



Australian Government
Anti-Dumping Commission

PUBLIC RECORD

INVESTIGATION 239

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

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

VISIT REPORT - IMPORTER

RENESOLA AUSTRALIA PTY LTD

June 2014

**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**

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ABBREVIATIONS

\$ or AUD	Australian dollars
ACBPS	Australian Customs and Border Protection Service
ADN	Anti-Dumping Notice
China	The People's Republic of China
CIF	Cost, insurance and freight
CTMS	Cost to make & sell
FOB	Free On Board
NIP	Non-injurious Price
PAD	Preliminary Affirmative Determination
PV modules or panels	Certain crystalline silicon photovoltaic modules or panels
SEF	Statement of Essential Facts
the Parliamentary Secretary	the Parliamentary Secretary to the Minister for Industry
The Act	<i>Customs Act 1901</i>
The Commission	Anti-Dumping Commission
the goods	the goods the subject of the application (also referred to as the goods under consideration or GUC)
USD	United States dollars
USP	Unsuppressed Selling Price

1 BACKGROUND AND PURPOSE

1.1 Background

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 Meeting

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

On 14 May 2014, the Anti-Dumping Commission (the Commission) notified Renesola Australia 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. Renesola Australia 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 ten consignments were selected for further verification to source documentation.

Renesola Australia 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 Renesola Australia's importer questionnaire response is at **Confidential Attachment 1**.

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1.3 Purpose of visit

The purpose of the visit was to:

- confirm that the Renesola Australia 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 imports of PV modules or panels to assist in the determination of export prices;
- establish whether the purchases of PV modules or panels 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 PV modules or panels; and
- provide the company with an opportunity to discuss any issues it believed relevant to the investigation.

Prior to the visit the Commission forwarded an agenda to Renesola Australia. A copy of the visit agenda is at **Confidential Attachment 2**.

1.4 Meeting details

Company	Renesola Australia Pty Ltd
Company Address	18 Corporate Blvd, Bayswater VIC 3153
Dates of visit	26 June 2014

The following were present at various stages of the meetings.

Renesola Australia Pty Ltd	Leanne Baczyk – Operations Manager
Consultant	Kevin Reilly – Principal GTR Consulting
The Commission	Sanjay Sharma – Manager Operations Cienna Turpie – Senior Investigator George Katsoulis – Senior Investigator

1.5 Investigation process and timeframes

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;

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- 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.

Renesola Australia was co-operative and had most of the required documentation available for the meeting and made a commitment to provide any further documentation required in a timely manner after our visit and has since provided all outstanding documentation. Renesola Australia 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 non-confidential version of the report, and place this on the investigation's Public Record.

2 THE GOODS

2.1 Description

The goods subject to 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.

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 solar PV cells. A solar 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 solar 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.

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 Australian Customs and Border Protection Service's (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 per cent for all countries except for DCS countries (4 per cent) and DCT (5 per cent). China is defined as DCS therefore duty is payable at the rate of 4 percent.

3 COMPANY DETAILS

3.1 Company ownership

Renesola Australia was established in August 2012. Renesola Australia is a wholly owned subsidiary of Renesola Singapore Pte Ltd (Renesola Singapore). Renesola Singapore is wholly owned by Renesola Ltd. Renesola Ltd was incorporated in the British Virgin Islands on 17 March 2006 in preparation for its initial public offering and to list on the New York Stock Exchange.

Renesola Jiangsu Ltd (Renesola Jiangsu) was the manufacturer and the supplier of the PV modules or panels in the investigation period. Renesola Jiangsu is a wholly owned subsidiary of Renesola Zhejiang Ltd (previously known by Zhejiang Yuhui Solar Energy Source Co., Ltd). Renesola Zhejiang is a wholly owned subsidiary of Renesola Ltd.

Renesola Australia is one of 35 companies under the 'Renesola' group of companies owned by Renesola Ltd.

At the visit, a high-level company structure (**Confidential Attachment 3** refers), and an information brochure about Renesola Australia (**Confidential Attachment 4** refers) were provided.

Renesola Australia stated that Renesola Ltd is Renesola Australia's 'head office'. In the early set up of the company in Australia Renesola Australia reported

[REDACTED]

[Confidential reporting structure of Renesola Australia]

From the ACBPS import database we noted that the PV modules or panels were supplied to Renesola Australia by Renesola Jiangsu and Renesola Zhejiang Ltd (Renesola Zhejiang). Renesola Australia stated that Renesola Zhejiang is only an invoicing company for sales of the PV modules or panels in the domestic Chinese market and for some of the exports to Australia.

[REDACTED]

[Confidential administrative details]

3.2 Operations

Renesola Australia imports PV modules or panels, racking, hardware, battery systems and [REDACTED]. [Confidential data not relating to this investigation] The goods are purchased exclusively from Renesola Jiangsu and Renesola Zhejiang based in China. Renesola Australia, Renesola Jiangsu and Renesola Zhejiang are all owned by Renesola Ltd. Renesola Australia has one office in Australia that is located in Bayswater, Victoria.

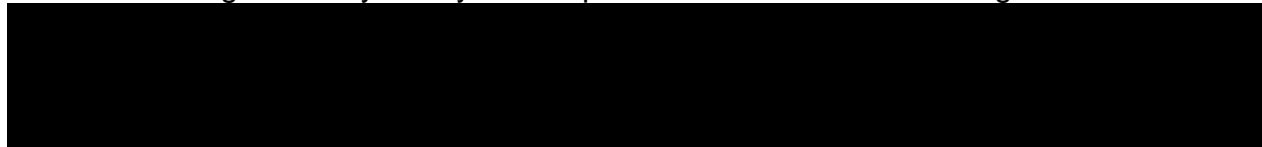
3.3 Accounting structure and details of accounting systems

Renesola Australia's financial year is from 1 January to 31 December.

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Renesola Australia stated that it commenced operations on 1 September 2012. In the beginning of its operations it maintained an accounting year of 1 July to 30 June. From July 2013 it began to move toward a calendar year financial reporting system in order to align with the Chinese financial year and to meet its requirements under US accounting rules and practises as a NYSE listed company. 2014 will be the first complete calendar year of financial reporting.

In the early start-up of the company and throughout the Investigation Period Renesola Australia managed its day to day sales operations and stock flow using



[Confidential business management practices] were recorded in ERP by Renesola Australia.

3.4 Relationship with suppliers and customers

3.4.1 Relationship with Suppliers

From the ACBPS import database we noted that the suppliers of PV modules or panels to Renesola Australia in the investigation were Renesola Jiangsu and Renesola Zhejiang. At the visit Renesola Australia stated that while Renesola Jiangsu, Renesola Zhejiang and Renesola Australia are owned by Renesola Ltd, all transactions with Renesola Jiangsu and Renesola Zhejiang were and are at arm's length.

Discussion of our findings in relation to arms' length is at Section 7 of this report.

3.4.2 Relationship with Customers

During the investigation period Renesola Australia sold 215,696 PV modules or panels to over 270 customers in Australia. Approximately 95 percent of Renesola Australia's customers in the investigation period were retailers, 4 percent distributors and 1 percent wholesalers of the PV modules or panels.

Renesola Australia stated that all transactions with its customers were at arm's length. We did not find any evidence that suggests otherwise.

3.4.3 Like goods

The Australia industry produces both AC and DC PV modules or panels and is certified to sell for installation the following AC and DC PV modules or panels within Australia on the AS5033 compliant PV modules or panels list maintained by the Clean Energy Council until 29 May 2015:

- Karra-215
- Karra-220
- Karra-225
- Karra-230
- Karra-235
- Karra-240

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- Karra-245
- Karra-250
- Karra-255
- Karra-260.

Notwithstanding with the above certification, Tindo submitted that since its establishment in July 2012, it has only produced and sold Karra 240 and Karra 250 AC and DC PV modules or panels.

Renesola Australia offers PV modules or panels which incorporate mono-crystalline, poly-crystalline and quasi-mono-crystalline. The following three models of PV modules or panels were sold by Renesola Australia during the investigation period.

- Virtus II (poly-crystalline);
- Virtus I (quasi-mono-crystalline); and
- Mono (mono-crystalline).

At the visit Renesola Australia provided us with product brochures for Virtus I and Virtus II models (**Non-Confidential Attachment 5** refers). Renesola Australia also provided us with copies of information printed from Renesola Australia's website about its Mono-crystalline Series of PV modules or panels (**Non-Confidential Attachment 6** refers).

Renesola Australia claims that PV modules or panels sold by Renesola Australia have a 25 year guarantee, are potential induced degradation (PID) free, are tested for salt mist corrosion and tested for ammonia resistance. Renesola Australia provided us the following information regarding the goods:

- Test certificates for ISO 9001:2008, BS OHSAS 18001:2007, and ISO 14001:2004 + Cor. 1:2009 (**Confidential Attachment 7** refers) from TUV Rhineland, a testing company, which stated that Renesola Australia was audited and certified to the above named standards;
- A salt mist testing report (**Confidential Attachment 8** refers) was provided which showed that certain products produced by Wuxi Jiacheng Solar Energy Technology Co Ltd under the brand name Renesola Australia (in particular models JC250M-24/Bb and JC300M-24/Ab, which we consider are imported into Australia under the names Virtus 1 and Virtus II), are compliant with IEC 61701, 1995.3; and
- Test certificate for ammonia resistance testing, stating that certain PV modules or panels manufactured by Renesola Jiangsu Ltd conform to certification 2PFG 1917/05.11 (**Confidential Attachment 9**).

Renesola Australia also provided test certificates stating that certain models of PV modules or panels comply with IEC 61215:2005, IEC 61730-1:2004; IEC 61730-2:2004 and PPP 58042A:2012 and that the 'holder of certificate' is Renesola Jiangsu. (**Confidential Attachment 10** refers). Renesola Australia explained that these certificates demonstrated that their products were PID free. A brochure from Photon Laboratory GMBH (**Confidential Attachment 11** refers) was provided that stated:

- *"PID 'occurs when there is high negative potential between the cells of a module and its frame (ground potential)';*

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- *PID is tested through 'the module's glass surface covered with aluminium foil and exposed to at least -1000V at 25°C for the duration of 168 hours...if the module's maximum power output has significantly reduced after the test, we conclude that the tested module is not PID resistant';*
- *That 'the consequences of PID can be devastating'; and*
- *The PID 'effect is reversible'.*

Renesola Australia stated that these certifications, especially PID testing, demonstrated the main points of difference between the PV modules or panels supplied by Renesola Australia and those produced by other manufacturers. Renesola Australia claims that its products were of superior quality to most of the other PV modules or panels available in the Australian market.

4 AUSTRALIAN MARKET AND SALES

4.1 General

Renesola Australia stated that the PV modules or panels market in Australia is very volatile in terms of price fluctuations characterised by a large number of small suppliers and that the goods are highly price sensitive.

Renesola Australia stated that the technology used to produce PV modules or panels has been changing rapidly in the last few years. As a result of the technological advancement, the price of the PV modules or panels has declined substantially worldwide.

4.2 Distribution and Selling

Renesola Australia stated that it is part of an integrated supply chain of Renesola Jiangsu that is a manufacturer and supplier of the PV modules or panels. Renesola Australia has only one office in Australia and has third party-operated warehouse arrangements (also referred to as 3PLs) in every State (except Tasmania) distributing the goods in Australia.

4.3 Sales

4.3.1 Ordering and sales process

Renesola Australia stated that its sales process has changed since the investigation period. Renesola Australia's customers contact its sales staff by phone or by email to place a purchase order. Prices are

[Confidential selling and payment arrangements]

Once orders are confirmed, an invoice is manually prepared and issued using Microsoft Excel. The invoice is emailed to customers in PDF format. A delivery docket is raised with the relevant warehouse and the goods delivered to the customer

Renesola Australia stated that the lead time for delivery was dependent on a number of factors and therefore could not be easily predicted. This was because the delivery was dependent on availability of the stocks and how promptly the customer made payment. Renesola Australia stated that usually the lead time was [redacted] [Confidential commercial timing details] from placing an order to delivery as the stocks are maintained in warehouses in most States in Australia.

4.4 Rebates and discounts

Renesola Australia stated that it provides no rebates or discounts to domestic customers in respect of sales of PV modules or panels. Through the verification processes

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discussed at Section 4.7 we found no evidence to indicate that rebates or discounts were applicable.

4.5 Commission

Renesola Australia 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 4.7 we found no evidence to indicate that a commission was applicable.

4.6 Date of sale

The date of sale was observed to be the same as the date of invoice.

4.7 Sales verification to source documents

At the visit Renesola Australia provided copies of commercial invoices for sales related to the ten selected shipments. A sample approach was adopted to verify the invoice details (as the ten shipments involved [REDACTED] sales invoices) (**Confidential Attachment 12** refers).

We matched the invoice details of [REDACTED] sales invoices including the value, quantity, product details, and invoice date to the sales listed in Renesola Australia's selected shipments. From these invoices, we were able to match [REDACTED] the sales invoices for shipment [REDACTED]. In terms of the imported quantities over the ten shipments, we were able to trace [REDACTED] % of the imported quantities to the sales invoices. [Confidential sampling details]

A sample approach was also adopted for verifying proof of payment. We selected [REDACTED] payment in the sample of which [REDACTED] could be traced back to the sales invoice. Based on the sample selected,

[REDACTED]. [Confidential data relating to sales and payment details] From the payments that we were able to verify, we noted that Renesola Australia was paid the invoiced amount.

4.8 upward sales verification

In response to the importer questionnaire, Renesola Australia provided sales information for five of its retail customers (selected by largest value), one distributor and one wholesale customer. At the visit Renesola Australia provided a 'debtor invoice register' for 2012 and 2013 containing full details (date of sale, value, quantity and payment details) of all its sales in the investigation period (**Confidential Attachments 13** refers).

Subsequent to our visit, Renesola Australia provided spreadsheets containing monthly and quarterly Balance Sheet and Profit & Loss statements for the period 1 September 2012 to December 2013 (**Confidential Attachment 14**).

Renesola Australia provided copies of unaudited financial statements for the period 1 July 2012 to 30 June 2013 (FY2013) and for the 6 months ending 31 December 2013. Copies of the financial statements are at **Confidential Attachments 15 and 16**. Renesola

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Australia also provided copies of the company's tax returns for the FY2013 and 6 Months to 31 December 2013 (**Confidential Attachments 17 and 18** refers).

From the total sales data, we were able to identify the line item contain the sales of PV modules or panels in the debtor invoice registers for the years 2012 and 2013. We noted that approximately 97 percent of the sales of PV modules or panels were for power output of 250 watt DC modules while the other 3 percent were for power output between 200 watts and 245 watts DC modules.

The following table summarizes the top five customers of Renesola Australia by quantity (watts) in the investigation period. The cumulative power output by the five customers accounted for approximately ■ percent of the total sales quantity (watts) in the investigation period.

Customer Name	Sum of power output (watts)	Invoice value (AUD)	Price per watt (AUD)
		\$	
		\$	
		\$	
		\$	
		\$	
Total		\$	

Renesola Australia stated that in the 'debtor invoice register' the invoice values are recorded in USD for customers who pay in US dollars and in AUD by customers who pay in Australian dollars. We used the RBA's average exchange rate in the investigation period to convert the USD sales to AUD sales. We compared the total sales value recorded in the debtor invoice register with the unaudited summary of sales on a monthly basis prepared for tax purposes. We noted a variance of approximately ■ percent, with the debtor invoice register being understated. We noted that this variance could be due to us using the average RBA exchange rate to convert USD to AUD.

The total sales revenue reported in the financial report for the FY2013 was \$■■■■■■■■. We compared the total sales value with the total sales of goods and services shown in the tax return filed with Australian Taxation Office (ATO) on 18 November 2013. No variance was noted. We also compared the total sales revenue reported in six months to December 2013 (\$■■■■■■■■) that also matched with the tax returns filed with ATO on 30 July 2014. No variance was noted.

Renesola Australia also provided a 'summary of sales' that it used on a month-by-month basis in the investigation period to prepare the tax returns. We compared the total sales value provided in the 'summary of the sales' worksheet with the sales value provided in the unaudited financial reports for 6 months to December 2013. We noted a minor difference of less than 1 percent understated in the spreadsheet.

We also noted a similar discrepancy of less than 1 percent when comparing the value of sales provided on a 'summary of sales' provided on a monthly basis from September 2012 to June 2013 with the financial statement for FY2013.

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Renesola Australia explained the differences between the two reports were due to rounding-off.

Based on the above analysis we consider that sales records provided by Renesola Australia are a reasonably complete, relevant and accurate reflection of the sales of PV modules or panels during the period from 1 July 2012 to 31 December 2013.

4.8.1 Profitability of sales

Using the revised SG&A percentage,

[REDACTED]. The overall range of profitability for the ten shipments was between [REDACTED] % and [REDACTED] %. The weighted average profit for the selected shipments was [REDACTED] %. The profit calculation for the ten shipments is at **Confidential Appendix 1**. [Confidential profitability data]

From the unaudited accounts for the FY2013 we noted that the total

[REDACTED] \$ [REDACTED] ([REDACTED] percent) and for the 6 months to 31 December the total [REDACTED] \$ [REDACTED] ([REDACTED] percent). [Confidential profitability data].

Renesola Australia stated being a newly established company its SG&A expenses during investigation period was abnormally high due to high start-up costs.

5 IMPORTS

5.1 Volume of trade

From the ACBPS import database we noted that Renesola Australia imported [REDACTED] PV modules or panels in the investigation period. At the visit Renesola Australia stated that approximately [REDACTED] percent of its imports were [REDACTED] PV modules with power output of [REDACTED] watts.

From the ACBPS import database we noted that Renesola Australia imported PV modules or panels from two entities as shown in the table below. Renesola Australia stated that some container loads included a mix of PV 'kits and accessories' that are used to install PV modules or panels on rooftops.

Supplier	Volume of PV modules or panels (units)
Renesola Jiangsu Ltd	
Renesola Zhejiang (Zhejiang Yuhui Solar Energy Source Co Ltd)	
Total	

5.2 Forward orders

Renesola Australia stated that the company has forward orders of [REDACTED] PV modules with power output of [REDACTED] watts that is expected to arrive in Australia between [REDACTED] 2014.

We noted that the volume of forward orders placed by Renesola Australia for the three month period ([REDACTED] 2014) is approximately [REDACTED] percent of the volume of imports in the entire investigation period of 18 months.

Renesola Australia stated that one of the reasons for the [REDACTED] forward orders was due to the change in the business strategy by Renesola Jiangsu regarding the Australian market. Prior to the establishment of Renesola Australia in 2012, Renesola Jiangsu supplied the Australian market directly from China. From October 2012 and throughout 2013 the distribution process gradually shifted from Renesola Jiangsu to Renesola Australia.

Renesola Australia claims that when a potential customer wishes to purchase PV modules and the product is not 'on the shelf', it loses the sales to its competitors that have the goods readily available in store. As a means of overcoming this issue Renesola Australia

[REDACTED]
[REDACTED]. [Confidential distribution details]

Renesola Australia provided a spreadsheet showing the quantity (units) of PV modules imported in the first six months of 2013 and 2014 and comparing the quantities shipped

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by Renesola Jiangsu directly to third parties and to Renesola Australia. From the spreadsheet we noted that Renesola Jiangsu shipped approximately █ percent of the goods directly to its Australian customers in 2013 and █ percent to Renesola Australia. In 2014 this proportion changed to █ percent of the goods being shipped directly to the Australian customers and █ percent to Renesola Australia. Renesola Australia claims that from mid-2014, Renesola Australia imports █ percent all PV modules or panels from Renesola Jiangsu and Renesola Australia is now fully responsible for supplying the goods to the Australian market.

The ACBPS import database confirms that Renesola Jiangsu supplied PV modules or panels directly to other Australian customers in the investigation period.

5.3 Stock levels, ordering and supply process

As discussed in section 5.2 of this report, Renesola Australia holds inventory to meet unexpected customer demands with very short delivery times. Renesola Australia has third party logistical warehouse arrangements across Australia (except for Tasmania, the Australian Capital Territory and Northern Territory) that can supply stock to solar companies relatively quickly. Renesola Australia monitors its stock levels and places orders based on its knowledge of the industry, demand trends and knowledge of key customers' upcoming installations.

Renesola Australia stated that the CRM system identifies, for internal use,

price changes with global supply and demand.

but are market

driven.[Confidential pricing methodology]

Renesola Australia stated that it orders the goods from Renesola Jiangsu. In the investigation period Renesola Zhejiang (a trading company) also supplied some PV modules or panels to Renesola Australia. The lead time from placing an order and arrival of the goods to a port in Australia is between █. Renesola Australia maintains a supply of █ stocks to ensure that Renesola Australia can keep the third party logistical warehouses stocked and meet unexpected customer demands.

The PV modules or panels are exported on █ incoterms. Renesola Australia stated that the prices are █ and the price is fixed by Renesola Jiangsu. Renesola Australia has █ days to pay for the goods upon arrival. However, Renesola Australia stated that it █ Confidential payment details]

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5.4 Verification of imports

Prior to the visit, we selected ten shipments as shown in the table below and asked Renesola Australia to Complete Part B of the importer questionnaire spreadsheet.

■

Prior to our visit we requested and Renesola Australia provided the following source documents in relation to the ten selected shipments:

- commercial invoices;
- packing lists;
- purchase orders;
- bills of lading;
- Customs broker and domestic freight invoices; and
- Proof of payments.

The source documents are contained in **Confidential Attachment 19**.

For each shipment we used the source documents provided to check the listed quantity, invoice value, ocean freight and insurance, customs duty and importation cost in the import sales spread sheet. We were able to reconcile the shipment number, quantity, value, price and delivery terms, and payment details and post exportation costs provided for the selected shipments with the data in the import sales spreadsheet.

The total invoice price for the ten selected shipments was USD ■■■■■ and from the bank statements provided we noted that USD ■■■■■ was paid to the parent company over the same period. The ■■■■■ which was payments for contracts (for PV modules that was already supplied) that included the payment for the selected shipments. Renesola Australia stated that it

■■■■■. [Confidential commercial payment details]

5.4.1 Supplier invoice details

We compared the invoice prices, volume and supplier details for each of the selected shipments to the supplier invoices.

Renesola Australia confirmed that nine of the selected shipments were supplied by Renesola Jiangsu and one shipment by Renesola Zhejiang.

All shipments were made on ■■■ incoterms. From the ten selected shipments, we verified that seven payments were made to Renesola Jiangsu. We were not able to reconcile the payments to exactly match the commercial invoices. These differences were mainly attributed to payments incorporating previous balances, or were payments made from Renesola Australia's ■■■■■. [Confidential commercial payment details]

PUBLIC RECORD

We noted that the AUD calculations in the ACBPS import database were converted using the exchange rate on the date of the customs entry and hence did not exactly match those recorded in the electronic funds transfer (EFT) statement.

5.4.2 Importation costs

All selected shipments were on [REDACTED] terms. As such [REDACTED] were payable by Renesola Australia.[Confidential commercial shipping and delivery details] Under the heading of 'Australian Importation Costs' on the Importer Transaction Form, Renesola Australia provided information the following items:

- Customs entry fees;
- Electronic Entry charge;
- CMR fee;
- Documentation fee;
- EDI fee;
- TSLS;
- Time Slot & Hire Fee;
- Customs brokers fees;
- Quarantine charges (where applicable);
- Port service and terminal handling charges;
- Delivery (cartage) charges; and
- Import duty.

All importation charges relevant to specific purchase orders were incurred by the freight company. The freight company then submits a commercial invoice to Renesola Australia for the total value of costs incurred.

We compared the importation cost amounts provided in the relevant invoices to the Importer Transaction Form. A minor discrepancy of less than 1 percent was noted (which appeared to be manual entry errors) and the data reported in the 'Importer Transaction Form' was adjusted accordingly.

Renesola Australia provided a revised importer questionnaire spreadsheet rectifying all errors (**Confidential Attachment 20** refers)

The weighted average importation costs for the selected shipments in AUD per watt is shown in the below table.

Item	Weighted Average cost AUD per watt
Customs entry fees	[REDACTED]
Customs broker fee	[REDACTED]
Quarantine Charges	[REDACTED]
Port Service Charges	[REDACTED]
Bank Charges	[REDACTED]
Other Costs	[REDACTED]
Total	[REDACTED]

PUBLIC RECORD

We calculated the weighted average cost of importation was \$ [REDACTED] per watt.

The import cost calculation is at **Confidential Appendix 2**.

5.5 Delivery Charges

Renesola Australia stated that it engages the services of two 3PLs, [REDACTED]). For their services the 3PLs charge Renesola Australia a warehousing and storage fee, freight costs and other sundry cost they incur in providing their services. Renesola Australia stated that when invoices are received, its Bayswater warehouse manager identifies the freight costs on the invoice for the accounts staff (ticked and marked 'FR' on the invoice). These expenses along with the remaining warehousing, storage and other charges on the invoice are recorded by the accounts staff as either 'Transportation' or 'Other Operating Expenses'.

Renesola Australia provided a tax invoice from [REDACTED] dated 21 June 2013 which it stated demonstrated the warehousing, storage and freight costs for the goods (**Confidential Attachment 21** refers) for June 2013. The invoice included itemised amounts for warehousing, freight, handling, de-stuffing, picking, packing and tailgate. It also detailed where the goods were sent and the name of the sender and receiver. The invoice was for the amount was \$ [REDACTED] excluding GST.

5.6 Selling, general and administrative (SG&A)

Renesola Australia stated that it calculated the SG&A expense using a proportion of total expenditure to total revenue. To verify SG&A costs, Renesola Australia provided a copy of its 2012, 2013 and 2014 sales and expenses data. Renesola Australia calculated SG&A as a percentage of total sales recorded in the period [REDACTED] (**Confidential Attachment 22** refers). The SG&A percentage derived using [REDACTED] financial information was [REDACTED] percent. Renesola Australia used the [REDACTED] percent as the SG&A proportion of sales for each of the ten selected shipments to calculate the SG&A expenses.

We recalculated the SG&A using the unaudited financial statements for 2012 and 2013. The weighted average SG&A calculated using the 2012 and 2013 profit and loss statements is [REDACTED] percent.

We used the re-calculated SG&A percentage of [REDACTED] percent and recalculated the costs and profits for each of the ten selected shipments. Export prices for selected shipments

Based on the invoice price between Renesola Australia and its suppliers, we calculated the weighted average [REDACTED] export price as AUD [REDACTED] per watt.

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

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 Renesola Australia:

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

We consider Renesola Australia 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, who 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 Renesola Jiangsu;

- the commercial invoices identify the supplier as Renesola Jiangsu;
- the bills of lading identify Renesola Jiangsu as the shipper of the goods;
- Renesola Jiangsu manufactured the goods and knowingly gave up the goods for delivery to Australia; and
- Renesola Jiangsu 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 are satisfied that Renesola Jiangsu can be considered the exporter of PV modules or panels imported by Renesola Australia.

In relation to purchases from Renesola Zhejiang;

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

PUBLIC RECORD

Based on our discussions with Renesola Australia and the evidence provided, we have determined that Renesola Zhejiang is a trading company. Therefore, subject to further investigation we consider Renesola Jiangsu to be the exporter of the goods.

7 ARMS LENGTH

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

S.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 for 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; and
- 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.

Renesola Australia's overall sales of imported PV modules or panels in the Australian market during the investigation period were [REDACTED].

Renesola Australia receives a price guide for internal use from

[REDACTED] Renesola Australia referred to Renesola Limited as its 'head office'. [Confidential commercial pricing and payment details]

Therefore, at this stage we are not satisfied that sale between Renesola Australia and its suppliers are at arm's length in terms of s.269TAA of the Act. The relationship between Renesola Australia, Renesola Jiangsu and Renesola Zhejiang may be examined further during the course of the investigation.

8 GENERAL COMMENTS

Renesola Australia claims that PV modules or panels supplied by 'Tier 3' companies are of low quality and are distorting the prices of PV modules or panels in Australia. These suppliers are the 'price setters' and are driving prices of PV modules or panels down in the Australia.

Renesola Australia stated that any injury caused to the Australian industry is by suppliers of 'Tier 3' PV modules or panels. Renesola claims that 'Tier 3' suppliers are also hurting Renesola Australia's sales.

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. Renesola Australia did not have any comments on the calculation of an USP or NIP.

10 RECOMMENDATIONS

Renesola Jiangsu was the major supplier of PV modules or panels to Renesola Australia in the investigation period. Renesola Jiangsu has been selected for sampling.

If the Commission is not able to determine Renesola Jiangsu's export price based on information supplied by it in the questionnaire response, it may use the information collected during the course of the investigation, including our visit to Renesola Australia, to determine an export price for goods supplied by Renesola Jiangsu.

As a result of the importer questionnaire submitted by Renesola Australia and the verification conducted on site, we are of the opinion that in relation to purchases from Renesola Jiangsu:

- the goods have been exported to Australia otherwise than by the importer;
- the goods have been purchased by the importer from the exporter;
- the purchases of the goods by the importer were unlikely to be 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, being the price at which the goods were sold by Renesola Australia less prescribed deductions.

In relation to purchases from Renesola Zhejiang 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 unlikely to be 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)(c) 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 Renesola Australia less prescribed deductions.

11 APPENDICES AND ATTACHMENTS

Confidential Appendix 1	Profit calculations
Confidential Appendix 2	Importation cost and export price calculations
Confidential Attachment 1	Importer questionnaire response
Confidential Attachment 2	Visit Agenda
Confidential Attachment 3	Renesola group company structure
Confidential Attachment 4	Renesola Australia Pty Ltd brochure
Confidential Attachment 5	Product information for Virtus 1 and Virtus II
Confidential Attachment 6	Product information - mono-crystalline PV modules
Confidential Attachment 7	ISO certifications during IP
Confidential Attachment 8	Test certificate – salt mist
Confidential Attachment 9	Test certificate – ammonia
Confidential Attachment 10	Test certificate – PID free
Confidential Attachment 11	Brochure on PID
Confidential Attachment 12	Commercial invoices for sales related to the 10 selected shipments
Confidential Attachment 13	Tax invoice from effective freight solutions
Confidential Attachment 14	Debtor invoice registers 2012 and 2013
Confidential Attachment 15	Balance sheet and P&L Spreadsheet
Confidential Attachment 16	Unaudited financial statement for FY2013 and 6 Months to December 2013
Confidential Attachment 17	Tax returns for FY2013
Confidential Attachment 18	Tax Returns for 6 months ending 31 December 2013
Confidential Attachment 19	Source Documents to the 10 Selected shipments
Confidential Attachment 20	Revised Importer questionnaire
Confidential Attachment 21	Broker's tax invoices

PUBLIC RECORD

Confidential Attachment 22	SG&A calculations by Renesola Australia
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