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
JIM DOUGAN
VICE PRESIDENT, ECONOMIC ONCSULTING SERVICES, LLC

Good afternoon Commissioners and Staff; my name is Jim Dougan from ECS appearing on behalf of Respondents. I will explain why, in the event of revocation, imports from China will not enter the U.S. market in volumes or at prices that will lead to a continuance or recurrence of injury to the domestic industry.

First, it is important to note that there have been changes in demand and supply conditions since the original investigation.

{SLIDE 1} As discussed by Mr. Stoel, China now represents a far larger share of global PV consumption than it did during the POI: 54 percent of installations in 2017 compared to 12 percent in 2012. (Incidentally, the U.S. market had the same share at 11 percent in 2012 and 2017.) In 2012, Germany was the largest solar market in the world, but by 2017, China had taken its place.

{SLIDE 2} This tremendous growth means that the Chinese home market consumes a far greater share of Chinese production than it did during the original investigation. As shown in **{SLIDE 2}** The data in the prehearing report show that Chinese producers' shipments to the home market increased several-fold over the POR, and now constitute a vast majority of the industry's total shipments. While the data from this review are confidential, public data from the 201 investigation provided in the prehearing report show basically the same trend. Moreover, Chinese producers' capacity utilization increased significantly to very high levels over the POR, and as discussed in Respondents' prehearing brief, third-party data sources indicate that even the figures from the questionnaire data may be understated.

The growth in Chinese home market demand is expected to continue, and China is projected to remain the largest solar market in the world for the foreseeable future. While Petitioners' brief makes many mentions of the Chinese' government's revision to its feed in tariff ("FIT") policy that occurred in May 2018, it conveniently omits any mention of the fact that this change was <u>reversed</u> in November 2018 – after the release of the prehearing report, but before the filing of prehearing briefs. Thus, while second-half 2018 demand in China was lower than it might otherwise have been, there are already reports (summarized in our prehearing brief) about how demand is back on track. Contrary to Petitioners' speculation, there will not be 20-30 GW of displaced Chinese home market shipments looking for a market somewhere around the globe. Importantly, the evidence shows that there was no measureable uptick whatsoever in U.S. imports from China after the revision of the FIT policy in May.

{SLIDE 3} Demand in third-country export markets is also expected to remain strong and growing for the foreseeable future. As shown in **{SLIDE 3}**, projected demand growth in these markets in 2019, 2020, and 2021 is more than enough to offset the temporary 2018 decline in shipments to the Chinese home market.

Petitioners' brief, on the other hand, paints a picture of *declining* demand in third-country markets. This prediction is contradicted by the forecasts that they themselves put on the record as Exhibit 7 to their response to the notice of institution, which shows increasing installations in Europe, India, and the Rest of the World. Nevertheless, they claim that solar demand in Europe will stagnate or decline. Their brief entirely omits any mention of Europe's elimination of the Minimum Import Price trade restrictions in September 2018, which is expected to stimulate demand for solar installations. Moreover, since Prehearing Report Table IV-11 shows that no European countries were among China's top export destinations in recent years, there is room for significant growth in Chinese exports to Europe to serve this increasing demand.