



INVESTIGATION 239

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

EXPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA

VERIFICATION REPORT - IMPORTER

SOLARGAIN PV 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**

August 2014

PUBLIC RECORD

CONTENTS

CONTENTS	2
ABBREVIATIONS.....	3
1 BACKGROUND AND PURPOSE.....	4
1.1 THE APPLICATION	4
1.2 PREVIOUS INVESTIGATIONS	4
1.3 MEETING	4
1.4 PURPOSE OF THE TELECONFERENCE	5
1.5 TELECONFERENCE	5
1.6 INVESTIGATION PROCESS AND TIMEFRAMES	5
1.7 VERIFICATION REPORT	6
2 THE GOODS AND LIKE GOODS.....	7
2.1 GOODS DESCRIPTION	7
2.2 TARIFF CLASSIFICATION	8
2.3 LIKE GOODS	8
3 COMPANY DETAILS.....	9
3.1 COMPANY BACKGROUND	9
3.2 ACCOUNTING STRUCTURE AND DETAILS OF ACCOUNTING SYSTEMS	9
3.3 RELATIONSHIP WITH SUPPLIERS AND CUSTOMERS.....	9
4 AUSTRALIAN MARKET AND SALES	11
4.1 GENERAL.....	11
4.2 DISTRIBUTION AND SELLING.....	11
4.3 AUSTRALIAN SALES	11
4.4 REBATES AND DISCOUNTS	12
4.5 COMMISSION	12
4.6 VERIFICATION TO SOURCE DOCUMENTS	12
5 IMPORTS.....	16
5.1 VOLUME OF TRADE	16
5.2 ORDERING PROCESS	16
5.3 FORWARD ORDERS.....	17
5.4 SALE OF SELECTED SHIPMENTS	17
5.5 VERIFICATION OF IMPORTS.....	17
5.6 EXPORT PRICES FOR SELECTED SHIPMENTS	20
6 WHO IS THE IMPORTER AND EXPORTER	21
6.1 WHO IS THE IMPORTER?	21
6.2 WHO IS THE EXPORTER?	21
7 ARMS LENGTH	23
8 DUMPING, MATERIAL INJURY AND CAUSATION	24
9 UNSUPPRESSED SELLING PRICE.....	25
10 RECOMMENDATIONS	26
11 APPENDICES AND ATTACHMENTS.....	27

PUBLIC RECORD

ABBREVIATIONS

\$ or AUD	Australian dollars
ACBPS	Australian Customs and Border Protection Service
ADN	Anti-Dumping Notice
Australian Industry	Tindo Manufacturing Pty Limited
CIF	Cost, Insurance and freight
The Commission	Anti-Dumping Commission
FOB	Free On Board
NIP	Non-injurious Price
PAD	Preliminary Affirmative Determination
Renesola	Renesola Jiangsu Ltd
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. Public notification of the initiation of the investigation was made on 14 May 2014 in *The Australian* newspaper and through the Anti-Dumping Notice No 2014/38.

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 Solargain PV Pty Ltd (Solargain) imported goods under investigation from China during the investigation period 1 July 2012 to 31 December 2013 (the investigation period).

On 14 May 2014, the Anti-Dumping Commission (the Commission) notified Solargain 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. Solargain 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.

Solargain completed the importer questionnaire, providing the background and details of the company, overseas supplier information, imports and importation costs and selling

PUBLIC RECORD

expenses. A copy of Solargain's response to the importer questionnaire is at **Confidential Attachment GEN1**.

A teleconference with Solargain was undertaken on 13 August 2014.

1.4 Purpose of the teleconference

The purpose of the teleconference was to:

- confirm that the Solargain 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;
- clarify information submitted 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;
- clarify the identity of the customers and verify sales volume, selling prices and selling costs;
- obtain general information about the Australian market for the goods, and to discuss this investigation, material injury to the Australian Industry and causation; and
- provide the company with an opportunity to discuss any issues it believed relevant to the investigation.

Prior to the teleconference the Commission provided an agenda to Solargain. A copy of the agenda is at **Confidential Attachment GEN2**

1.5 Teleconference

The details of the teleconference were as follows:

Company:	Solargain PV Pty Ltd
Teleconference date:	13 August 2014
Present at the Teleconference	
Solargain PV Pty Ltd	Mr Mark Starling – Director / General Manager, Operations Ms Deana Cesari – General Manager, Corporate
The Commission	Ms Joanne Reid – Case Director Mr Sanjay Sharma - Manager Operations Ms Chris Kunaratnam – Senior Investigator

1.6 Investigation process and timeframes

At the commencement of the teleconference, the case director, Ms Joanne Reid thanked Solargain for its cooperation in the investigation. The case director also assured that Solargain's participation via the teleconference, rather than onsite verification, will not

PUBLIC RECORD

disadvantage Solargain in any way and that its views will be taken into consideration in the course of the investigation.

During the teleconference, we provided a summary of the investigation process and timeframes as follows:

- 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);
- 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 was due to be placed on the public record by 1 September 2014. The Commission published Anti-Dumping Notice number 2014/77 on 1 September 2014, which stated that the Parliamentary Secretary has approved an extension to the SEF date. The SEF will now be placed on the public record by 5 November 2014 or such later date allowed by the Parliamentary Secretary 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 now due on or before 20 December 2014, unless further extension to the SEF or final report is approved by the Parliamentary Secretary.

Solargain was co-operative and had most of the required documentation available for the meeting. It provided further information promptly upon request, post the teleconference.

1.7 Verification report

We explained to the company that we would prepare a report of our teleconference (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.

PUBLIC RECORD

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.

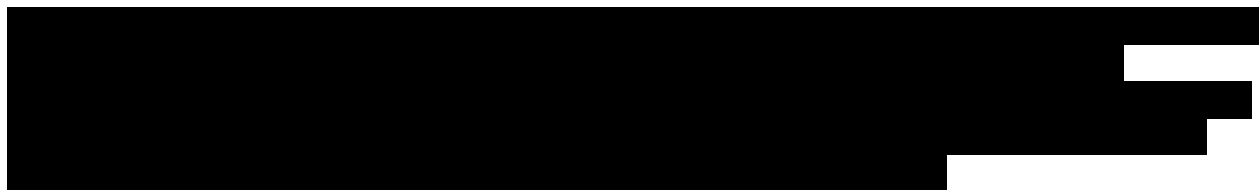
The rate of Customs duty payable under each of the tariff subheadings is as follows:

- 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, Solargain imported PV modules or panels that were predominantly poly-crystalline, direct current (DC) with power output of 250W. Other DC PV modules or panels imported by Solargain included poly-crystalline, direct current (DC) with power output between 85 watts and 327 watts.



[Solargain's comments on Australian Industry's products]

3 COMPANY DETAILS

3.1 Company Background

3.1.1 Introduction

Solargain is an Australian proprietary company that was established in Perth, twenty years ago as a 'hot water' business. A new entity was established in 2008, 'Solargain PV Pty Ltd', to reflect its focus on renewable energy products. Solargain is privately owned by a number of individuals.

During the investigation period, Solargain established a separate related company, 'Solargain Queensland', to enter the PV modules or panels market in Queensland. In 2014, Solargain consolidated both business enterprises and is now trading as one single business entity 'Solargain PV Pty Limited'.

Solargain's head office is located in Perth and it has offices in all major capital cities in Australia. Solargain directly employs around [REDACTED] people. Solargain has installed [REDACTED] PV systems in Australia since its establishment. Solargain projects include installation of PV modules on residential rooftops and large commercial projects.

3.2 Accounting structure and details of accounting systems

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

Solargain's auditors are RSM Bird Cameron Partners. Solargain uses [REDACTED] accounting software to record and produce financial reports as well as inventory control, costings and point of sale.

3.3 Relationship with suppliers and customers

3.3.1 Relationship with Suppliers

The ACBPS import database indicates that Solargain imported [REDACTED] PV modules or panels from China during the investigation period. Solargain confirmed that the total volume of PV modules or panels imported by the company was correctly recorded in the ACBPS import database.

Solargain's main supplier of the goods is [REDACTED] [Supplier-], which supplied [REDACTED] of Solargain's imports in the investigation period. In the early part of the investigation period, Solargain imported PV modules or panels from [supplier details]

[REDACTED]

PUBLIC RECORD

Solargain advised that all transactions with its suppliers were at an arm's length basis. We did not find any evidence that suggests otherwise.

3.3.2 Relationship with Customers

During the investigation period Solargain sold

[redacted] [number]. Solargain is a retailer of PV modules or panels, largely selling directly to individual householders. It also sells some panels through a dealer network.

Under the dealership arrangement, Solargain supplies PV modules or panels to the dealers, who operate as separate independent businesses. Solargain has dealership arrangements with three business entities that are based in regional Western Australia. Dealership sales comprise [redacted] per cent of Solargain's total sales in the investigation period.

In the investigation period the residential market accounted for around [redacted] per cent of Solargain's sales while the commercial market accounted for around [redacted] per cent of total sales.

Solargain sells a complete 'PV solar package' (i.e. panels plus delivery and installation) and does not sell PV modules or panels separately or provide installation services separately.

[redacted] [typical sales].

4 AUSTRALIAN MARKET AND SALES

4.1 General

Solargain claims that in 2013 the capacity for PV modules or panels in Australia was

[REDACTED]

[Solargain's views on market]

Solargain stated that approximately [REDACTED] per cent-of its sales were in the Western Australian market in the investigation period. Solargain stated that it intends [REDACTED] in the near future.

Its main competitors are considered to be

[REDACTED]. Solargain advised that [REDACTED]

[REDACTED].

4.2 Distribution and selling

Solargain has advised that it offers supply, delivery and installation packages for its PV modules or panels. Hence once an order has been finalised and delivered to Solargain's warehouse, a Solargain employee would pick up the PV system and deliver and install it at the customer's premises.

Solargain advertises various solar power packages as well as offering free assessments of roof capacity. Potential customers contact Solargain to obtain a detailed quote.

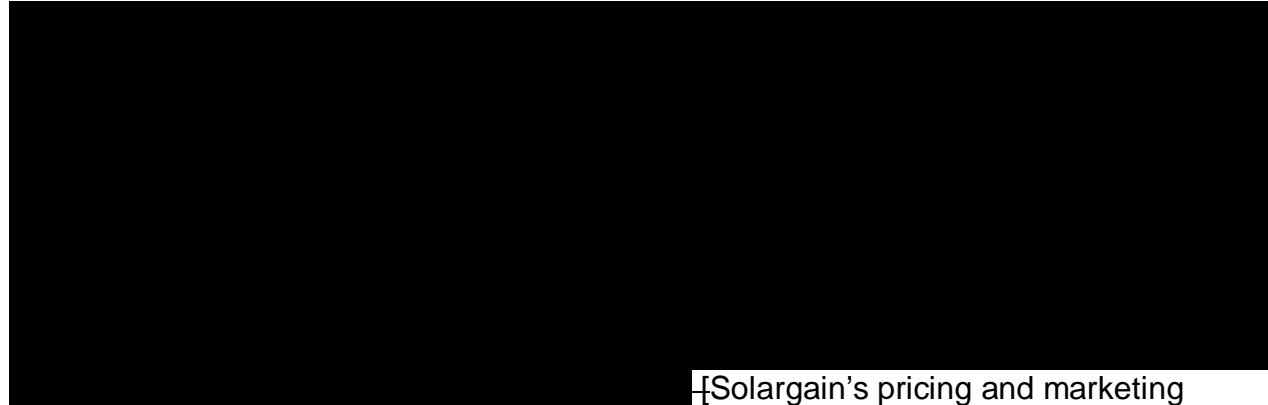
Solargain offers its

[REDACTED]

[Solargain's policies].

4.3 Australian Sales

Solargain stated that it generally supplies DC PV modules or panels in the Australian market. When specifically requested by the customers, Solargain attaches micro-inverters (converting the DC PV modules to alternating current (AC)) on the PV modules. Solargain stated that in



[Solargain's pricing and marketing strategy]

In response to the importer questionnaire, Solargain provided a detailed sales list. From the sales list we noted that that during the Investigation period it sold [redacted] PV modules or panels with a total sales value of [redacted].

In addition to the direct imports of the PV modules or panels, Solargain also purchased some panel systems from



[supplier details]

4.4 Rebates and discounts

Solargain advised that it provided no rebates or discounts to domestic customers in respect of sales of PV modules or panels. Solargain advised that some of its customers paid a 'net-off' by offsetting part of the invoice price with STC's. The net payments were recorded in Solargain's accounts.

Through the verification processes as discussed at Section 4.6, we identified no evidence to indicate that any other forms of rebates or discounts were provided.

4.5 Commission

Solargain 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 4.6, we identified no evidence to indicate that a commission was applicable.

4.6 Verification to source documents

As part of its responses to the importer questionnaire, Solargain provided a line by line listing of all sales of PV modules or panels in the investigation period (**Confidential Attachment SALES 2** refers).

Prior to the teleconference, Solargain provided the following source documents for the twelve selected sales invoices:

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

PUBLIC RECORD

The above source documents are at **Confidential Attachment SALES3**.

Customer	Invoice Number	Invoice Date
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

For the selected sales, we compared the invoice details (value, quantity, invoice date and delivery terms) to Solargain’s sales listing. We noted the following issues:

For the selected sales, we compared the invoice details (value, quantity, invoice date and delivery terms) to Solargain’s sales listing. We noted the following issues:

- Invoice number [REDACTED] .- Solargain explained that the invoice was [REDACTED]. No payment was involved and it appears to be a one-off transaction;
- Invoice numbers [REDACTED] – the invoice amounts did not match the proofs of payment. Solargain explained that this was due to [REDACTED]. The Commission did not view [REDACTED];
- Invoice number [REDACTED] - the invoice amount did not reconcile to the proof of payment. Solargain explained that payment was made by cheque and direct debit. The Commission has viewed the cheque payments but not the actual direct debit payment; and
- Purchase orders were not provided for all selected sales. Solargain stated that for the [REDACTED].

We noted that all sales, [REDACTED], were for the supply, delivery and installation of PV systems.

We also noted that the invoice totals for sales, [REDACTED] were offset against STCs assigned by the customers to Solargain (i.e. the customer pays Solargain the net invoice values (with gross revenue and STC inventory recorded separately by Solargain in its system).

PUBLIC RECORD

The Commission was satisfied that the payments received by Solargain in relation to those invoices were the invoice prices, net of STC payments where applicable. STC payments are shown separately in Solargain's accounts.

4.6.1 Upward sales verification

Solargain provided audited financial statements for FY2013 and management accounts for its sales for the six months to 31 December 2013. Solargain also provided a profit and loss statement for the 6 months to 31 December 2013.

Subsequent to our teleconference, Solargain revised Part C of the importer questionnaire separating the sales in the FY2013 (from 1 July 2012 to 30 June 2013) from the 6 months to 31 December 2013 (from 1 July 2013 to 31 December 2013) (**Confidential Attachment SALES 6** refers).

Solargain submitted a reconciliation spreadsheet for the FY2013 showing the detailed break-down of its revenue of PV modules, kits and accessories and other products. We noted that in the reconciliation spreadsheet, Solargain eliminated inter-company sales (sales between Solargain Queensland and Solargain PV Pty Ltd) and that the total revenue shown in the reconciliation spreadsheet reconciled with the audited financial statement for FY2013. We then compared the total sales shown in revised Part C of the importer questionnaire with the sales of PV modules in the reconciliation spreadsheet/financial statements. We noted a variance with the sales in the importer questionnaire being less than the sales in the financial statements. This was due to the financial statements also including sales by Solargain PV Pty Ltd for non-PV products and sales by Solargain Queensland of all products (**Confidential Attachment SALES 7** refers).

Solargain also provided a similar reconciliation spread sheet for to the six months to 31 December 2013. We compared the total sales of PV modules shown in the revised Part C of the importer questionnaire with the reconciliation spreadsheet/ management accounts. We noted a variance with the sales in the importer questionnaire being less than the sales in the financial statements; this again was due to the management accounts also including sales by Solargain PV Pty Ltd for non-PV products and sales by Solargain Queensland of all products (**Confidential Attachment SALES 7** refers).

We are therefore satisfied that the sales records provided by Solargain are complete and accurate.

4.6.2 Profitability of sales

As discussed in section 5.4 of this report, Solargain was unable to provide the sale details exactly pertaining to the goods in the ten shipments we selected for detailed examination.

Solargain sells fully installed PV systems that include PV modules, mounting equipment, other PV kits & accessories, delivery and installation. From the reconciliation spreadsheets, we noted that the sale of PV panels accounted for approximately [REDACTED] per cent of the total sales in FY2013. Solargain calculates the profitability of the installed PV systems and does not track or analyse profitability for the sale of PV modules or panels separately. However it was able to provide the Commission with some further breakdowns of its sales figures which showed that

PUBLIC RECORD

[redacted]
-[per cent of sales]

Given that the sale of the PV systems (package) account for the majority of the total revenue for Solargain in FY2013, we consider that it is reasonable to consider the overall financial performance of the company and to assess whether the sales were profitable.

From the audited financial accounts for the FY2013 we noted a [redacted]

The unaudited accounts for the six months to 31 December 2013 also indicated [redacted]

We are therefore [redacted] that sales of PV modules or panels during the investigation period were [redacted].

5 IMPORTS

5.1 Volume of trade

The ACBPS import database shows that Solargain imported [REDACTED] of PV modules or panels in the investigation period. Solargain confirmed that the volume of the imports shown in the database was correct.

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

The total quantity of PV modules or panels imported by Solargain during the investigated period is summarised in the following table:

Supplier	Vol of NV modules or panels	Percentage
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]

5.2 Ordering process

As discussed in section 3.3 of this report Solargain sourced PV modules or panels from [REDACTED] [supplier]

Solargain places orders for panels on a [REDACTED] based on forecast demand and often over-orders to cater for unexpected demands. The prices and volumes of the order are negotiated and agreed with Solargain's suppliers on a [REDACTED]. Therefore, the [REDACTED]. Once a purchase order (per container) is issued and goods are manufactured and loaded onto a ship, a shipping notice is issued to Solargain.

Payment terms

[REDACTED]

PUBLIC RECORD

Solargain stated that the time lag between placing an order and the arrival of the goods in Australia is approximately [REDACTED]. Solargain holds approximately [REDACTED] of stock in its warehouse.

Delivery terms for [REDACTED]

5.3 Forward orders

Solargain provided a list of forward orders with the importer questionnaire (**Confidential Attachment IMP2** refers).

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

Supplier	Shipping terms	Expected arrival date	Power output	Quantity
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

We noted that the total forward orders of [REDACTED] PV modules appear to be consistent with the company's historic levels of trade.

5.4 Sale of selected shipments

In response to part B of the importer questionnaire, Solargain stated that it does not sell the imported goods by shipments and/or by containers. Solargain sells the PV modules as a package and as such a single container can have multiple customers with varying prices. Therefore, Solargain was not able to provide information regarding the sale of those shipments separately.

5.5 Verification of imports

The Commission selected the following ten shipments from the ACBPS import database and asked Solargain to provide detailed shipment and importation costs in relation to each of the shipments:

Selected Shipment No.	Customs Entry No.
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

PUBLIC RECORD

█	██████████
█	██████████
█	██████████
█	██████████
█	██████████
█	██████████
█	██████████
█	██████████

Solargain provided the following source documents in relation to the ten selected shipments.

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

The above documents are at **Confidential Attachment IMP 3**.

For each of the ten shipments we compared the information contained in the source documents against the responses provided in the spreadsheet. We noted the following:

- Shipment 1 and 3 – With regards to the proof of payment (being a bank statement), the beneficiary was shown to be ██████████, whereas the invoice was in the name of ██████████ Solargain advised that there was a name change from ██████████ in 2012. Payment details remained the same - i.e. same bank account details [Supplier details]
- Shipments 1, 2, 6, 7, 8, 9 and 10 – for the invoices for “Delivery into the Store (DTS)” Solargain provided detailed information, including a revised spreadsheet reconciling the invoice amounts, journal entries, an explanation of the charges and a spreadsheet with invoices being cross-referenced to the delivery into the store amounts. The Commission requested and Solargain provided further information with regards reconciling the DTS charges as many of the invoices related to multiple shipments and were thus difficult to reconcile to individual shipments (**Confidential Attachment IMP4** refers).

We are satisfied that Solargain paid the invoice price to its suppliers.

Our assessment in relation to the arm’s length nature of the transactions is in Chapter 7.

PUBLIC RECORD

5.5.1 Supplier details

The commercial invoices provided by Solargain confirmed that Solargain largely imported PV modules or panels in the investigation period from: [Supplier details]

[Redacted]

For PV modules or panels supplied by [Supplier], the invoices and packing list originated from [Redacted]. All invoices from [Redacted] indicated that the goods were loaded from either [Redacted].

For PV modules or panels supplied by [Redacted] [Supplier details], the invoice was generated in, and the goods were shipped from [Redacted].

5.5.2 Shipment costs

For the selected shipments: for the two shipments from

[Redacted] [Supplier] terms.

Using the information provided in Part B of the importer questionnaire we calculated overseas freight costs of [Redacted] per watt.

5.5.3 Importation costs

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

Importation details	Cost per watt
[Redacted]	[Redacted]
[Redacted]	[Redacted]
[Redacted]	[Redacted]
[Redacted]	[Redacted]
[Redacted]	[Redacted]

We calculated the weighted average cost of importation was [Redacted] per watt.

[Redacted] The import cost calculation is at **Confidential Appendix 1**.

5.1.4 Selling, General and Administration costs

Solargain stated that it calculated selling, general and administrative (SG&A) expenses of [Redacted] per cent by dividing the total expenses by the total revenue. To verify SG&A costs, Solargain provided a copy of the audited financial report for the period 1 July 2012 to 30 June 2013. The SG&A cost derived using the financial report was [Redacted] per cent. We considered the SG&A expenses calculated by Solargain to be reasonable.

PUBLIC RECORD

[REDACTED]. Therefore, we consider the SG&A expense of [REDACTED] per cent of revenue for the investigation period is reasonable (**Confidential Attachment SALES 4 and SALES 5** refer).

5.6 Export prices for selected shipments

Based on the verified data, we calculated the weighted average [REDACTED]

The weighted average export price calculation is at **Confidential Appendix 1**.

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 Solargain:

- 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 Solargain 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 by Solargain we are satisfied that for purchases from [REDACTED] [Suppliers];

- the commercial invoices identify the supplier;
- the bills of lading identify the supplier as the shipper of the goods; 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; and
- Solargain pays the relevant supplier.

Based on the above we consider [REDACTED] [Supplier] to be the exporters of the goods.

From the source documentation provided for the purchases from [REDACTED] [Supplier] we noted that:

- the commercial invoices identify [REDACTED] as the supplier;
- the bills of lading identify [REDACTED] as the supplier and the shipper of the goods;

PUBLIC RECORD

- [REDACTED] arranges and pays for the goods to be transported to the wharf and loaded onto the ship in the country of export; and
- Solargain pays [REDACTED].

Based on the above and based on the information collated during the course of the investigation, we consider

[REDACTED]
[REDACTED] to be a trader only and [REDACTED] to be the exporter of the goods.

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.

As discussed in section 4.6.2 of this report, PV modules or panels imported and sold by Solargain during the investigation period

[REDACTED] from the suppliers appears to be determined based on genuine commercial negotiations.

From the examination of the source documentation provided for the ten selected shipments, we noted that Solargain paid the invoice price for the purchases of the goods during the investigation period.

Therefore, we are satisfied that, subject to further inquiries during the course of the investigation, sales between Solargain and its suppliers were arm's length transactions.

8 DUMPING, MATERIAL INJURY AND CAUSATION



[Solargain's views of the Australian industry's products].

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.

We explained Solargain the purpose and calculation of USP and NIP. Solargain did not have any comments on the calculation of an USP or NIP.

10 RECOMMENDATIONS

As a result of the importer questionnaire response submitted by Solargain and the verification of the information provided, we are of the opinion that:

For purchases from [REDACTED] [Suppliers] 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; and
- purchases of the goods by the importer from the exporter were arm's length transactions.

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

In relation to purchases from [REDACTED] [Supplier], we are of the opinion that:

- the goods have been exported to Australia otherwise than by the importer;
- the goods have not been purchased by the importer from the exporter;
- the purchases of the goods by the importer 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.

Based on the above assessment, we recommend export price be established under s269TAB (1) (b) of the Act, having regard to all the circumstances of the exportation. In the present case we recommend the export price be based on the price at which the goods were sold by Solargain less prescribed deductions.

PUBLIC RECORD

11 APPENDICES AND ATTACHMENTS

Confidential Appendix 1	Shipment costs, Importation costs and Export Price calculations
Confidential Attachment GEN 1	Solargain's response to Importer Questionnaire
Confidential Attachment GEN 2	Agenda
Confidential Attachment IMP 1	Importations of PV modules or panels in the investigation period from ACBPS import database
Confidential Attachment IMP 2	Forward orders
Confidential Attachment IMP 3	Source documents in relation to 10 selected shipments
Confidential Attachment IMP 4	Revised Importer questionnaire spreadsheet
Confidential Attachment SALES 1	Copy of price list
Confidential Attachment SALES 2	List of all sales in Investigation Period
Confidential Attachment SALES 3	Source documents in relation to 12 selected sales invoices
Confidential Attachment SALES 4	Audited Financial Statement for FY2013
Confidential Attachment SALES 5	Upwards sales verification information
Confidential Attachment SALES 6	Sales reconciliation information
Confidential Attachment SALES 7	Profit and Loss by division