioning the marketing of our Chinese production to reflect the rising growth in Chinese home market and regional demand for solar products. Back in 2012, China was a comparatively small market compared to the United States and Europe. Chinese

demand for solar has absolutely exploded since then, and China is now – by far – the world’s largest market for these products, with plenty of room to grow.

But, China is not the only local market with substantial growth. Canadian Solar has also focused its Chinese production capacity on meeting growing demand for solar products in other markets, including greater Asia, Brazil and South Africa. Also, Europe is an attractive market for solar module sales from China now that the EU’s trade measures on Chinese solar cells and modules have been eliminated. Canadian Solar and other Chinese producers are looking to the EU market for future opportunities that are unfettered by trade restrictions.

I’d like to conclude with a few general comments on the future of the solar industry. At the time of your original investigation, solar energy was not yet price competitive with other available sources of energy such as natural gas, coal, and wind power. In many places in the world, including the United States, there were relatively few utility-scale projects, as solar development prices remained too high to compete with other forms of energy.

Today, solar is the fastest-growing sector of the energy market in the United States and is expanding in similar fashion around the world as countries seek to reduce their dependence on fossil fuels and to take advantage of the long-term benefits of solar power. As a high technology product, solar products are subject to continuous innovation and increased efficiency. This means that the per-unit

cost of energy associated with solar energy is likely to continue to fall, making solar energy an increasingly cost-competitive alternative to other energy sources.

New solar energy currently accounts for approximately half of all new energy generation capacity additions in the United States. Solar has reached grid parity in many U.S. sub-markets, notwithstanding declining prices for natural gas due to the fracking boom. Additionally, solar has won many “all-source” utility run procurement processes in recent years, competing against multiple forms of energy generation. Solar has also assumed one of the top positions in terms of installed nameplate capacity in the United States over the past few years. The same can be seen in other global markets.

In short, the prospects for growth and opportunity in the solar sector are very strong. The expansion of foreign investment in the U.S. solar industry, including from Canadian Solar is evidence of this bright future. Canadian Solar welcomes the continued growth of the U.S. solar sector and will continue to act responsibly in the market to support that goal.

Thank you for your attention. I would be pleased to answer any questions.