



**INVESTIGATION NO. 239**

**ALLEGED DUMPING OF CERTAIN CRYSTALLINE SILICON  
PHOTOVOLTAIC MODULES OR PANELS**

**EXPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA**

**IMPORTER VISIT REPORT**

**SOLAR JUICE PTY LTD**

**THIS REPORT AND THE VIEWS OR RECOMMENDATIONS CONTAINED THEREIN  
WILL BE REVIEWED BY THE CASE MANAGEMENT TEAM AND MAY NOT REFLECT  
THE FINAL POSITION OF THE ANTI-DUMPING COMMISSION**

**June 2014**

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### ABBREVIATIONS

\$	Australian dollars
ACBPS	Australian Customs and Border Protection Service
ADN	Anti-Dumping Notice
Australian Industry	Tindo Manufacturing Pty Limited
CIF	Cost, Insurance and freight
COGS	Cost of goods sold
Commission	Anti-Dumping Commission
CTMS	Cost to make & sell
FOB	Free On Board
NIP	Non-injurious Price
PAD	Preliminary Affirmative Determination
SEF	Statement of Essential Facts
The Act	<i>Customs Act 1901</i>
The goods	the goods the subject of the application (also referred to as the goods under consideration or GUC)
The Parliamentary Secretary	the Parliamentary Secretary to the Minister for Industry
USD	US dollar
USP	Unsuppressed Selling Price

## 1 BACKGROUND AND PURPOSE

### 1.1 The Application

On 4 February 2014, Tindo Manufacturing Pty Ltd (Tindo) lodged an application requesting that the Parliamentary Secretary to the Minister for Industry (Parliamentary Secretary) publish a dumping duty notice in respect of certain crystalline silicon photovoltaic modules or panels (PV modules or panels) exported to Australia from the People's Republic of China (China).

In the application Tindo alleged that it had suffered material injury caused by certain PV modules or panels exported to Australia from China at dumped prices.

Tindo claims that the Australian industry had been injured through:

- lost sales revenue;
- price depression;
- price suppression;
- loss of profit; and
- reduced profitability.

On 14 May 2014, the Anti-Dumping Commissioner (the Commissioner) initiated an investigation in the alleged dumping of PV modules or panels (the goods) exported to Australia from China. A public notification of the initiation of the investigation was made in *The Australian* newspaper and was also published on the Commission's website.

### 1.2 Previous investigations

There have been no recent dumping investigations in respect of PV modules or panels exported to Australia from China.

### 1.3 Meeting

Following the initiation of the investigation, a search of Australian Customs and Border Protection's (ACBPS) import database indicated that Solar Juice Pty Ltd (Solar Juice) imported goods under investigation from China during the investigation period 1 July 2012 to 31 December 2013 (the investigation period). ACBPS import database also stated that Solar Juice was a major importer of the PV modules or panels in the investigation period.

On 14 May 2014, the Anti-Dumping Commission (the Commission) notified Solar Juice of the initiation of the investigation and sought its cooperation with the investigation and provided an importer questionnaire in respect of the PV modules or panels to the company to complete. Solar Juice was also provided with a list of its imports of PV modules or panels during the investigation period extracted from the ACBPS's import database. From the database we selected 10 consignments for further verification to source documentation.

Solar Juice completed the importer questionnaire, providing the background and details of the company, overseas supplier information, imports and importation costs and selling expenses. A copy of Solar Juice's importer questionnaire response is at **Confidential Attachment GEN1**.

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### 1.4 Purpose of visit

The purpose of the visit was to:

- confirm that the Solar Juice is an importer of certain PV modules or panels and to obtain information to assist in establishing the identity of the exporter(s) of the goods;
- verify information on importation of the goods to assist in the determination of export prices;
- establish whether the purchases of the goods were arms-length transactions;
- establish post-exportation costs;
- identify sales and customers and verify sales volume, selling prices and selling costs;
- obtain general information about the Australian market for the goods; and
- provide the company with an opportunity to discuss any issues it believed relevant to the investigation.

Prior to the visit the Commission provided an agenda to Solar Juice. A copy of the visit agenda is at **Confidential Attachment GEN2.**

### 1.5 Visit

The details of the visit were as follows:

<b>Company:</b>	Solar Juice Pty Ltd (Solar Juice)
Address of the Company:	Unit 1, 10-12 Forsyth Close, Wetherill Park, NSW 2164
Telephone no:	(02) 9725 1111
Visit date:	24 June 2014
<b>Present at the visit</b>	
Solar Juice	Mr Victor De Sousa – General Manager Mr Rami Fedda – Director Mr Andrew Burgess - Director
The Commission	Mr Sanjay Sharma - Manager Operations Ms Chris Kunaratnam – Senior Investigator

At the visit we provided a summary of the investigation process and timeframes as follows (highlighting that the following process and timeframes for PV modules or panels):

- the investigation period is from 1 July 2012 to 31 December 2013;
- the injury analysis period is from 1 January 2010 to 31 December 2013 for the purpose of analysing the condition of the Australian industry;
- a preliminary affirmative determination (PAD) may be made no earlier than 13 July 2014 (day 60 from the date of initiation);

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- provisional measures may be imposed and securities taken at the time of the PAD or at any time after the PAD has been made;
- the Commission will not make a PAD until it becomes satisfied that there appears to be, or that it appears there will be, sufficient grounds for the publication of a dumping duty notice;
- the Statement of Essential Facts (SEF) for the investigation is currently due to be placed on the public record by 1 September 2014 or at a such later date as the Parliamentary Secretary allows under s.269ZHI of the *Customs Act 1901* (the Act);
- the SEF will set out the material findings of fact on which the Commission intends to base its recommendations to the Parliamentary Secretary, and will invite interested parties to respond, within 20 days, to the issues raised therein;
- following receipt and consideration of the submissions made in response to the SEF, the Commission will provide its final report and recommendations to the Parliamentary Secretary; and
- the final report is currently due on or before 16 October 2014, unless an extension to the SEF is approved by the Parliamentary Secretary.

Solar Juice was co-operative and had most of the required documentation available for the meeting. Solar Juice confirmed that it has access to the Commissions' electronic public record and is able to access relevant information regarding the investigation.

### 1.6 Visit report

We explained to the company that we would prepare a report of our visit (this report) and provide it to the company to review its factual accuracy, and to identify those parts of the report it considers to be confidential.

We explained that, in consultation with the company, we would prepare a Public Record version of the report, and place this on the investigation's Public File.

## 2 THE GOODS AND LIKE GOODS

### 2.1 Goods description

The goods the subject of the application (the goods) are:

*Certain crystalline silicon photovoltaic modules or panels, whether exported assembled or unassembled, and whether or not they have an inverter, capable of producing any power in terms of watt.*

#### Exclusions:

The following product types are excluded from the application:

- cells and wafers of the type used in PV modules or panels;
- solar chargers that consist of less than six cells, are portable and supply electricity to devices or charge batteries; and
- PV products that are permanently integrated into electrical goods, where the function of the electrical goods is other than power generation, and where these electrical goods consume the electricity generated by the integrated crystalline silicon photovoltaic cell(s).

The application contains the following additional information in relation to the goods the subject to the application.

*A PV module is a packaged, connected assembly of PV cells. A PV cell is an electrical device that converts the energy of light directly into electricity by the photo-electric effect. It is a form of photoelectric cell which, when exposed to light, can generate and support an electric current without being attached to any external voltage source, but does require an external load for power consumption.*

*The two key species of silicon crystalline cells in commercial use are poly crystalline (also known as multi crystalline) and mono crystalline cells. Both PV modules composed of poly crystalline and mono crystalline silicon cells are the goods the subject of this application.*

*A PV panel (or array) is a set of PV modules electrically connected and mounted on a supporting structure. The PV module can be used as a component of a larger PV system to generate and supply electricity in commercial and residential applications.*

*The two forms of power generated by the two different types of PV modules or panels are alternating current (AC) and direct current (DC). The AC modules or panels are ready to be plugged into the grid by use of an on-board micro-inverter, while the DC PV modules or panels need to be connected to a separate inverter that converts the electricity generated to AC power. Both AC and DC PV modules and panels are included in the description of the goods.*

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### **2.2 Tariff classification**

The goods are classified to the following tariff subheadings in Schedule 3 to the Customs Tariff Act 1995:

- 8541.40.00, statistical code 53;
- 8501.61.00, statistical codes 33 and 24;
- 8501.62.00, statistical code 34;
- 8501.63.00, statistical code 40; and
- 8501.64.00, statistical code 41.

The ACBPS tariff branch has advised the Commission that the goods can be imported under tariff classifications 8541 and 8501. The Commission notes that the goods under consideration are defined by the description, not the tariff classification.

The rate of Customs duty payable under each of the tariff subheadings is as follows:

- 8541.40.00 (statistical code 53); 8501.63.00 (statistical code 40) and 8501.64.00 (statistical code 41) are duty free; and
- 8501.61.00 (statistical codes 33 and 24) and 8501.62.00 (statistical code 34) have a duty rate of 5 percent for all countries except for DCS countries (4 percent) and DCT (5 percent). China is defined as DCS therefore duty is payable at the rate of 4 percent.

There is currently no tariff concession order (TCO) applicable to the goods.

### **2.3 Like goods**

In the investigation period, Solar Juice imported PV modules or panels that were predominantly (60 percent) poly-crystalline, direct current (DC) PV modules with power output of 250W. Other DC PV modules or panels imported by Solar Juice included power output between 160W and 290W. Solar Juice also imported some (less than 1 percent of total imports) DC PV modules or panels with power output between 23W and 160W in the investigation period.

Solar Juice stated that the alternating current (AC) PV modules or panels predominately manufactured and sold by the Australian industry are more expensive to manufacture than DC PV modules or panels. This is because AC PV modules each require a micro-inverters while multiple DC modules can be connected in series to a single larger inverter. Solar Juice stated that this could be a main point of difference between the goods imported by Solar Juice and the goods manufactured by the Australian industry.



## 3 COMPANY DETAILS

### 3.1 Company Background

#### 3.1.1 Introduction

Solar Juice is an Australian proprietary company established in December 2009. It is owned by three shareholders; Mr Andrew Burgess [REDACTED], Mr Rami Fedda [REDACTED] and Allied Energy [REDACTED] [percentage of share in the company]. Allied Energy is a private company owned by Mr Simon Tan who is based in Singapore. Solar Juice stated that while Mr Burgess and Mr Fedda are focussing on the sales, marketing and distribution of the goods, Mr Tan mostly negotiates purchases with the suppliers. The company's head office is based at Wetherill Park, NSW and it has warehouse facilities in every major capital city around Australia.

The two company directors who are also major shareholders, Mr Burgess and Mr Fedda were previously employed by Solarex, which merged with BP Solar in 1999. After identifying potential opportunities resulting from the feed-in tariff subsidy (offered by Australian State and Territory governments), they ventured into a business selling PV modules or panels and PV related 'kits and accessories' and established Solar Juice.

At the visit, Solar Juice provided a power point presentation outlining the company's business background and details. Solar Juice supplies PV modules or panels to wholesalers and distributors. The company mostly distributes goods through the Business-to-Business (B2B) business model in Australia and New Zealand. Recently, Solar Juice has started expanding to overseas markets focusing on New Zealand, the South Pacific island nations and to Sri Lanka. Solar Juice intends to grow its export business by 10 percent in the next 12 months. A copy of Solar Juice's power point presentation is at **Confidential Attachment GEN3**.

Solar Juice supplies complete PV 'kits and accessories' that include panels, inverters, monitoring & mounting equipment.

Solar Juice has approximately 15 full-time employees and over 3,000 customers with around 600 active customers on a monthly basis. Solar Juice advised that [REDACTED] [annual turnover] sixty percent of the revenue was from the sale of PV modules or panels while the remaining was from sale of inverters, kits and accessories.

Solar Juice has recently increased focussed on 'commercial opportunities' to supply and support small and medium enterprises (SMEs) that require PV modules or panels with power output greater than 50kW. Solar Juice stated that it intends to build partnerships with its commercial clients by sharing technical know-how and commercial support and by providing finance.

### 3.2 Accounting structure and details of accounting systems

Solar Juice's financial year is from 1 July to 30 June.

Being a private company, Solar Juice had not previously audited or published its financial accounts. [REDACTED]



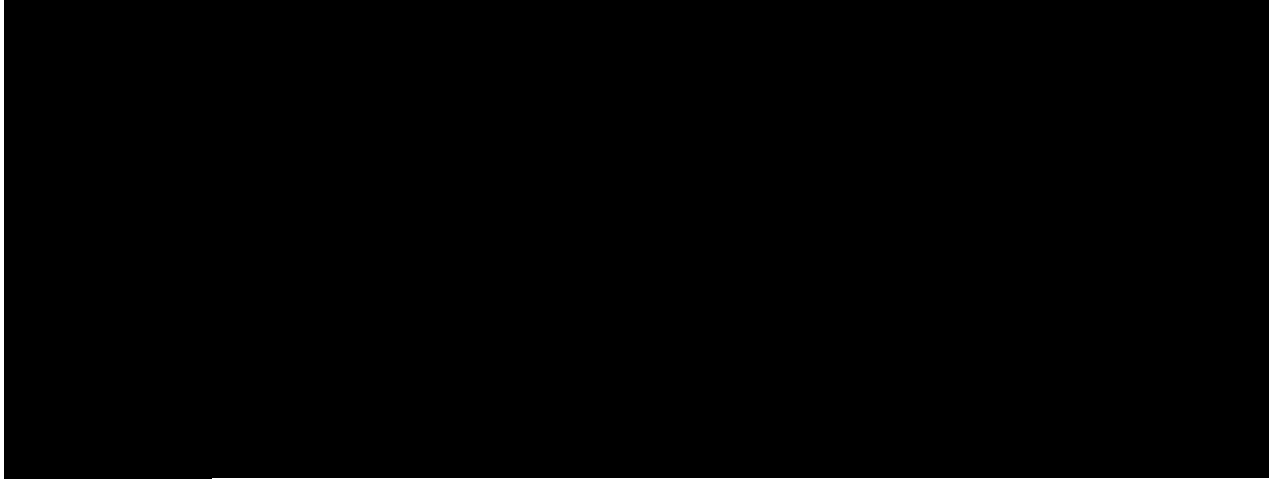
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- small electrical contractors/retailers/installers that buy the goods from Solar Juice and on-sell them to mostly their residential customers; and
- larger wholesale distribution businesses that buy the goods in large volumes.

As part of its response to the importer questionnaire, Solar Juice provided line-by-line details of its sales of PV modules or panels in the investigation period.



[Solar Juice customers] (**Confidential Appendix GEN4** refers)



[Related company details]

## 4 IMPORTS

### 4.1 Introduction

The ACBPS import database shows that Solar Juice imported [REDACTED] units of PV modules or panels in the investigation period. Prior to the visit, the Commission forwarded the list of all imports to Solar Juice to confirm if the records shown in the ACBPS import database were correct. Solar Juice confirmed the volume of the imports shown in the database was correct.

In the database we noted that for [REDACTED] units of PV modules or panels the supplier details were omitted. Solar Juice identified those imports were from its related company Sunergy.

Solar Juice imported [REDACTED] PV modules or panels in the investigation period and sold [REDACTED] PV modules or panels in the same period. At the visit Solar Juice explained that the difference between the number of PV modules or panels imported and sold in Australia in the investigation period was due to Solar Juice also purchasing PV modules or panels from Australian distributors who sourced the goods from China.

A list of all importations during the investigation period by Solar Juice is at **Confidential Attachment IMP1**.

The total quantity of PV modules or panels imported by Solar Juice during the investigated period is summarised in the following table. [REDACTED]

[Supplier details]

Solar Juice's major suppliers of PV modules or panels in the investigation period were Changzhou Trina Solar Energy Co. Ltd and Trina Solar Energy Development PTE Ltd, together referred to as 'Trina Solar'.

### 4.2 Ordering process

Solar Juice stated that its Operations Director, Mr Rami Fedda, is generally responsible for the procurement, inventory management and ordering of PV modules or panels. Depending on the prevailing market conditions at the time, Solar Juice orders PV modules from its Chinese suppliers or from the local distributors. Solar Juice stated that its orders are based on 3 months rolling basis. Solar Juice stated that it receives monthly price list from its major suppliers. The prices in the price list are indicative prices only.

Solar Juice explained that based on its assessment of the market conditions and demand, it negotiates the prices of the goods from its suppliers. Solar Juice determines the 'brand' of PV modules or panels preferred by its customers and supplied by a particular exporter. For example if Solar Juice determines that the 'Trina' brand of PV modules or panels were the highest selling 'brand' of PV modules in the previous months, it will negotiate with Trina Solar. Once Solar Juice determines the brand and quantity of PV modules or panels, it negotiates the prices with the respective suppliers. Once a price is agreed, Solar Juice emails purchase orders to its supplier. All prices are on CIF terms. As such Solar Juice is not responsible for any overseas freight, insurance or other export costs.

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Solar Juice stated that for direct importations of the goods from China, the time lag between ordering and delivery is between 8 and 12 weeks. Solar Juice stated that once it confirms the order, the processing and manufacturing takes between three to five weeks and the transportation and shipping takes further four to six weeks.

[REDACTED] Solar Juice stated that for approximately 50 percent of the payment it hedges the forward exchange rates while the other 50 percent is 'open' at the prevailing exchange rates at the time of payment. Solar Juice uses the monthly RBA rate for accounting purposes. Any loss or gain from the exchange rate is recorded in the profit and loss statement.

Solar Juice stated that the goods are ordered by container. Each container has approximately 644 PV modules. In rare circumstances where the goods are required urgently and are not available from the local distributors, Solar Juice's main supplier Trina Solar air freights the goods to Australia from China.

Solar Juice stated that when its Wetherill Park warehouse is full, some goods are stored at warehouses that are managed by third party operators (freight companies who are also referred to as 3PL's). Solar Juice stated that most of the goods are stored and transported from its NSW warehouse. Goods are mostly transported on pallets and in some rare instances in containers.

Solar Juice stated that for the domestic purchases of the goods from the local distributor, the time between placing an order and delivery is less than one week as the goods are readily available in Australia.

### 4.3 Volume of trade

Prior to the visit, the Commission forwarded a download from ACBPS import database of all listed imports under the relevant tariff sub-heading for the investigation period. Solar Juice imported [REDACTED] [value and volume of imports] (**Confidential Attachment IMP1** refers).

### 4.4 Forward orders

In its response to the Importer questionnaire Solar Juice omitted forward orders. Solar Juice provided a list of forward orders at the visit (**Confidential Attachment IMP2** refers).

A summary of the forward orders is shown in the table below:

[REDACTED] The total forward orders of [REDACTED] PV modules that were placed at the time of our visit appear to be consistent with the company's historic levels of trade.

### 4.5 Verification of imports

Prior to our visit, the Commission selected the following ten shipments from the ACBPS import database and asked Solar Juice to provide detailed importation costs and

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corresponding sales information in relation to each of the shipments in an excel spreadsheet template provided by the Commission.

<b>Selected Shipments for verification</b>	
	Customs entry number
1	ACCG7NT99
2	ACCXXWG7G
3	ACCG7PA4S
4	AA793WK99
5	AA9F4G7M4
6	ACFKJEJCJ
7	AA9PAEYYG
8	ACCEK3J4C
9	ACFCT64AG
10	ACCT4RXFR

Prior to our visit Solar Juice provided the following source documents in relation to the ten selected shipments.

- Commercial invoices
- Packing lists
- Bills of lading
- Customs broker and domestic freight invoices

The above documents are at **Confidential Attachment IMP3**.

For each of the ten shipments we checked the information contained in the source documents against the responses provided in the spreadsheet. These include but are not limited to quantity of PV modules or panels imported, invoice value, shipment details, shipping terms and Australian importation costs.

We noted that for shipments 1, 2, 9 and 10 there were calculation errors as some of the costs were double counted. Solar Juice provided a revised spreadsheet rectifying all calculation errors (**Confidential Appendix IMP4** refers).

### Proof of payment

At the visit we asked Solar Juice to provide proof of payment for the 10 selected shipments.

Solar Juice stated that it was difficult for the company to find remittance advices and proofs of payment that exactly matched and corresponded to the ten selected shipments because the payments made to its suppliers were net-off the credit notes. Solar juice pays its suppliers for multiple purchases at once and it was difficult to match the payments for each shipment individually.

At the visit Solar Juice requested and we allowed time for Solar Juice to locate the proof of payment documents and reconcile them to the 10 selected shipments.

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Subsequent to the visit, Solar Juice provided the proof of payment for the 10 selected shipment. We are satisfied that the proof of payment provided for the 10 selected shipments are the payments made in respect to those invoices. The price paid for the goods were the invoice prices.

We also note that Solar Juice's audited financial statements for FY 2013 contains a statement at Note 26 (d) 'Related party transactions' that "... *Purchases from other related parties are made in arm's length transactions both at normal market prices and on normal commercial terms unless otherwise stated...*". For transactions with Sunergy and Fontion at least, this gives us some further assurance that the purchases were at arm's length.

Our conclusion in relation to the arm's length nature of the transactions is in Chapter 7.

### 4.5.1 Supplier details

The commercial invoices provided by Solar Juice confirmed that the Solar Juice imported PV modules or panels in the investigation period were from:

- Trina Solar;
- Canadian Solar International Ltd;
- Sunergy Solar Pte Ltd; and
- Fontion Product Industries Pte Ltd.

For PV modules or panels supplied by Trina Solar, we noted the invoices and packing list originated from Singapore, except for one invoice which was originated from Trina Australia. All invoices from Trina Solar indicated that the goods were loaded from either *Changzhou port* or *Shanghai port* in China.

Solar Juice explained that Trina Solar Energy Development Pte Ltd (Trina Singapore) based in Singapore is a 'trading house' of Changzhou Trina Solar Energy Co. Ltd (Trina China). Trina Singapore takes the orders, provides invoices and collects payments while Trina China manufactures and supplies the goods from China. Solar Juice claims that it pays Trina Singapore the invoice price in USD.

For PV modules or panels supplied by Canadian Solar, we noted the invoice was generated in and the goods were shipped from China.

For PV modules or panels supplied by the trading companies Sunergy and Fontion, the invoices were generated in Singapore and the goods were manufactured and supplied by Jumao and Shanghai BYD from China as discussed in section 3.3.1 of this report.

### 4.5.2 Shipment costs

Solar Juice stated that all shipments are on CIF terms and it does not pay for any freight or insurance costs.

### 4.5.3 Importation costs

From the information provided for the ten selected shipments we calculated the weighted average local importation costs in AUD per watt as shown in the Table below.

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■ We calculated the weighted average cost of importation was ■ per watt ■ The import cost calculation is at **Confidential Appendix 1**.

### 4.5.4 Selling, General and Administration costs

Solar Juice stated that it calculated selling, general and administrative (SG&A) costs by dividing the total expenses by the total revenue. To verify SG&A costs, Solar Juice provided a draft copy of its management report for the period 1 July 2013 to 31 December 2013 (unaudited). The SG&A cost derived using the draft accounts was ■ percent. We noted that the STC payments were included in total revenue and COGS. We eliminated the STC payments (as STC payments were already included in the sales revenue of PV modules) from the total revenue and COGS and re-calculated the SG&A for the 6 months to 31 December 2013 as ■ percent.

For the period 1 July 2012 to 30 June 2013, the SG&A disclosed in the revised Part B spreadsheet was ■ percent. At the visit, Solar Juice showed that it used the unaudited financial data and used the above methodology to calculate SG&A. Following the visit Solar Juice provided audited financial statements for the FY2013. We used the total revenue and total expenses in the audited financial statements and re-calculated the SG&A as ■ percent.

We used the re-calculated SG&A for the FY2013 and for 6 months ending to 31 December 2013 and re-calculated the total costs and profits for the ten selected shipments as discussed in sections 5.6.1 and 5.6.2 of this report. (**Confidential Attachment IMP4** refers).

### 4.6 Export prices for selected shipments

Based on verified data, and assuming that Solar Juice paid the invoice price to its suppliers for the ten selected shipments, we calculated the weighted average CIF export price as AUD ■ per watt ■

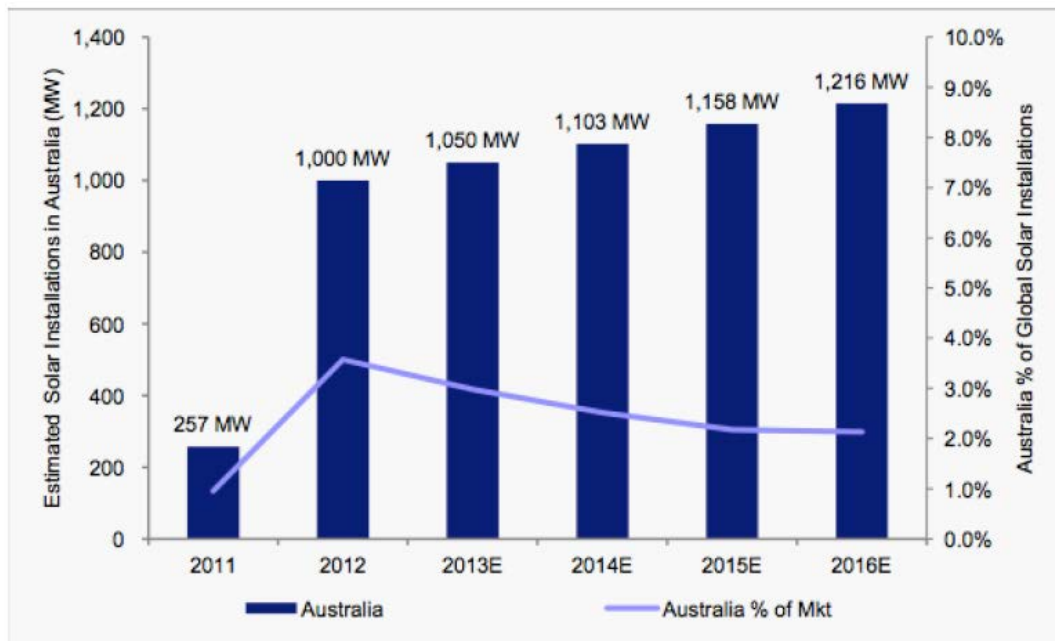
The weighted average export price calculation is at **Confidential Appendix 2**.



## 5 AUSTRALIAN MARKET AND SALES

### 5.1 General

Solar Juice claims that the Australian market for PV modules or panels in 2013 was approximately 1,050MW compared to 257MW in 2011. Solar Juice stated that since the announcement by the States and Territories that the feed-in-tariff subsidy was going to be abolished, the demand for PV modules in the residential sector increased substantially to take advantage of the current feed-in-tariff rates. At the visit Solar Juice provided the following graph published by Deutsche Bank that estimated the installations of PV modules or panels in Australia from 2011 to 2016.



Deutsche bank's prediction of Australia's future solar market until 2006  
 Reference: news article: Graph of the Day: Australia's surging solar market (<http://reneweconomy.com.au/2014/graph-day-australia-surgig-solar-market-76954>)

Solar Juice claims that the Australian market has been slowing down from mid-2012 in the residential market due to the staged withdrawal of feed-in-tariffs.

Solar Juice stated that it expects the PV modules or panels market will turn around and grow from the latter half of 2014 due to increasing costs of electricity. Solar Juice also expects that there will be an increase in demand from the commercial sector that would be predominantly driven by SME's who require power output of greater than 30kw.

Solar Juice claims that the price of PV modules has declined by approximately 50 percent in 2011 and 2012 due to advancement in technology and mass production 'economies of scale' particularly in the countries like China. Solar Juice stated that another factor that contributed to the downward pressure on the prices of the goods was the huge decline in price of the major raw material 'Poly Silicon' used in the manufacture of the goods.

Solar Juice claims that due to the sudden drop in prices for PV modules or panels in 2011 and 2012, the supply of PV modules or panels increased. Solar Juice claims that as a result of the drop in the prices of PV modules as the manufacturers were not able to cover

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the costs of production and were forced to sell the goods at a loss. Solar Juice claims that the prices of PV modules or panels have now stabilised and it is likely that prices will increase in the next 12 to 18 months.

[Redacted] [Competitors details] Solar Juice stated that the PV module or panels market in Australia is very 'fragmented'. As such it has various competitors on a state by state basis.

Solar Juice claims that the 'Utility segment' is another area where there could be a huge potential for growth in the Australia. However, utility projects are very capital intensive and currently Solar Juice has not considered participating in that market segment.

### 5.2 Distribution and Selling

Solar Juice prepares and issues two price lists on a monthly basis to its network of approximately [Redacted] customers. One set of price list is for installers who are small retailers while the other price list is for 'bulk' buying customers who buy in large volumes. The price lists prepared and provided are EXW prices. The prices are set by the Board of Directors of Solar Juice on a monthly basis (**Confidential Attachment SALES1**). Solar Juice stated that it sells the goods at the price list provide for the month except in rare circumstances where the customer needs large volumes of the goods, the price are negotiated.

Solar Juice claims that its profit margins have come under pressure in the last 12 months due to the oversupply of PV modules or panels in the market. In 2010, Solar Juice stated that it was enjoying approximately 30 percent profit margins when there was a strong demand for the goods due to the introduction of feed-in-tariff by various States and Territories. In the investigation period Solar Juice stated that [Redacted]

[Redacted] [Profit details]

### 5.3 Australian Sales

Solar Juice stated that it only supplies DC PV modules or panels in the Australian market. If requested by Solar Juice's customers, the company attaches inverters on the PV modules at its warehouse. The extra costs and charges applying to this service are charged separately to the price of PV modules or panels in the invoices. Solar Juice claims that its customers generally prefer German inverters to the ones supplied from China.

Solar Juice stated that prior to 1 July 2013, approximately 90 percent of its total revenue was from the sale of PV modules or panels. However, this changed in mid last year and has now dropped to approximately 60 percent. The remaining 40 percent are from the sale of inverters and other 'kits & accessories' used in the installation of the PV modules or panels on the roof tops. Solar Juice stated that the drop in sales of the PV modules or panels was mostly due to the withdrawal of feed-in-tariff subsidy provided by the State and Territory Governments.

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In its detailed sales list provided in response to the importer questionnaire, Solar Juice stated that during the Investigation period it sold [REDACTED] V modules or panels with a total sales value of [REDACTED]. From the sales data provided we noted that approximately 60 percent of the sales were DC PV modules with power output of 250W.

Solar Juice stated that in the investigation period 98 percent of its sales were in the domestic Australian market. Solar Juice claims that the price of PV modules or panels has declined between 50 to 60 percent in the last 12 to 18 months. This was mostly driven by the withdrawal by the state government feed-in- tariff subsidy across Australia that led to decline in the demand and over-supply of the goods.

Solar Juice stated that it imports the goods and stores them in its warehouses located in all major capital cities in Australia. Solar Juice sells the goods mostly on pallets (with approximately 24 to 30 PV modules per pallet). Solar Juice stated that since the goods were not controlled using any particular inventory management system and the goods were not sold in any particular order (such as first-in-first-out), Solar Juice was not able to accurately quantify the selling prices of the goods precisely for the ten selected shipments.

[REDACTED]. [Turnover]

At the visit we discussed that the best approach for Solar Juice to estimate the selling prices of the goods for the ten selected shipments was to use the following month's prices based on Solar Juice's claims about the turnover period of the goods.

Solar Juice provided a revised Part B spread sheet to reflect selling prices for the shipments which were omitted in its initial response (**Confidential Attachment SALES2** refers).

### STC Payments

Solar Juice stated that some of its customers pay part of their invoice price using their 'short-term technology certificates' (STCs) offered by the government. We noted that the invoice price is the price recorded in Solar Juice's accounting (MYOB) system.

Solar Juice stated that a STC trading agent 'CO2 Environmental Trading Pty Ltd' trades the STCs on behalf of its customer at the market price and transfers the receipt to Solar Juice's bank account as partial payment to the invoice prices.

Solar Juice provided an example of an invoice from our sample of 12 selected invoices where partial payment was made using STC. The source documents and proof of payment in relation to the STC payment are at **Confidential Attachment SALES3**.

### **5.4 Rebates and discounts**

Solar Juice advised that it provided no rebates or discounts to domestic customers in respect of sales of PV modules or panels. Through the verification processes discussed at Section 5.6 we identified no evidence to indicate that rebates or discounts were applicable.

## **5.5 Commission**

Solar Juice advised that it provides no commissions to domestic customers in respect of sales of PV modules or panel. Through the verification processes discussed at Section 5.6 we identified no evidence to indicate that a commission was applicable.

## **5.6 Verification to source documents**

As part of its responses to the importer questionnaire, Solar Juice provided a line by line listing of all sales of PV modules or panels in the investigation period 1 July 2012 to 31 December 2013 (**Confidential Attachment SALES4** refers).

Prior to the visit, from the sales data provided by Solar Juice we selected 12 sales invoices as shown in Table 3 below and asked Solar Juice to prepare and provide us the source documents in relation to these invoices. At the visit Solar Juice provided the following source documents for the 12 selected sales invoices.

- purchase orders;
- sales invoices;
- packing slips;
- invoices for local freight, (if applicable); and
- evidence of payment by Solar Juice's customers.

The above source documents are at **Confidential Attachment SALES5**.

### **[Table 3 – Selected 12 Solar Juice sales invoices]**

For the selected sales, we compared the invoice details (value, quantity, invoice date and delivery terms) to Solar Juice's sales listing. We noted that the following documents were omitted from some of the source documents provided at the visit:

- invoice number 28259 (sales 3) - no invoice was provided.
- invoice number 24498 (Sales 10) - packaging slip was not included; and
- proof of payment was omitted for all sales except for invoice numbers 32442, 36713 and 26706 (sales 4, 9 and 11).

[redacted] [selected sales verification discussion] We noted that the delivery terms were free in Store (FIS) for six invoices; for four invoices domestic freight was charged; one invoice was EXW and for one invoice the delivery terms were not known.

We noted that from the three proof of payment documents provided the payment received by Solar Juice was the invoice value.

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Following our visit we asked Solar Juice to provide us the proof of payment for the remaining selected sales. Solar Juice advise that all their accounting and financial records were recorded on MYOB, which reconciled all payments. Solar Juice stated that due it its end of financial year it will not be able to locate and provide the proof of payments in relation to the remaining selected sales.

For the three invoices where proof of payment was provided we are satisfied that invoice details recorded in Solar Juice's sales records provided were accurate. However, in the absence of the proof of payment for the remaining nine invoices, we were unable to satisfy ourselves that the payments received by Solar Juice in relation to those invoices were the invoice prices.

### 5.6.1 Upward sales verification

At the visit Solar Juice showed us the draft financial statements for FY2013 on its computer screen. We compared the total revenue from the sale of the goods as shown in the draft accounts for FY2013 [REDACTED] with the sales data of the goods submitted in response to importer questionnaire [REDACTED]. We noted a difference of [REDACTED] (less than 1percent) being understated in the questionnaire. Solar Juice stated the difference between the two records was due to timing.

Following the visit, Solar Juice provided audited financial statements for FY2013 that also contained the financial information for FY2012. We noted that for the FY2013, the total revenue in the audited financial statements was [REDACTED] while the draft financial data presented to us at the visit had total revenue of [REDACTED] a variance of [REDACTED] (33 percent). Solar Juice explained the difference was due to the negative adjustment by the auditors for the value of [REDACTED] in relation to the STC payments that was taken as revenue in its draft account and some other minor adjustments by the auditors. A copy of Solar Juice's audited financial statement for the FY2013 is at **Confidential Attachment SALES6**.

In the financial statement Solar Juice's Auditors stated that:

*"In our opinion:*

*(a) the financial report of Solar Juice Pty Limited is in accordance with the Corporations Act 2001, including:*

*(i) giving a true and fair view of the company's financial position as at 30 June 2013 and of its performance for the year ended on that date; and*

*(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and*

*(b) the financial statements also comply with International Financial Reporting Standards as disclosed in note 3."*

At the visit Solar Juice provided a copy of draft management accounts for the 6 months to 31 December 2013. We noted that all sales (including sale of other items not included in this investigation) were included in the sales revenue. Solar Juice provided sales revenue from the sale of PV modules or panels for the 6 months ending 31 December 2013 was [REDACTED] provided in the importer questionnaire

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response. We noted a difference of [REDACTED] less than 1 percent being understated in the sales listing.

We consider this variance is not material and results from the timing difference between the data sets. We are therefore satisfied that the sales records provided by Solar Juice are accurate.

### 5.6.2 Profitability of sales

Solar Juice calculated the total profit for each of the ten shipments. As discussed in section 5.3 of this report, Solar Juice estimated the selling price of each shipment using sales data for the period following the month of importation to determine the selling price for each shipment.

We used the revised SG&A as discussed in section 4.5.4 and re-calculated profits for the ten selected shipments. We noted that all ten selected shipments were profitable. The range of profitability for the shipments was between [REDACTED]. The weighted average profit for the selected shipments was [REDACTED]. The profit calculation for the ten shipments is at **Confidential Appendix 2**.

From the audited accounts for FY2013 we noted that the net profit for Solar Juice was [REDACTED]. We also re-calculated the net profit for the 6 months from 1 July 2013 to 31 December 2013 using the draft management accounts provided at the visit was [REDACTED].

We are therefore satisfied that all sales of PV modules or panels in the investigation period were profitable.

## **6 WHO IS THE IMPORTER AND EXPORTER**

### **6.1 Who is the importer?**

We reviewed the documents provided in respect of the selected shipments. We note that Solar Juice:

- is named as the customer on the invoices;
- is named as the consignee on the bill of lading and the packing list; and
- pays for the inland delivery of the goods.

We consider Solar Juice to be the beneficial owner of the goods at the time of importation, and therefore the importer.

### **6.2 Who is the exporter?**

The Commission will generally identify the exporter as:

- a principal in the transaction, located in the country of export from where the goods were shipped, who gave up responsibility by knowingly placing the goods in the hands of a carrier, courier, forwarding company, or their own vehicle for delivery to Australia; or
- A principal in the transaction located in the country of export, which owns, or previously owned, the goods but need not be the owner at the time the goods were shipped.

Where there is no principal in the country of export the Commission will normally consider the exporter to be the person who gave up responsibility for the goods as described above.

Upon review of the source documentation provided we are satisfied that for purchases from Trina Solar and Canadian Solar;

- the commercial invoices identify the supplier;
- the bills of lading identify the supplier as the shipper of the goods;
- the supplier manufactured the goods and knowingly gave up the goods for delivery to Australia; and
- the supplier arranges and pays for the goods to be transported to the wharf and loaded onto the ship in the country of export.

Based on the above we consider Trina Solar and Canadian Solar to be the exporter in the relevant transactions.

In relation to purchases from Sunergy and Fontion (both companies based in Singapore):

- the commercial invoices to Solar Juice's identify Sunergy and Fontion as the suppliers;
- the bills of lading identify the manufacturer as the shipper of the goods; and
- Sunergy and Fontion arrange and pay for the goods to be transported to the wharf and loaded onto the ship in the country of export.

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It is common for traders and other intermediaries to play a role in the exportation of the goods. These parties will typically provide services such as arranging transportation, conducting price negotiations, arrange contacts with the producer, etc.

In such cases, the trader typically acts as an intermediary who, although one of the principals, is essentially a facilitator in the sale and shipment of the goods on behalf of the manufacturer. Typically the manufacturer as a principal who knowingly sent the goods for export to any destination will be the exporter.

Therefore, depending on the facts, the Commission considers that only in rare circumstances would an intermediary be found to be the exporter. Typically this will occur where the manufacturer has no knowledge that the goods are destined for export to any country and the essential role of the intermediary is that of a distributor rather than a trader.

Subject to further inquiries, it is likely that the manufacturer of the goods supplied by Sunergy and Fontion would be considered the exporter of PV modules or panels imported by Solar Juice. The manufacturers are likely to be principles in the country of export, which manufacture the goods and gave up the goods for shipment directly to Solar Juice.



## 7 ARMS LENGTH

In determining export price under s. 269TAB(1)(c) and normal values under s. 269TAC(1), the legislation requires that the relevant sales are arm's length transactions.

Section 269TAA outlines the circumstances in which the price paid or payable shall not be treated as arm's length. These are where:

- there is any consideration payable in respect of the goods other than price;
- the price is influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller;
- in the opinion of the Parliamentary Secretary, the buyer, or an associate of the buyer, will, directly or indirectly, be reimbursed, be compensated or otherwise receive a benefit for, or in respect of, the whole or any part of the price.

Furthermore, where:

- goods are exported to Australia otherwise than by the importer and are purchased by the importer from the exporter (whether before or after exportation) for a particular price; and
- the Parliamentary Secretary is satisfied that the importer, whether directly or through an associate or associates, sells those goods in Australia (whether in the condition in which they were imported or otherwise) at a loss;

the Parliamentary Secretary may treat the sale of those goods at a loss as indicating that the importer or an associate of the importer will, directly or indirectly, be reimbursed, be compensated or otherwise receive a benefit for, or in respect of, the whole or a part of the price.

For sales between Solar Juice and its suppliers during the investigation period (Trina Solar, Canadian Solar, Sunergy and Fontion), overall the sales of the imported PV modules or panels in the Australian market were profitable. The purchase price of PV modules from all suppliers appears to be determined based on genuine commercial negotiation.

The audited accounts for FY2013 state that the transactions between Solar Juice and Sunergy and Fontion are at arm's length and this provides some assurance about the nature of the transactions. However, as set out in Section 6.2, it is unlikely that Sunergy and Fontion will be found to be the exporter in these transactions.

In relation to purchases from Trina Solar and Canadian Solar, we are satisfied that sales between Solar Juice and Trina Solar and Canadian Solar were arm's length transactions.

## 8 DUMPING, MATERIAL INJURY AND CAUSATION

### 8.1 General

Solar Juice claims that the Australian panel industry is not bankable and therefore the financiers of large solar projects (utility projects) may not consider Tindo to be qualified as a supplier of PV modules for those projects.

Solar Juice stated that based on its intelligence, the Australian industry does not have the capacity to supply PV modules or panels to the whole Australian market in the residential and commercial segments in which Solar Juice directly competes.

Solar Juice stated that it is not aware that any of its customers purchased PV modules or panels from Tindo in the investigation.

Solar Juice claims that the Australian industry does not have the large scale production volumes and capacity as compared to the Chinese manufacturers of the goods and as such the Australian industry will not be able to reduce its costs of production by applying 'economies of scale'. Therefore, it may not be able to compete with the Chinese exporters even if measures are imposed.

Solar Juice claims that if there was any dumping, it would be by the Tier 2 and Tier 3 Chinese suppliers of PV modules or panels and not by Tier 1 suppliers<sup>1</sup>. Solar Juice stated that PV modules or panels manufactured by Tier 2 and Tier 3 suppliers are lower quality PV modules or panels and any warranties provided by these suppliers are unreliable. Solar Juice considers this is causing injury to the whole PV modules or panels market in Australia, including Solar Juice.

Solar Juice claims that based on its intelligence, the Australian Industry's cost of production for PV modules or panels is very high, approximately USD1.10 per watt for a 250W poly-crystalline module. PV modules or panels manufactured in China cost approximately USD0.62 per watt and from Korea approximately USD0.90 per watt.

Solar Juice believes that if duties are imposed, most importers including Solar Juice may consider sourcing the goods from other countries such as Taiwan, Malaysia and/or Korea.

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<sup>1</sup> Tier 1 manufacturers are those which have provided own-brand, own-manufacture products to five different projects, which have been financed non-recourse by five different (non-development) banks, in the past two years. Tier 2 manufacturers are those which have supplied product to some projects with bank financing and have some industry reputation. Tier 3 manufacturers are those for whom there is little data regarding deployment of their products or which have filed for insolvency protection. This information has been sourced from the following link::  
[http://about.bnef.com/content/uploads/sites/4/2012/12/bnef\\_2012-12-03\\_PVModuleTiering.pdf](http://about.bnef.com/content/uploads/sites/4/2012/12/bnef_2012-12-03_PVModuleTiering.pdf)

## **9 UNSUPPRESSED SELLING PRICE**

Unsuppressed selling price (USP) and non-injurious price (NIP) issues are examined at an early stage of an investigation and, where possible and appropriate, preliminary examinations are made during the application consideration period for the purpose of assessing injury and causal link and therefore the appearance of reasonable grounds for the publication of a dumping duty notice.

The Commission generally derives the NIP by first establishing a price at which the applicant might reasonably sell its product in a market unaffected by dumping. This price is referred to as the USP.

The Commission's preferred approach to establishing USPs observes the following hierarchy:

- industry selling prices at a time unaffected by dumping;
- constructed industry prices – industry cost to make and sell plus profit; or
- selling prices of un-dumped imports.

Having calculated the USP, the Commission then calculates a non-injurious price by deducting the costs incurred in getting the goods from the export free on board point (or another point if appropriate) to the relevant level of trade in Australia. The deductions normally include overseas freight, insurance, into-store costs and amounts for importer expenses and profit.

At the time of the visit we explained the purpose and calculation of USP and NIP. Solar Juice did not have any comments on the calculation of an USP or NIP.

## 10 RECOMMENDATIONS

Section 269TACAA of the *Customs Act 1901* states that where the number of exporters is so large that it is not practicable to examine the exports of all those exporters, a selection can be made on the basis of exporters who are responsible for the largest volume of exports to Australia that can be reasonably examined. The Commission has selected and contacted the following four exporters:

- Renesola Jiangsu Ltd;
- Trina Solar Ltd ;
- ET Solar Energy Limited; and
- Wuxi Suntech Power Co. Ltd.

These exporters are considered to be responsible for the largest volume of exports to Australia that can reasonably be examined.

All other exporters of PV modules or panels from China are regarded as 'residual exporters'. Residual exporters can choose to complete an exporter questionnaire and seek their individual dumping rates. The extent to which the Commission will be able to extend the investigation to these residual exporters will be determined by:

- the level of cooperation from the four selected exporters;
- the number of residual exporters seeking an individual dumping margin determination; and
- the available resources within the Commission to undertake either on-site or remote verification.

For residual exporters that opt not to complete the exporter questionnaire, the Commission must not calculate export prices that are less than the weighted average of export prices for the selected exporters, excluding those export prices from selected exporters whose dumping margins are less than two percent

As a result of the importer questionnaire submitted by Solar Juice and the verification conducted on site, we are of the opinion that:

*For purchases from Trina Solar:*

Trina Solar was the major supplier of PV modules or panels to Solar Juice in the investigation period and is one of the sampled exporters.

If the Commission is not able to determine Trina Solar's export price based on information supplied by it in its questionnaire response, it may use the information collected during the course of the investigation including our visit to Solar Juice to determine Trina Solar's export price as discussed below.

For purchases from Trina Solar we found that:

- the goods have been exported to Australia otherwise than by the importer;
- the goods have been purchased by the importer from the exporter;

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- purchases of the goods by the importer from the exporter were arm's length transactions; and
- the goods are subsequently sold by the importer in the condition in which they were imported to a person who is not an associate of the importer.

We recommend that export price be established under s269TAB(1)(a) of the Act, being the invoiced price from Trina Solar.

*For purchases from Canadian Solar, Sunergy and Fontion*

Canadian Solar, Sunergy and Fontion, and the suppliers of Sunergy and Fontion, who supplied the goods to Solar Juice in the investigation period, are classified as residual exporters for the purpose of the investigation. Canadian Solar, Sunergy and Fontion (and the suppliers of Sunergy and Fontion) have not completed an exporter questionnaire seeking individual dumping rates. For supplies by Canadian Solar, Sunergy, Fontion and their suppliers, the export price will be calculated pursuant to s.269TAB(3) of the Act and will not be less than the weighted average of export prices for selected exporters, excluding those export prices from the selected exporters whose dumping margins are less than two percent.

**11 APPENDICES AND ATTACHMENTS**

Confidential Appendix 1	Importation costs and Profit calculations
Confidential Appendix 2	Export Price calculations
Confidential Attachment GEN1	Solar Juice's response to Importer Questionnaire
Confidential Attachment GEN2	Visit Agenda
Confidential Attachment GEN3	Solar Juice presentation
Confidential Attachment GEN4	Solar Juice sales list
Confidential Attachment IMP1	Importations of PV modules or panels in the investigation period from ACBPS import database
Confidential Attachment IMP2	Forward orders
Confidential Attachment IMP3	Source documents in relation to 10 selected shipments
Confidential Attachment IMP4	Revised Importer questionnaire spreadsheet and SG&A Calculations
Confidential Attachment SALES1	Copy of price list
Confidential Attachment SALES2	Revised copy of Importer questionnaire including sales
Confidential Attachment SALES3	STC payment records
Confidential Attachment SALES4	List of all sales in Investigation Period
Confidential Attachment SALES5	Source documents in relation to 12 selected sales invoices
Confidential Attachment SALES6	Audited Financial Statement for FY2013