PUBLIC RECORD

Australian Government
Anti-Dumping Commission

INVESTIGATION NO. 239

ALLEGED DUMPING OF CERTAIN CRYSTALLINE SILICON PHOTOVOLTAIC MODULES OR PANELS

EXPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA

EXPORTER VISIT REPORT

CHANGZHOU TRINA SOLAR ENERGY CO., LTD

AND

TRINA SOLAR (CHANGZHOU) SCIENCE AND TECHNOLOGY CO., 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 ANTI-DUMPING COMMISSION

September 2014

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ABBREVIATIONS

$ or AUD	Australian dollars
ACBPS	Australian Customs and Border Protection Service
ADN	Anti-Dumping Notice
CFR	Cost and freight
CIF	Cost, Insurance & Freight
COGS	Cost of goods sold
CTM	Cost to make
CTMS	Cost to make & sell
CTS	Cost to sell
DDP	Delivery and duty paid
EBIT	Earnings before interest and tax
EDITA	Earnings before interest, tax, depreciation and amortisation
FOB	Free On Board
GAAP	Generally accepted accounting principles
NIP	Non-injurious Price
PAD	Preliminary Affirmative Determination
SEF	Statement of Essential Facts
TAU	Trina Solar (Australia) Pty Ltd
TCZ	Changzhou Trina Solar Energy Co.,Ltd
TED	Trina Solar Energy Development PTE Ltd
The Act	*Customs Act 1901*
The applicant	Tindo Manufacturing Pty Limited
The Commission	The Anti-Dumping Commission
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
Trina Solar	TCZ, TST, TED, TSH and TAU
TSH	Trina Solar Energy (Shanghai) Co., Ltd
TST	Trina Solar (Changzhou) Science and Technology Co., Ltd
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 the Australian Customs and Border Protections Service's (ACBPS) import database indicated that Changzhou Trina Solar Energy Co., Ltd (hereafter referred to as TCZ) and Trina Solar (Changzhou) Science and Technology Co., Ltd (hereafter referred to as TST) exported PV modules or panels from China during the period 1 July 2012 to 31 December 2013 (the investigation period).

From the responses to the exporter questionnaire, we noted that TCZ and TSH sold PV modules or panels in domestic market predominately through a domestic trading company Trina Solar Energy (Shanghai) Co., Ltd (hereafter referred to as TSH) and exported PV modules or panels to Australia through Trina Solar Energy Development PTE Ltd (hereafter referred to as TED) and through Trina Solar (Australia) Pty Ltd (hereafter referred to as TAU) during the investigation period.

Having considered that TCZ, TST, TSH, TED and TAU are related entities, we combined the data for all these related entities together for the purpose of our analysis and the calculation of a dumping margin.

From the ACBPS import database, the Commission noted that a large number of companies exported PV modules or panels from China. Section 269TACAA of the *Customs Act 1901* (the Act) 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 noted that the Trina Group of companies was one of the four exporters who exported the largest volumes of PV modules or panels to Australia in the investigation period. On 14 May 2014, the Anti-Dumping Commission (the Commission) selected the Trina Group of companies to be included in the sample and sought its cooperation with the investigation. The Commission provided an exporter questionnaire in respect of PV modules or panels to the company to complete.

TCZ and TST each completed the exporter questionnaire, providing details regarding their company background, domestic sales data, exports to Australia and other third countries data and costs and selling expenses.

Having assessed the information provided in responses, we determined that a verification visit was required to TCZ and TST.

1.3 Purpose of visit

The purpose of the visit was to verify information submitted in the exporter questionnaire response. Information verified during the visit has been used to make preliminary assessments regarding:

- like goods;
- who is the exporter and who is the importer;
- export prices;
- normal values; and
- dumping margins.

Prior to the visit the Commission forwarded an agenda to TCZ and TST. A copy of the visit agenda is at **Confidential Attachment GEN 1**

1.4 Meeting details

Company	Changzhou Trina Solar Energy Co., Ltd and Trina Solar (Changzhou) Science and Technology Co., Ltd
Dates of visit	24 September 2014 to 29 September 2014

The following were present at various stages of the meetings.

	Mr Jinsen Qian – Assistant Director, Legal Affairs Ms Cathy Qu - Corporate finance controller Mr Zhao Keya,- Engineer systems support

Trina Solar	Ms Wu Shanhe - Senior Manager systems support Ms Shi Fenmia - Director systems support Mr Guo Yihuan - Vice General Supervision, Operation Management Ms Yang Xioxia - Sales Accountant, Financial Department Ms Cai Ninghan - Senior Supervisor, Legal Affairs Mr Ooi KT - Vice Director, Global Customer Care Mr Sun Jiawei - Financial Department Ms Daisy Zou - Accounting Manager Ms Grace Ge - Asia-Pacific Commercial Support Supervisor, Commercial Operations Mr Zhang Yich -Domestic Sales, Commercial Support Mr Guo Yihuan - Vice General Supervisor, Operation Management
Consultants	Mr Lei Wang – Gaopeng & Partners Ms Roger Simpson – Roger D Simpson and Associates
Anti-Dumping Commission	Mr Sanjay Sharma - Manager, Operations 3 Ms Cienna Turpie - Supervisor, Operations 3

1.5 Investigation process and timeframes

At the visit 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 2014/106 on 27 October 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 March 2015 or such later date allowed by the Parliamentary Secretary under s.269ZHI of 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 19 April 2015, unless further extension to the SEF or final report is approved by the Parliamentary Secretary.

Trina Solar was co-operative and had most of the required information available for the meeting and made a commitment to provide any further documentation, revised data and/or information required in a timely manner after our visit. The group confirmed that it has access to the Commission's 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 COMPANY INFORMATION

2.1 General

Trina Solar Limited (parent company of the Trina Group of companies) was established in 1997, and listed on the New York Stock Exchange in 2006. Trina Group of companies specialises in the manufacture of crystalline silicon photovoltaic modules and system integration. In 2012, the Trina group consolidated revenue was USD1.3 billion and supplied 1.59 Giga Watts (GW)[1] of PV modules or panels in domestic and export markets.

The Trina group of companies currently operates in more than 20 countries and has over 14,000 employees worldwide. The company has regional offices in Zurich (Europe), San Jose (North American) and Singapore (Asia-Pacific).

Trina Solar stated that the 'Trina' brand of PV modules or panels has a big presence in Europe and in the United States of America (USA). Trina Solar manufactures upstream raw materials such as ingots, wafers and cells which are predominantly used in the manufacture of PV modules or panels.

During the investigation period TCZ and TST manufactured PV modules or panels and sold in the domestic market either directly (TCZ sold some PV modules directly) or through a related trading company 'Trina Solar Energy (Shanghai) Co., Ltd' (TSH) (both TCZ and TST sold PV modules in domestic market through TSH).

TCZ and TST also manufactured and exported PV modules or panels to Australia [redacted] [Confidential: Export sales channels]

2.2 Related parties

As discussed in section 2.1 above TCZ and TST are the manufacturers of the goods under consideration. TSH is a related trading entity that supplies the goods manufactured by TCZ and TST in the domestic market while TED and TAU (related trading entities) supplied the goods to the Australian market during the investigation period.

[1] Source -Trina Solar 'Investor FAQs', http://ir.trinasolar.com/phoenix.zhtml?c=206405&p=irol-faq

All related entities involved in the manufacture or supply of the goods in the domestic market and exports to Australia (TCZ, TST, TSH, TED and TAU) are referred to collectively as 'Trina Solar' hereafter in this report.

In response to the exporter questionnaire, Trina Solar provided a detailed company structure for the Trina group of companies (**Confidential Attachment GEN 4** refers**)**.

2.3 Relationship with suppliers and customers

2.3.1 Customers

Trina Solar stated that other than the inter-company relations, it is not related to any of its customers. We found no evidence of any relationship other than a commercial buyer/seller relationship between Trina Solar and its unrelated customers.

2.3.2 Suppliers

Trina Solar stated that other than the inter-company relations, it is not related to any of its suppliers. We found no evidence of any relationship other than a commercial buyer/seller relationship between Trina Solar and its unrelated suppliers.

2.4 Accounting structure and details of accounting system

Trina Solar's financial year is from 1 January to 31 December.

Trina Solar stated that its accounting practices are conducted in accordance with the *Generally Accepted Accounting Principles* in China.

Trina Solar use [redacted] software business enterprise accounting system for its financial records, payroll, inventory controls and reporting. All accounts recorded in US dollars.

TCZ and TST accounts are audited by Jiangsu Gongzheng Tianye Certified Public accountant Co., Ltd.

Being a listed company, the Trina group submitted 'Form 20-F' for the FY2013 to the United States Securities and Exchange Commission that contained Trina group's consolidated audited financial statements for the Financial year 2012 and Financial year 2013.

3 THE GOODS UNDER CONSIDERATION AND LIKE GOODS

3.1 The goods

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*.

3.2 Tariff classification

3.2.1 Tariff

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.

3.2.2 Goods exported to Australia

Trina Solar manufactured and sold the full range of PV modules or panels under investigation that were exported to Australia. During the investigation period, Trina Solar exported PV modules or panels that were predominantly poly-crystalline, direct current (DC) with power output of 250W.

Trina Solar claims that the Australian industry is not capable of producing goods that are like to the full range of goods covered by the goods description. Trina Solar stated that PV modules or panels with power output of more than 300 watts, predominantly used in 'utility' scale ground mounted projects, should be excluded from the investigation.

3.3 Like goods – preliminary assessment

We consider that the domestic sales of the goods falling within the goods description are like to goods exported to Australia. We consider the like goods produced by Trina Solar for domestic sale have characteristics closely resembling those of the goods under consideration and are therefore 'like goods' in accordance with subsection 269T(1) of the Act.

3.4 Product range and manufacturing facilities

3.4.1 Product range

Trina Solar produced two main types (categories) of PV cells used in the production of PV modules 'poly-crystalline' cells and 'mono-crystalline' cells.

Trina Solar stated that different product codes indicate different models of PV modules or panels. Over one thousand product codes for poly-crystalline models were observed in the domestic sales data, with the most commonly sold product model being 635073, a poly-crystalline PV module with a unit power output of 225, 240 or 245 watts. Trina Solar also sold 113 mono-crystalline models in the domestic market, which it stated were 'like' to models exported to Australia during the investigation period. The most commonly sold mono-crystalline model during the investigation period was model 611064, a PV module or panel with a unit power output of 190 or 195 watts.

The goods exported to Australia are poly-crystalline and mono-crystalline silicon PV modules (direct current (DC) with power outputs ranging from 50 to 305 watts.

We noted that the power output for identical models have a variance of 5 watts. Trina Solar explained this was due to the efficiency of the cells used in the PV modules which in most cases are able to produce an extra 5 watts.

3.4.2 Manufacturing facilities

TCZ and TST manufacture the goods at Trina Solar Industrial Park, Xinbei District, Changzhou, Jiangsu Province, China.

3.4.3 Production process

During the visit, we conducted an inspection of the production facilities at Trina Solar Industrial Park, Changzhou. Only the finishing of modules and packing of the finished product were observed by the verification team. The company described the production process for TCZ as follows:

1. Silicon Preparing

2. Recycled silicon scrap is purified, washed and packed.
   [redacted]Mono silicon ingot producing

Silicon raw material is vacuumed, melted and inducted into a seed crystal ingot. The ingot crystallises and is cooled for testing.

3. Multi silicon ingot producing

A crucible is prepared for spraying and baking to which silicon raw material is added. The raw material is vacuumed, heated, crystallised, anneals and then cools. Further silicon raw material is added and the product is cast.

4. Wafer producing

Ingot is mounted, cut into squares and sliced. Glue is then removed, and the wafer is cleaned, dried, tested and sorted for packaging.

5. Cell Producing (front end)

6. The wafer is textured to reduce reflected light and metal elements, it is then diffused and cleaned. The process occurs at [redacted]degrees Centigrade and the cycle time is [redacted] hours[redacted]Cell Producing (back end)

The back end of the cell has a film added for passivation and as a buffer layer. The cell undergoes electrode printing using silver slurry. The cells are sorted for quality, appearance and compatibility.

7. Module Producing

Each cell is sealed, the series are jointed and layered together. The cells are laminated together to form a module, which is framed, tested and packaged.

[redacted] (uses technology to assemble PV modules) [Confidential: Production efficiency]. A copy of production process diagram is at **Confidential Attachment GEN 3**.

4 SALES TO AUSTRALIA

4.1 Sales to Australia

4.1.1 Export sales process

The company explained the sales process for sales between TCZ and TED, and between TST and TED as follows, explaining that there are two main sales processes (stage 1 and stage 2) which occurred during the investigation period.

[redacted]

Stage 1

Ordering

In the first stage, TED signs a contract with a customer. TED had a sales office in Australia. The sales office contacts clients or clients contact the TED's sales office.

Trina Solar also has other sales platforms because it is a well-known brand, as such prospective customers contact TCZ directly. TCZ refers the customer to TED if it is contact directly and/or supplies the customer's information to TED's Australian sales office. TED then contacts the customer to arrange ordering of the goods.

Communication between TED and the customer is by phone and email. Trina Solar stated that the sales staff at TED will contact customers under the name of TED. The company stated that there is no [redacted] for export sales to Australia, however TST and TCZ supply TED with [redacted]. Trina Solar stated that if there is any change in the price guide then an email is sent in advance notifying of the change.

The Customer and TED negotiate a price based on the [redacted] provided by TCZ and TST and sign a 'pro-forma invoice' (PI).

Payment

Trina Solar stated that some customers are required to pay a deposit (usually [redacted]%), at the time when orders are placed. Whether the customer pays a deposit is determined by negotiations.

[redacted]. All deposits are paid [redacted] specified in the contract.

Delivery

After the PI is signed, following the terms of the PI, including the customer making payment if required, TED will prepare for the delivery. TED prepares for delivery by checking its inventory. If it has sufficient inventory it will use it. If it does not then it will contact TCZ or TST to determine if they have any stocks ready for delivery. If TCZ or TST does not have inventory to supply TED, one of those companies will begin production of the goods required by TED. Trina Solar explained that whether TCZ or TST produce the goods is determined by negotiation between TED, TCZ and TST with reference to production schedules. The goods are delivered directly from the manufacturer (either TCZ or TST) to the customer in Australia by ocean freight.
[redacted]

Stage 2

In second stage, TED sells to TAU who then on-sell to the Australian customer. Trina Solar stated that there is no clear link between the invoices of each of the entities and those goods are shipped directly from the manufacturer (TCZ or TST) to the customer.

Australian customers who used to purchase PV modules or panels from TED's sales office (during stage 1), [redacted], those customers are referred to TAU's sales office.

Trina Solar stated that there is no sales support between TED and TAU because each company pays its own expenses. However, we noticed that in the REQ TAU's sales expenses were reimbursed by TCZ. At the visit Trina Solar stated that the reimbursement of TAU's sales expenses by TCZ was a temporary arrangement. From the payment ledger provided at the visit we noted a payment of USD [redacted] was made by TCZ to TAU (**Confidential Attachment EXP 1** refers) in [redacted].

We confirmed that no further payment was made by TCZ to TAU during the investigation period.

Supply of PV modules from TST and TCZ to TED

Stage 1 and Stage 2

The company stated that TED first contacts both TCZ and TST at the same time to find out their inventory. If there isn't enough stock with TST and/or TCZ ready for shipment , TED then looks at the production schedules of TST and TCZ and decides which company to place the order with. TED decides to request PV modules or panels from TST or TCZ is based on the capacity of TCZ and TST. Once order is placed and goods manufactured, that the goods are sent directly from the manufacturer (TCZ or TST) to the customer. The manufacturer invoices TED based on
[redacted].

During *stage 1*, once the manufacturer issue invoice to TED, TED then invoices its customers directly. However, during *stage 2*, the manufacturer issue invoice to TED with a [redacted], TED then invoices TAU with a small profit margin, TAU then issues invoice to its customers.

Price guide

Stage 1 and Stage 2

Trina Solar stated that that TCZ and TST provide TED [redacted]. We requested and Trina solar provided copies of price guides from each manufacturer to TED and to TAU (**Confidential Attachment EXP 2** refers). Trina Solar stated that if there is any change in the price guide then an email is sent in advance notifying of the change. The company advised that there is no rebate or commission paid to TED by TCZ and/or by TST, however, there is a sales margin assumed in the pricing between TCZ/TST to TED and between TED to TAU (second stage) and between TED and TAU to the Australian customers.

At the visit, Trina Solar stated that the sales between the TCZ/TST and TED (stage 1 and 2) [redacted] Trina Solar also stated that the sales between TED and TAU
([redacted].[inter-company sales]

4.1.2 Currency

The goods were sold to Australia in US dollars (USD). Any currency loss or gain is taken in the month end profit and loss account.

4.1.3 Terms of trade

During the investigation period the terms of trade were CIF for all sales to Australia.

4.1.4 Payment terms

4.1.5 We observed that payment terms vary depending on the customer, ranging from [redacted] Discounts, rebates and allowance

The company stated that no rebates, discounts or allowances were payable and no rebates, discounts or allowances were evident in the review of the documents provided.

4.1.6 Date of sale

The company stated that the date of sale in its export sales listing should align to the invoice date on the pro-forma invoice (PI). However, from the source documents provided, we noted that it was often different by several days. Trina Solar stated the difference was due to the delay in the recording of the sales by the related entities. For example when a sale is made from [redacted] to [redacted], the actual invoice is delayed sometimes by one week by [redacted] after the date of sale entered into the system. [redacted] only enters the date of sale when it receives the invoice from [redacted].

4.2 Verification of sales to the audited financial statements

4.2.1 Approach to verification

For both TCZ and TST the verification of domestic sales and exports to Australia to the audited financial statements were done together.

In response to the exporter questionnaire TCZ and TST provided audited financial statements for the financial years 2012 and 2013 **(Confidential Attachments EXP 3 and EXP 4** refers)**,** the turnover spreadsheet **(Confidential Attachment A-6** of the REQ refers**)**, all exports to Australia **(Confidential Attachment B-4** of the REQ refers**)** and all domestic sales **(Confidential Attachment D-4** of the REQ refers**)** in the investigation period.

At the visit TCZ and TST provided us with revised turnover, domestic sales and export sales data **(Confidential Attachments EXP 5 and EXP 6** refers**)**. TCZ and TST also provided us with the monthly general ledger (GL), trial balance, and profit and loss accounts for the FY2013 **(Confidential Attachments EXP 7 and EXP 8 refers).**

4.2.2 TCZ

From the turnover spreadsheet we noted that the total volume of sales of PV modules for the FY2013 was [redacted]W and the value of sales was USD [redacted]. From the GL accounts (spreadsheet) we filtered on the country (Column G), volume by watts (Column R), and PV modules (Column M). Other products sold in the domestic market by TCZ were cells, wafers and silicon. We selected country 'China' to select all domestic sales of PV modules for the FY2013. The total volume of PV modules sold in the domestic market was [redacted]W and the value was USD [redacted]. No variance was noted been the GL accounts and the revised 'Turnover' spreadsheet.

To compare the export sales to Australia for FY2013, TCZ stated that from the GL account we could only extract all sales to 'Singapore' (i.e. sales to TED). During the investigation period TED was responsible for all exports of PV modules to the Asia Pacific region (including exports to Australia). Therefore, in order for us to determine all exports to Australia only, TCZ provided us with the 'Logistics Report'. From the 'logistics report', we were able to identify the volume of sales by TED to each county in the Asia Pacific region. A copy of TCZ's Logics Report is at **Confidential Attachments EXP 9**

To determine the exports of PV modules, we selected 'Singapore' from the GL (Column G), filter on TED only (Column H), and Modules (column M) and Volume (Column R).

We also compared the total sales of PV modules by TCZ to TED in the investigation period as recorded in the GL accounts. We noted a difference of [redacted] watts ([redacted]W compared to [redacted]W). TCZ explained the difference was due to the timing of the invoice being recorded between the two entities.

Having reconciled the volume and value of domestic sales and export sales to Australia, to reconcile all sales by TCZ in the turnover spreadsheet to the audited financial report for FY2012, we compared the data submitted in response to the exporter questionnaire for the third country sales. We noted that the data reported in the third country sales spreadsheet reconciled with the turnover spreadsheet. We than compared the turnover

spreadsheet to the GL accounts. We noted a difference of [redacted]W ([redacted]W compared to [redacted]W) ([redacted]%) with the volume of sales to third countries in the GL being lower. We also noted the value of sales in the two records and found a variance of [redacted]%.

We compared TCZ's total sales recorded in the GL with the Trial Balance for the FY2013. We did not find any variance.

We then compared the total sales recorded in trial balance (and GL) with the audited Profit and loss statement. We noted a variance of [redacted]%. TCZ explained the difference was due to negative adjustment by the auditors (freight expense of USD [redacted] was included in the GL and trial balance) that was not TCZ's 'revenue'. The auditors also made a further positive adjustment of USD[redacted]in the audited financial statements. At the visit TCZ was not able to provide any further details regarding this adjustment (USD[redacted]).

At the visit TCZ also provided us with monthly P&L accounts for the period 6 months ending December 2012. Having satisfied ourselves with upward verification reconciliations for the FY 2013 accounts and noting that there was no major discrepancy in the records that was submitted by TCZ to the Commission, we did not verify the monthly accounts for the 6 months ending 31 December 2012.

4.2.3 TST

As discussed above, a similar upward reconciliation for TST domestic sales, export sales and third country sales was undertaken at the visit. At the visit, TST provided a revised turnover spreadsheet. We also compared TST's revised turnover spreadsheet to TST's GL accounts, trial balance and profit and loss account for the FY2013.

We noted for FY 2013, the total volume of PV modules exported to Australia by TST was [redacted] watts with a value of USD [redacted] while total domestic sales was [redacted] watts with the value of USD [redacted] and third country sales was [redacted] watts with a value of USD [redacted]. The total value of sales of all products in the revised turnover spreadsheet was USD [redacted].

We also noted that the tot value of the sales in the GL accounts was [redacted]. No variance was noted. We then compared the value of sales recorded in the Trial Balance for the FY 2013. We noted a difference of USD [redacted]which equated to approximately [redacted]%. TST explained that the difference was due to freight expenses being eliminated in the Trial Balance as this was mostly paid by the customers (TST reimburses freight costs from its customers).

We then compared the Trial Balance value with the audited financial statements for FY 2013. We noted the value recorded in the Trial Balance and profit and loss statement was the same (USD [redacted]).

At the visit TST provided us with monthly P&L accounts for the period 6 months ending December 2012. Having satisfied ourselves with upward verification reconciliations for the FY 2013 accounts and noting that there was no major discrepancy in the records that was

submitted by TST to the Commission, we did not verify the monthly accounts for the 6 months ending 31 December 2012.

Having reconciled the export and domestic sales spreadsheet for TCZ and TST to audited financial accounts for the FY 2013, we are satisfied that they represent a complete and relevant listing of all export and domestic sales of certain PV modules or panels by TCZ and TST in the investigation period.

4.3 Verification of export sales to source documents

Prior to the visit, we requested the company to provide supporting documents for selected export sales between the following entities:

- TCZ sales to TED;
- TST sales to TED;
- TED sales to TAU;
- TED sales to unrelated customers; and
- TAU sales to unrelated customers.

The company provided source document bundles for each of these shipments during the verification, containing a:

- proforma invoice;
- purchase order; and
- financial system extract showing proof of payment

We traced the information from the source documents and matched it to the data contained in the detailed sales spread sheet. These document bundles form **Confidential Attachment EXP 10.**

4.3.1 Ocean freight

We checked the freight calculations and for selected shipments found them to be accurate. We asked for the worksheet which had been used to calculate ocean freight. We checked parts of this worksheet to the ledger which had shown ocean freight, and we are satisfied that the calculations of ocean freight for shipments to Australia are correct.

4.3.2 Currency

We confirmed by examining export documentation and relevant company records that all sales by Trina Solar to Australian customers during the investigation period were in US dollars.

Trina Solar stated its head office (Trina Solar Limited) being listed on New York Stock Exchange (NYSE), all accounting records are in US dollars.

4.3.3 Exchange Rate

The exchange rate is the rate applying on the date of sale as taken from the accounting ledger.

4.3.4 Payment terms

We examined the export documentation and relevant company records for those sales by Trina Solar to unrelated Australian customers during the investigation period. While most customers were required to pay [redacted], the remainder of payment was required between [redacted].

We also noted that the payment terms between the inter-related companies were [redacted] (i.e. TCZ/TED to TED to TAU). However, we noted that the actual payment made by the related entities were [redacted]. We were not able to verify the proof of payments by TAU to TED and by TED to TCZ and/or TST.

4.3.5 Inland freight

The company provided details of its inland transportation calculation in the REQ. At the visit we checked calculations on a sample basis and found them to be correct.

4.3.6 Conclusion

Noting that a number of related entities were involved in the export sales to Australia (i.e. TCZ, TST TED and TAU) and that the export sales process changed in the investigation period (as discussed in section 4.1.1 of this report), Trina Solar provided various revised versions of export sales data. After having considered all revised information, we consider that the information in the Australian sales summary in the final spreadsheet provided at the visit is complete and accurate.

4.4 Forward orders

The company stated that there were no forward orders to Australia manufactured by TST, and [redacted] consignments of forward orders from TCZ. The details of the forward order from TCZ are below:

QTY (Watts)	Total amount (USD)	ETD[2] (from Changzhou port)	ETD (from Shanghai port)
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]

4.5 The exporter

The Commission will generally identify the exporter as:

[2] Estimated time of departure

- 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 will be a person in the country of export who owns, or who has 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 good as described above.

All documents that were provided and examined confirm that TCZ and TST were the exporters of the goods during the investigation period because:

- TCZ and TST were the manufacturers of the goods;
- where the goods were supplied by TED, invoices identify TCZ or TST as the supplier of the goods; and
- the bills of lading identify the TCZ or TST as the shippers of the goods;

We are satisfied that TCZ and TST are the exporters of the PV modules or panels to Australia from China.

4.6 The importer

Trina Australia

Where Trina Australia was responsible for supplying the goods to the Australian customers and purchased the goods from TED or Trina Solar, Trina Australia;

- [redacted]
- [redacted]
- [redacted]s.

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

TED

Where TED was responsible for supplying the goods to the Australian customers and purchased the goods from Trina Solar, TED:

- [redacted]
- [redacted]
- [redacted]

Therefore, we consider TED to be the beneficial owner of the goods at the time of importation, and therefore the importer.

Customers

During the investigation period TED exported some PV modules or panels unrelated companies listed in the Australian sales summary spreadsheet. Those companies respectively:

- [redacted]
- [redacted]
- [redacted]

Consequently, we consider the Australian customers to be the beneficial owners of the goods at the time of importation, and therefore the importers.

4.7 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 (1) outlines the circumstances in which the price paid or payable shall not be treated as arm's length. These are where:

(a) there is any consideration payable for in respect of the goods other than price; or
(b) the price appears to be 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; or
(c) 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, s.269TAA (2) states that where:

(a) 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
(b) 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 2.2 of this report, we noted that there were number of related entities involved in the export sales of PV modules or panels. From the source documents examined, we noted that while the invoices stated credit terms between the related entities was [redacted] days, [redacted]. Trina Solar confirmed that no additional charges or fees were paid by the related entity when it did not meet the terms of payment [Confidential: Payment terms & details]

We were [redacted]. We were also not able to verify the proof of payment for the goods sourced by TED from TCZ and/or from TST. [Confidential: Reconciliation of payments]

We also noted that [redacted] [Confidential: Financial arrangement between related companies]. Trina solar explained that such arrangements are not uncommon between the inter-related entities.

In addition selling and administration expenses in relation to the sales made by TAU on behalf of TED were reimbursed by TCZ. [redacted]. Trina Solar stated that this arrangement was only temporary to assist TAU's establishment in Australia. [inter-company financial arrangements].

We also noted that in the audited financial statements there were [redacted]. [Confidential: Financial arrangements between related companies].

The importer visit report for TAU and TED (page 25 of importer visit report) states that '*from the income statement for the FY2013 and for the 6 months to 31 December 2012 indicated that the PV modules or panels imported and sold by TAU Australia and by TED in the Australian market during the investigation period were not profitable*'.

In accordance with s269TAA(2), for the reasons outlined above, we consider that the sale of the imported PV panels by TAU and TED at a loss should be treated as indicating that the importer will, directly or indirectly, be reimbursed, be compensated or otherwise receive a benefit in respect of the whole or part of the price. Pursuant to s269TAA(1) we have therefore treated the export sales between TCZ/TST and TED/TAU as not being at arms' length.

4.8 Export price – preliminary assessment

In respect of export sales to Australia during the investigation period, we consider that in relation to TED's purchases from TCZ and TST:

- the goods have been exported to Australia otherwise than by the importer;
- the goods have been purchased by the importer from the exporter; and
- the purchases of the goods by the importer were not 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 for these exports be established under s269TAB(1)(b) of the Act, being the price at which the goods were sold by the importer less the prescribed deductions.

In relation to purchases from TED by TAU 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 not 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. We recommend the export price be based on the price at which the goods were sold by TED or TAU less prescribed deductions.

To calculate the export price at FOB level, we consolidated all exports sales to unrelated Australian customers by TED and TAU into a single spreadsheet (**Confidential Appendix 6** refers) and made certain adjustments.

We deducted Australian importation costs, marine insurance, ocean freight warehouse & storage costs, TAU SG&A (for TAU sales only), TED SG&A (for both TED and TAU sales) and an amount of profit to make all export sales on FOB terms.

We also noted that during the investigation period some sales were sold to unrelated customers by TED on CIF terms. For those goods the Australian customers were the importers (not the TED), therefore we deducted marine insurance and ocean freight to make those export sales on FOB terms.

We found that TED and TAU are related entities to TCZ and TST and that the selling prices between these entities were not at arm's length, therefore we calculated average profit ([redacted]%) using the verified data from the [redacted] selected major importers who were not related to the exporters. Those three selected major importers are [redacted].

5 COST TO MAKE & SELL

5.1 Approach to verification

As discussed in section 2.2 of this report TCZ and TST are operating as separate legal entities. During the investigation period, both TCZ and TST produced PV modules or panels and sold in the domestic Chinese market and exported to Australia.

Prior to our visit TCZ and TST provided detailed cost to make and sell (CTMS) information by completing the exporter questionnaire responses. Both companies provided audited financial statements for FY 2012 and FY 2013 and management accounts for the period 1 July 2012 to 31 December 2012.

From the cost information provided at the visit we noted that there were many different models of PV modules manufactured using poly-crystalline cells and mono-crystalline cells by TCZ and TST. However, the cost to make each model were similar for poly-crystalline and for mono-crystalline PV modules. During the investigation period we noted that the cost to make and sell poly-crystalline PV modules was lower than that of mono-crystalline PV modules by approximately [redacted]%.

Noting the cost difference between poly-crystalline and mono-crystalline PV modules we verified the cost to make and sell for the poly-crystalline and mono-crystalline PV modules produced by TCZ and TST during the investigation period.

TCZ

TCZ is a fully integrated entity. TCZ purchases poly-silicon from [redacted] to produce silicon ingots, which are the major raw material used in the production of wafers. As discussed in section 3.4.3, wafers are used to manufacture solar cells which in turn are used to manufacture PV modules.

Due to increasing demand, TCZ in addition to its own production, purchased wafers (to produce cells) and cells from [redacted].

TST

TST purchases wafers (to manufacture cells) and PV cells from TCZ. Due to increasing demand and limited capacity of TCZ, TST purchased wafers from [redacted].

5.2 Poly-crystalline and mono-crystalline PV cells

At the visit Trina Solar stated that this is because mono-crystalline wafers are cylindrical in shape and when cells are made (wafers cut in octagonal shape), there is some loss of material while poly-crystalline wafers are rectangular in shape and cells sliced in square shape. Therefore there is no or very little wastage of material when using poly-crystalline wafers to produce cells. Trina Solar also stated that mono-crystalline cells are made from wafers that weigh 80kg while poly-crystalline cells are made from wafers that weigh 200kg. Therefore more poly-crystalline cells are produced from 1 piece of poly-crystalline wafer compared to mono-crystalline wafer. Trina solar stated that mono-crystalline PV cells are also more efficient (17.5%) compared to poly-crystalline (15.5%). Due to the longer production process, high level of wastage (due to octagonal shape) and being more efficient, mono-crystalline PV modules are sold at a higher price than poly-crystalline PV modules.

Poly-crystalline PV cells are made from wafers which are rectangular in shape. The cells are square in shape therefore there is no loss of wafers.

At the visit Trina Solar stated that mono-crystalline solar cells are being phased out of the market and replaced by poly-crystalline solar cells. This was because poly-crystalline cells are slightly cheaper and there is a small variance in terms of the efficiency.

TCZ manufactured both poly-crystalline and mono-crystalline PV modules and supplied both in the Chinese domestic market and exported to Australia in the investigation period. TST only manufactured poly-crystalline PV modules and purchased mono-crystalline PV modules from TCZ to export to Australia. TST did not supply any mono-crystalline PV modules in the domestic market in the investigation period

The overall volume of PV modules sold in the domestic market and exported to Australia by TCZ and TST were in similar quantity, therefore detailed cost verification was undertaken for both entities.

The following table provides the proportion of major raw materials used to manufacture PV modules by TCZ and TST.

Raw Material	Percentage (by value)
Cells	[redacted]
Glass	[redacted]
Frames	[redacted]
EVA	[redacted]
Back Sheets	~~4~~
Other	[redacted]
Total	100

5.3 Verification of production costs to audited financial statements

In response to the exporter questionnaire, TCZ and TST provided the monthly cost to make and sell (CTMS) for all domestic sales and CTMS for all exports of PV modules or panels to Australia in the investigation period.

We noted that there was no difference in the CTMS for domestic sales and exports. Trina Solar stated that there is no variance in the cost of production for PV modules manufactured for domestic market and for export market as the production process, standards and requirements were very similar.

TCZ

In response to the exporter questionnaire, TCZ provided monthly CTMS for export and domestic sales of poly-crystalline and mono-crystalline PV modules. From the CTMS data we noted that the total volume of poly-crystalline modules produced during the investigation period was [redacted] watts (cost to make USD was [redacted]) and mono-crystalline was [redacted] watts (cost to make USD [redacted]). At the visit TCZ provided a monthly production cost report. This report contained the production costs of PV modules, wafers and solar cells. For PV modules, we noted that the production cost report contained the value in USD and quantity was recorded in pieces. In order to reconcile the number of pieces and the volume in watts, an 'Input-Output' report was generated by ERP system. We noted that the 'Input Output' report contained the number of pieces of PV modules with corresponding watts.

We selected poly-crystalline PV modules for the month of October 2013 (from the last quarter of FY2013) to verify the information provided in response to the exporter questionnaire. We noted the total cost to make for the month of October was USD [redacted]. From the production cost report we selected all PV modules (all PV modules had a product code starting with prefix 6), 'Poly' (from column 'G' of the report), quantity in pieces (column 'L') and value in USD (column 'M'). We noted the total cost of production of poly-crystalline PV modules in the month of October was USD [redacted] and quantity in pieces was [redacted]. No variance was noted.

We then compared the number of pieces of 'poly' products in the 'input-output' report (column P) and noted that [redacted] pieces of poly-crystalline PV modules was recorded. **(Confidential Attachment CTMS 1 refers)**

For the month of October 2013, we compared the total volume and value of mono-crystalline PV modules. We selected 'mono' from column 'G' of 'Input-Output' report and noted that a total volume of [redacted] watts were produced. This matched with the corresponding value recorded in the cost of production report for the month of October 2013 was USD [redacted] **(Confidential Attachment CTMS 2 refers).**

From the production report we noted that the total volume of PV modules produced was USD [redacted] (poly-crystalline was [redacted] watts and mono-crystalline was USD [redacted]) for the month of October 2013. We compared this value with the value of PV modules that was recorded in the Trial Balance for the month and no variance was noted.

The total cost of goods sold (COGS) for the month of October recorded in the Trial Balance was USD [redacted]. We noted that the COGS of PV modules was USD [redacted] (approximately [redacted]% of total COGS). TCZ explained that not all goods produced a particular month were sold in that month. Therefore we noted that while TCZ's cost of production (PV modules) for the month of October was USD [redacted] the COGS was USD [redacted] The other products sold during the month of October 2013 were PV cells and wafers.

We compared the total COGS for all products with the profit and loss (P&L) statement for the month of October 2013 and found that they matched. We then compared the COGS of PV modules in the P&L for the month of October 2013 and noted that the value recorded in the P&L statement was USD [redacted], a difference of [redacted] (approximately [redacted]%) when compared to the COGS value in the Trial Balance for that month.

TCZ explained the variance was due to negative adjustment of freight and duty for the value of USD[redacted]and a positive inventory adjustment of USD[redacted]. **(Confidential Attachment CTMS 3 refers)**

We then compared the total COGS for all products for the FY2013 shown in the Trial balance with the P&L Statement and no variance was noted. **(Confidential Attachment CTMS 4 refers)**

We compared the COGS in the profit and loss statement with the audited financial statement for FY2013. We noted a minor variance [redacted]%. TCZ explained the variance was due to the adjustments made by the auditors.

TST

We selected the month of November 2013 for upward verification. We followed the same methodology as outlined for TCZ above. We noted that TST did not manufacture mono-crystalline PV modules during the investigation period. All mono-crystalline PV modules sold by TST was sourced from TCZ.

From the CTMS data submitted in response to the exporter questionnaire, we noted that the total cost to make poly-crystalline modules for the month of November was USD [redacted] (quantity produced was [redacted] watts).From the production report for the month of November 2013, we noted the value of PV modules in the production report was USD[redacted]. We noted a variance of USD[redacted]. TST explained that it out sauced to TCZ to produce mono-crystalline PV modules with the total cost of USD[redacted]. We also noted that for the month of November 2013, TST bought PV modules from the related export trading company, TED, for the value of USD[redacted]. TST stated that it was usual for the company to buy back from related companies such as TED to fulfil the market demand. In this instance, there was an urgent demand by a domestic customer and since TST supplied TED for the export market and was not able to supply immediately, TST bought the goods back from TED at the same price that it sold to TED.

We then compared the total COGS in the production report for the month of November to the monthly production cost report. We noted that in both reports COGS was reported as

USD [redacted] (USD [redacted] + USD [redacted]) for PV modules and panels. **(Confidential Attachment CTMS 4 refers).** No variance was note.

The COGS value for all products in the month of November in the monthly cost report was USD[redacted]. We then compared the COGS for all products reported in the Trial Balance for the FY2013 and total from the monthly cost report. Both reports reported a figure of USD [redacted].

We also compared the Trial Balance with the audited profit and loss account. We noted a difference of USD [redacted] ([redacted] – [redacted]) which equated to [redacted]% being understated in the Trial Balance. TST explained the difference was due to the audit adjustment.

5.4 Verification of selling, general and administration expenses to audited financial statements

TCZ

TCZ calculated selling, general and administrative (SG&A) expenses in the CTMS worksheets as an amount per watt based on expenses in its monthly profit and loss statement. It advised that it used actual domestic and export sales revenue of PV modules to calculate an SG&A amount per watt. We considered this to be reasonable. We were able to verify and reconcile the SG&A to the audited statements.

TCZ's SG&A calculations are at **Confidential Attachment CTMS 5.**

TST

TST calculated selling, general and administrative (SG&A) expenses as an amount per watt based on expenses in its monthly profit and loss statement. It advised that it used revenue from actual domestic and export sales of PV modules to calculate an SG&A amount per watt. We considered this to be reasonable. We were able to verify and reconcile the SG&A to the audited statements.

TST's SG&A calculations are at **Confidential Attachment CTMS 6.**

TED

TED calculated selling, general and administrative (SG&A) expenses as an amount per watt based on expenses in its monthly profit and loss statement. It advised that it used revenue from actual export sales to Australia of PV modules to calculate an SG&A amount per watt. We considered this to be reasonable. We were able to verify and reconcile the SG&A to the audited statements.

TED's SG&A calculations are at **Confidential Attachment CTMS 7.**

TSH

TSH calculated selling, general and administrative (SG&A) expenses as an amount per watt based on expenses in its monthly profit and loss statement. It advised that it used

revenue from actual domestic sales of PV modules to calculate an SG&A amount per watt. We considered this to be reasonable. We were able to verify and reconcile the SG&A to the audited statements.

TSH's SG&A calculations are at **Confidential Attachment CTMS 8**.

5.5 Verification of production costs to source documents

TCZ

We sought to verify the accuracy of the CTM data by reconciling it down to source documents and asked TCZ to demonstrate using October 2013 as the example. From the CTMS spreadsheet, we noted that for the month of October 2013, the cost of materials was USD [redacted] (poly-crystalline was [redacted] and mono-crystalline was [redacted]).

At the visit TCZ provided us with a 'production cost monthly report' (TCZ also referred production cost report as 'bill of material' report).The production cost monthly report provided the breakdown of all material by volume and value (USD) used in the production of PV modules for the month of October 2013. From this report we noted that the total cost of materials used in the production of poly-crystalline modules was USD [redacted] and mono-crystalline PV modules was USD [redacted]. This matched with the CTM submitted in the CTMS spreadsheet submitted by TCZ.

At the visit TCZ also provided us with trial balance and profit and loss statement for the month of October 2013, we were able to reconcile the production cost report with the Trial balance and profit and loss statement for the month of October 2013.

A copy of production cost monthly report, trial balance and profit and loss statement for the month of October 2013 is at **Confidential Attachment CTMS 17**.

A copy of production cost monthly report for the month of October 2013 is at **Confidential Attachment CTMS 9**.

As noted in section 5.2 of this report PV cells make up to [redacted]% of the costs. Therefore we selected 2 samples of PV cells for detailed verification. The selection was based on cells being [redacted] and [redacted] being manufactured in-house by TCZ. We also selected a backing sheet that was purchased domestically.

5.5.1 PV Cells

Sample 1

From the production cost for the month of October 2013, we selected poly-crystalline cells (156 x 156)
[redacted]. [Confidential: Source of cells]

We noted that the value recorded in the production report was [redacted]. There was a variance of [redacted] Cells. TCZ explained that [redacted] cells were used for another project.

The value recorded in the production report was 'moving average cost' at the beginning of month was USD[redacted] and at the end of the month was which was USD[redacted]. We also noted the freight costs were recorded in the production cost report. Trina solar stated that all freight costs (whether purchased domestically or imported) are included in the production cost report.

We then manually calculated the moving average value from the inventory report for the month of December 2013 by adding the volume purchased during the month to the opening balance and dividing by the total pieces of the cells in the report. We noted the system correctly calculated the moving average cost of cells used in the production report. The source documents including invoice and proof of payments are at **Confidential Attachment CTMS 10**.

Sample 2

From the source documents provided, we noted that poly-crystalline PV cells (156X156) were manufactured in-house by TCZ. We noted the material number 521300 for the bill of material corresponded to the inventory report.

The total quantity of cells manufactured in-house was [redacted] pieces with value of USD [redacted] USD which equates to USD[redacted] per piece.

We noted the volume of incoming cells in the bill of material was [redacted] pieces which was also recorded in the monthly inventory report.

We noted that actual cost of production of the cell was transferred in the production report. The source documents are at **Confidential Attachment CTMS 11.**

5.5.2 Backing Sheet

From the source documents provided, we noted that backing sheet was purchased domestically in October 2013. We noted the material number 703046 for the bill of material corresponded to the inventory report. The total quantity purchased was [redacted] square meters with a value of USD[redacted] (USD [redacted] per meter).

We noted that the freight costs were record in the inventory report. The moving average value per meter was the same used in the bill of material. The source documents are at **Confidential Attachment CTMS 12.**

5.5.3 Upstream raw materials

As discussed in section 5.1 of this report, TCZ purchases poly-silicon to produce waters, which is then used to manufacture cells. Cells are the major raw material used in the manufacture of PV modules or panels.

At the visit, we asked TCZ to demonstrate to us how the costs are transferred for the upstream raw materials to the cells. TCZ provided us with the costs of production of the cells that we verified in sample 2 above.

Cells

From the inventory report, we noted the material number 521B00 matched the monthly production report. The total quantity of cells used in the manufacture of PV modules was [redacted] pieces with the value of USD [redacted] for the month of October 2013.

From the production cost monthly report we noted that [redacted](cell type W-CE-STD) poly–crystalline cells were produced for the month of October. This matched with the quantity recorded inventory report.

Wafers

We noted that corresponding wafer material number for the above cell was 426,000 (in-house code). We noted that [redacted] pieces of wafers with the value of USD [redacted] was record in the inventory report. This matched with the production cost report.

Ingot

We noted that corresponding material number for 426000 had a product code as 325000. We noted that came from a slice of ingot which had many components. The partial (half) ingot that was used the production of wafers was [redacted] kg with the value of USD [redacted] (the whole ingot was [redacted]kg with the value of USD [redacted])

Purchase of Poly-silicon

From the production cost report we noted that the material code for poly-silicon was 201002. The total volume of poly-silicon purchased was [redacted]kg with a value of USD [redacted] which equates to USD[redacted]/kg.

At the visit, TCZ provided the source documents for the purchase of poly-silicon from the domestic supplier. We noted that the invoice number 072714417 for the quantity of [redacted]kg of poly-silicon had a value of [redacted] (including VAT) and RMB [redacted] (excluding VAT). This equates to approximately RMB[redacted]per [redacted] (excluding VAT).

We were able to verify that the actual cost ([redacted]RMB (USD[redacted]) was recorded in the cost report and inventory (purchase value in the inventory report) and that the weighted average value was used in the inventory output (value and volume poly-silicon issued to manufacture ingot). We manually calculated the weight average price of the poly-silicon to ensure the system correctly calculates the weighted average price that was transferred in the cost of materials used in the manufacture of ingot. We did not find any discrepancy in the calculations.

From the above we noted that [redacted]Kg of poly-silicon was used to manufacture [redacted]kg of ingot that was used to manufacture [redacted] pieces of wafers which in turn was used to manufacture [redacted] pieces of cells. We were able to trace the quantity and the cost of production of the upstream raw materials. The source documents and screen shots of Production cost report is at **Confidential Attachment CTMS 13**.

5.5.4 Other Costs

In TCZ's CTMS spreadsheet we noted 'other costs' was listed. At the visit we enquired and TCZ explained that the other costs related to outsourcing the production of PV modules to related (TST) and other unrelated manufacturers. This was known as 'OEM' PV modules where the specification were provided to the manufacturer by TCZ and TCZ's seal 'Trina Solar brand' was placed on the goods.

We noted that approximately [redacted]% of OEM PV modules were supplied by TST and the remaining [redacted]% by unrelated manufactures namely [redacted].

We noted that for the month of October 2013, other costs was [redacted] in the CTMS spreadsheet. AT the visit TCZ provided us with production cost monthly report for October 2013. We noted that the total cost for poly-crystalline PV modules matched with the CTMS spreadhseet, At the visit TCZ provided us with the source documents (contact, invoices and proof of payments) from Dongjun (**Confidential Attachment CTMS 14** refers)

We noted that TST on some occasions used its own materials to produce the OEM modules or panels while at other times used the raw materials supplied by TCZ and TCZ only paid for the workmanship. We also noted that the OEM cost per watt from PV modules manufactured by TST was approximately [redacted]% cheaper than PV modules manufactured by unrelated suppliers of OEM PV modules.

At the visit Trina Solar provided us with the contracts of all OEM suppliers in the investigation period. The contracts are at **Confidential Attachment CTMS 15**

5.5.5 Depreciation

From the trial balance, we selected the month of October 2013 and noted the depreciation value of USD[redacted](cost centre codes M0711 and Mo721). This matched the value recorded in the fixed asset register for the month of October 2013.

From the fixed assert register we selected code 03-Digital Equipment (Special) with the total value of USD[redacted]. We then selected EL tester which has a total value of USD [redacted] and was depreciated over [redacted] months with the monthly value of [redacted]. We noted the EL tester has residual value of USD 1099.15. The straight line depreciation method was used. The depreciation formula used for this asset was item was ([redacted] [redacted])[redacted].

A copy of TCZ's Depreciation Schedule is at **Confidential Attachment CTMS 16.**

TST

At the visit sought to verify the accuracy of the CTM data by reconciling it down to source documents and asked TST to demonstrate using November 2013 as the example. From the CTMS spreadsheet, we noted that for the month of November 2013, the cost of materials was USD[redacted].

At the visit TST provided us with a 'production cost monthly report'. From this report we noted that the total cost of materials used in the production of poly-crystalline modules for the month of November 2013 was USD[redacted].This matched with the CTM submitted in the CTMS spreadsheet submitted by TST.

At the visit TST also provided us with trial balance and profit and loss statement for the month of November 2013, we were able to reconcile the production cost report with the Trial balance and profit and loss statement.

A copy of production cost monthly report, trial balance and profit and loss statement for the month of November 2013 is at **Confidential Attachment CTMS 17**.

At the visit we selected 3 samples of cells for detailed cost verification as discussed below.

5.5.6 PV Cells

Samples 3

From the documents provided we noted that poly-crystalline PV cells were produced in-house by TST. From the production cost monthly report for the month on November 2013, we noted that [redacted] pieces of PV cells with the value of USD[redacted] was produced in the month on November 2013 approximately USD[redacted] per piece

We noted that the value recorded in the production cost report was [redacted], however, we a noted that there was a negative adjustment of USD[redacted]. TST stated that this adjustment was due to the difference in the value between the work order and pick –up time for the finished goods.

The production report uses the 'moving average cost.' We also noted the freight costs were recorded in the bill of material spreadsheet. TST stated that all freight costs (whether purchased domestically or imported) are included in the bill of material.

We noted the opening balance for in the production cost report for the month of November 2013 was [redacted] per piece (opening stock was [redacted] pieces). The finished goods was recorded as [redacted] per piece ([redacted] pieces) the new moving average was USD[redacted] per piece (**Confidential Attachment CTMS 18** refers).

Samples 4

From the documents provided we noted that mono-crystalline PV cells were produced in-house by TST. From the production cost monthly report for the month on November 2013,

we noted that [redacted] pieces of PV cells with the value of USD[redacted] was produced in the month on November 2013 approximately USD[redacted] per piece..

We noted that the value recorded in the production cost report was [redacted]. No other adjustment was recorded in the production cost report.

We noted the opening balance for in the production cost report for the month of November 2013 was [redacted] per piece (opening stock was [redacted] pieces). The finished goods was recorded as [redacted] per piece ([redacted] pieces) the new moving average was USD[redacted] per piece (**Confidential Attachment CTMS 19** refers).

Samples 5

Since no cells were purchased from outside for the month of November 2013 by TST we selected the month of December 2013 for a sample of cells that was purchased from an unrelated party (Jiangsu Shufong).

From the documents provided we noted that [redacted] poly-crystalline PV cells were from [redacted] in the month of December 2013 at a total value of USD[redacted] which is USD [redacted] per piece.

We noted that the value recorded in the production cost report was actual purchase price USD[redacted]. No other adjustment was recorded in the production cost report.

From the source document provided we noted that the payment was made [redacted]. [Confidential: Payment arrangements]

The source documents are at **Confidential Attachment CTMS 20.**

We noted that purchase price of cells [redacted]. [Confidential: Pricing details]

5.6 Verification of selling, general and administration expenses

TCZ

TCZ calculated selling, general and administrative (SG&A) expenses in the CTMS worksheets as an amount per watt based on expenses in its monthly profit and loss statement. From the information provided we noted the SG&A expenses were in relation to general and administration expenses, Selling expenses and finance expenses. TCZ stated that all SG&A expenses were in relation to PV modules. We selected few transactions of each type of expenses and found that they were in relation to PV modules

sold domestically or exported. We are satisfied that SG&A expenses for TCZ are reasonable and correct.

TCZ's SG&A calculations and source documents are at **Confidential Attachment CTMS 5.**

TST

TST calculated selling, general and administrative (SG&A) expenses in the CTMS worksheets as an amount per watt based on expenses in its monthly profit and loss statement. From the information provided we noted the SG&A expenses were in relation to general and administration expenses, Selling expenses and finance expenses. TST stated that all SG&A expenses were in relation to PV modules. We selected few transactions of each type of expenses and found that they were in relation to PV modules sold domestically or exported. We are satisfied that SG&A expenses for TCZ are reasonable and correct.

TST's SG&A calculations are provided at **Confidential Attachment CTMS 6.**

TED

TST calculated selling, general and administrative (SG&A) expenses in the CTMS worksheets as an amount per watt based on expenses in its monthly profit and loss statement in relation to all exports to Australia only. From the information provided we noted the SG&A expenses were in relation to general and administration expenses, selling expenses and finance expenses. From the source documents provided we noted that TED received interest [redacted]. [Confidential: Details of interest income]

TED's SG&A calculations are provided at **Confidential Attachment CTMS 7**

TSH

TSH calculated selling, general and administrative (SG&A) expenses as an amount per watt based on expenses in its monthly profit and loss statement. TSH advised that it used revenue from actual domestic of PV modules to calculate an SG&A amount per watt. TSH confirmed that TSH started to sell PV modules sourced from TCZ and TSH from end of September 2012. TSH provided us with the monthly GL account details from its system to confirm that TSH did not sell PV modules in the domestic market prior to September 2012.

At the visit TSH stated that while TSH predominantly sold PV modules sourced from TCZ and TST in the domestic market, it also sold other products such as wafers and cells.

TSH provided us with the revised SG&A by apportioning the SG&A expenses. We consider TSH SG&A expenses were correctly allocated in the revised SG&A.

TSH's SG&A calculations are provided at **Confidential Attachment CTMS 8**

5.7 Costs to make and sell – conclusion

Having verified TCZ's and TST's cost to make and sell PV modules or panels up to audited financial accounts and down to source documents together with TSH's and TED's SG&A, we are satisfied that it is complete, relevant and accurate.

TCZ and TST's verified CTMS of PV modules or panel's spreadsheet is at **Confidential Appendix 4**.

6 DOMESTIC SALES

6.1 General

Trina Solar stated that its major competitors in the Chinese domestic market are Ying Li, Suntech and Renesola. It stated Trina Solar is considered the 'most famous' manufacturer of the goods in China, followed by Renesola. Trina solar estimated its market share is about [redacted]%. The company manufactures PV modules or panels under subsidiaries TCZ and TST and [redacted] [Confidential: Sourcing of components]. Trina Solar stated that it doesn't import any modules from overseas.

6.2 Domestic sales process

The domestic sales process was explained to us. A summary of the domestic sales process for sales made by TCZ and TSH was explained as follows:

- [redacted] [Domestic sales process]

The company explained that during the investigation period, no contracts were signed with TST. The first three letters in the invoice number indicate which company the contract was entered with by the customer. For example, when contracts are entered into with TCZ, the invoice starts with "TCZ-XXX"

[redacted] [Confidential: Domestic Sales process]. [redacted]

Outsourcing of original equipment manufacture

6.3 [redacted]

[Confidential: OEM process] [redacted]

6.4 Domestic sales terms

The company stated that for all domestic sales the payment conditions may be pre-paid in full, or a pre-paid deposit is required. If there is only a deposit, customers must complete payment [redacted] However, we observed during verification that some customers had payment terms permitted of up to three years to make their final payment. Trina Solar stated that our observation was correct, that no interest is charged and that the long payment period has no impact on the price of the goods [redacted] [Confidential: Domestic Sales terms] [redacted] Verification of sales to audited financial statements

We sought to verify the completeness and relevance of Trina Solar's domestic sales spreadsheet by reconciling it to audited accounts.

TCZ and TST provided us with a spreadsheet containing a listing of all sales for FY 2013, which reconciled to its audited financial accounts.

Having reconciled the domestic sales spreadsheet to audited financial accounts, we are satisfied that it represents a complete and relevant listing of all domestic sales of PV modules or panels in the investigation period by Trina Solar.

6.5 Verification of sales to source documents

Prior to the visit, we requested the company to provide supporting documents for selected domestic sales between the following entities:

- TCZ sales to TSH
- TST sales to TSH
- TCZ sales to unrelated customers;
- TST sales to unrelated customers; and
- TSH sales to unrelated customers.

We requested documents from the company to verify the selected domestic sales, including:

- purchase order;
- commercial invoice;
- packing list;
- mill test certificate; and
- bank statement showing proof of payment

some of the documents provided were considered incomplete because only some documents and parts of documents were supplied to the Commission, rather than all documents requested. For example in some cases proof of payment was missing, invoice details did not match the information provided in domestic sales appendices for TCZ and TST (D-4) .The Company was requested on four occasions following verification to provide additional documents, however they were not provided at the time of the visit.

6.5.1 Source documents provided

Trina Solar provided some documents to assist in verification of sales listings, as discussed below. The source documents are at **Confidential Attachment DOM 1**.

TST sales to TCZ and TSH

For selected sales by TST to TCZ and TSH, a screenshot of Trina Solar's accounting system was provided showing payment from the purchasing entity to TST, however no information concerning quantities, products ordered or date of sale was contained in the accounting entry. In three of the selected transactions, a credit advice and ledger extract were also provided, however these also did not contain information concerning quantities, products ordered or date of sale.

TCZ sales to TST, TSH and unrelated customers

For selected sales by TCZ to TST, TSH and unrelated customers, for six of nine selected sales, a screenshot of Trina Solar's accounting system was provided showing payment from the purchasing entity to TCZ, however no information concerning quantities, products ordered or date of sale was contained in the accounting entry. In one case, only partial payment was reflected in the source document, rather than full payment. For three other selected sales transactions, a sales contract which contained prices and quantities of goods was provided; in one case the invoice number matched, however the details of the contract's quantity and price did not correspond to the entry in the sales spreadsheet. For those transactions with a contract, no proof of payment document was supplied.

Subsequent to our visit, Trina Solar stated that for invoice number TCZ-A11042-XSC-014-42-46, goods were returned and presented as positive and negative in the revised D-4 spreadsheet. It is for this reason that no invoice or proof of payment was provided. Also for invoice number TCZ-A11042-1302-XSI-11080-0, Trina provided contract and invoice but no proof of payment because at the time payment had not been made.

TSH sales to unrelated customers

Sixteen transactions were selected for further verification from the domestic sales spreadsheet provided with the REQ. Source documents were provided by Trina Solar to assist verification of each transaction. In three cases, documents including payment, account ledger and sales contract were variously provided which corresponded to invoice numbers selected prior to verification, however those invoice numbers were not present in revised domestic sales data presented during verification.

For all but one selected transaction, at least one document provided for the transaction was inconsistent with either the sales spreadsheet or with other supporting documents.

Subsequent to our visit, Trina Solar stated that for invoice number TSH-11042-1305-XSC-036-0 goods were returned as explained above for invoice number TCZ-A11042-1302-XSI-11080-0 above.

For sales between related companies, Trina Solar stated that no contracts were prepared for some sales, therefore Trina Solar provided just invoices.

6.5.2 Inland freight

Trina Solar explained that for all domestic sales, inland freight for domestic sales was determined using an allocation of total costs to delivered sales. The total freight cost for the investigation period as recorded in the general ledger was apportioned against PV modules or panels watts sold domestically by TCZ, TST and TSH, excluding ex-works sales on a per-watt basis. Copies of freight contracts were collected and are at **Confidential Attachment DOM 2**

6.5.3 Financial expenses

The exchange rate is the rate applying on the date of sale as taken from the accounting ledger.

6.5.4 Conclusion

All the documentation provided by Trina Solar in respect of domestic sales has been examined and checked against the information in the domestic sales summary spreadsheet.

On the basis of downwards verification to source documents, the data in the amended domestic sales summary spreadsheet is reasonable. On the basis of upwards verification to audited financial statements, the data in the domestic sales summary spreadsheet is complete and relevant.

6.6 Arm's length

In respect of domestic sales of PV modules to the related customers during the investigation period, we found evidence that:

- 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; or
- the buyer, or an associate of the buyer, will directly or indirectly, be reimbursed, compensated or otherwise receive a benefit for, or in respect of, whole or any part of the price.

We therefore consider that all domestic sales to the related entities during the investigation period were not arm's length transactions.

In respect of domestic sales of PV modules to the unrelated customers, we found no evidence that:

- there is any consideration payable for or in respect of the goods other than their 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; or
- the buyer, or an associate of the buyer, will, subsequent to the purchase or sale, 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.

As such, domestic sales to unrelated customers can be treated as arm's length transactions under section 269TAA of the Act.

6.7 Volume of sales and ordinary course of trade

6.7.1 Ordinary course of trade

Section 269TAAD of the Act provides that if like goods are sold in the country of export at a price less than the cost of such goods and are unrecoverable within a reasonable period, they are taken not to have been sold in the ordinary course of trade (OCOT).

In order to test whether the domestic sales are in the OCOT, we first combined all domestic sales by TCZ, TST and TSH into a single spreadsheet. We then eliminated all related sales transactions (inter-company sales) and calculated the profitability of each

unrelated sales transaction individually by comparing the unit selling price to the corresponding monthly weighted average CTMS of TCZ and TST.

Where the volume of unprofitable sales exceeds 20% for the product code, we then tested the recoverability of the unprofitable sales by comparing the unit selling price to the corresponding weighted average CTMS over the whole of the investigation period. Those sales found to be unrecoverable were deemed not to be in the OCOT.

6.7.2 Sufficient volumes

Section 269TAC(2) provides that certain domestic sales may be unsuitable for use in determining normal values because of a factor in the market. One such factor is where there is an absence, or low volume, of sales of like goods in the domestic market. Low volume is defined in section 269TAC(14) as less than 5% of the total volume of the goods that are exported to Australia by the exporter.

As discussed in section 5.2 of this report, the two models of PV modules exported and sold in the domestic markets were poly-crystalline and mono-crystalline PV modules or panels. From our OCOT test as discussed in section 6.7.1 above, we noted that sufficient volume of poly-crystalline PV modules was sold in the domestic market in OCOT. Therefore, we are satisfied that prices paid in respect of domestic sales of poly-crystalline PV modules or panels by the unrelated parties are suitable for assessing normal values under s. 269TAC(1) of the Act. However, for mono-crystalline PV modules, we noted that insufficient volume was sold in the domestic market which was in the OCOT. Therefore, we based the normal value for mono-crystalline PV modules on the selling price of poly-crystalline PV modules, with adjustments, as discussed in Section 10 of this report.

6.8 Profit

As discussed in section 6.7.2 there are insufficient sales of mono-crystalline PV modules in the domestic market. Therefore we consider that the normal value for mono-crystalline PV modules shall be based on constructed using costs and an amount for profit.

We calculated the profitability of domestic sales in accordance with Regulation 181A(2). We selected the all PV modules to unrelated customers that were in the OCOT and compared the selling price with the corresponding weighted average monthly CTMS. The profitability of domestic sales of all PV modules made in the ordinary course of trade during the investigation period, as a percentage of CTMS, was [redacted]%. The profit calculations are at **Confidential Appendix 2**.

6.9 Conclusion

<u>Poly-crystalline PV Modules</u>

We found sufficient volumes of domestic sales of poly-crystalline PV modules or panels were at arm's length transactions and sold at prices that were in the ordinary course of trade. Therefore, for poly-crystalline PV modules or panels, we are satisfied that the domestic selling prices are suitable for determining normal values under s. 269TAC(1) of the Act.

Mono-crystalline PV Modules

We found that insufficient volume of mono-crystalline PV modules or panels was sold in the domestic market which was in the OCOT. Therefore, we based the normal value for mono-crystalline PV modules on the selling price of like goods, with adjustments, under s. 269TAC(1) of the Act.

The domestic sales spreadsheets including OCOT tests are at **Confidential Appendix 1**.

7 THIRD COUNTRY SALES

In their responses to the exporter questionnaire, TCZ and TST provided a summary their exports of PV modules or panels to the third countries.

Since we were satisfied with information provided and verified at the visit to calculate normal values for PV modules or panels using domestic sales for poly-crystalline PV modules and a construction method for mono-crystalline PV modules, we did not undertake detailed verification of the third country sales data.

8 MARKET SITUATION

In its application Tindo alleged that the Government of China's (GOC) involvement in the Chinese domestic PV modules or panels industry has materially distorted competitive conditions in China. Tindo alleged that the GOC provides "policy loans" and credit facilities by the state owned Chinese banks at preferential rates that do not take into account commercial risk and prudential lending practices that otherwise applied in the Chinese capital credit market. This has resulted in a particular market situation (market situation) making PV modules or panels prices in the Chinese domestic market unsuitable for the normal value purposes.

The Australian industry alleges that as a consequence of the "policy loans" prices of PV modules or panels were artificially low to the extent that domestic and export sales are unprofitable.

In its response to the exporter questionnaire, Trina solar provided detailed responses regarding market situation claims. At the visit Trina Solar provided us with all loan details sought by TCZ, TST and Trina Solar Limited. We noted that Trina Solar sought loans from State owned banks such as:

- [redacted]
- [redacted]

and non-state owned banks such as;

- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]

There were [redacted] short term loans sought during the investigation period. The details of the loans are at **Confidential Attachment GEN 4.**

We compared that interest average interest rate between the state owned banks and non-state owned banks and noted that the interest rates were very similar in the investigation period (interest raged was between [redacted]% to [redacted]%. We also noted that the interest rate from the state owned banks was slightly higher, however, no major variance was noted.

At the visit Trina Solar stated that the Government of China does not control or interfere with the PV modules or panels domestic market. We did not find any evidence that suggests otherwise.

9 ADJUSTMENTS

To ensure that the normal value was comparable to the Australian export price, the following adjustments were made.

9.1 Domestic inland freight

As outlined in section**Error! Reference source not found.** most of the domestic sales ere conducted at an ex-works basis. For the domestic sales that included delivery, we applied a downwards adjustment for inland freight to arrive at an ex-works price.

9.2 Export inland freight

As discussed in section**Error! Reference source not found.**, the SG&A expense xcluded inland transport charges. Therefore, we made an upwards adjustment for export inland freight costs using the weighted average inland transport costs per watt for each quarter for each export sales transaction.

9.3 TED SG&A

As discuss in section 4.1 of this report, all export of PV modules to Australia by TCZ and TST were via a related trading company TED. However, for the domestic sales (section 6.2 of this report refers), TCZ sold PV modules or panels in the domestic market either directly or via TSH. During the investigation period, TST sold all PV modules in the domestic market via TSH .

Therefore, for domestic sales that were sold directly by TCZ to the unrelated customers, an upward adjustment was made by adding TED's SG&A expenses.

9.4 Credit Terms

We noted that domestic sales by TCZ and TSH (all TST sales are via TSH) to unrelated customers have approximately [redacted] different terms while export sales have [redacted] different credit terms. While majority of the domestic sales had between [redacted] days credit terms, some sales to end user customers for projects have up to 10% retention payment between [redacted] days.

The export sale credit terms to unrelated customers were between [redacted] days. Based on our analysis that majority of domestic sales and export sales by volume have very similar credit terms and also considering that in most cases [redacted]% of payment (pre-payment) is required at the time when the order is placed. For these reasons no credit term adjustment has been made.

10 NORMAL VALUE

To calculate the normal value for Trina Solar, we combined domestic sales data for all goods sold by TCZ (directly or via TSH), TST and TSH. As discussed in section 6.7 of this report we eliminated all related sales transactions. In accordance with s.269TAC(8), we also consider that certain adjustments, are necessary to ensure fair comparison of normal values with export prices as outlined in chapter 9 of this report.

Poly-crystalline PV Modules

We found sufficient volumes of poly-crystalline PV modules or panels sold in the domestic Chinese market that were sold in the ordinary course of trade (OCOT) and were arm's length transactions. Therefore, we are satisfied that prices paid in respect of domestic sales of poly-crystalline PV modules or panels by the unrelated parties are suitable for assessing normal values under s. 269TAC(1) of the Act.

Mono-crystalline PV Modules

For mono-crystalline PV modules or panels, we found that there were insufficient volumes of OCOT domestic sales.

Section 269TAC(1) of the Act states that '*subject to this section, for the purpose of this Part, the normal value of any goods exported to Australia is the price paid or payable for like goods sold in the ordinary course of trade [emphasis added] for home consumption in the country of export in sales that are arms length transactions by the exporter or, if like goods are not so sold by the exporter, by other sellers of like goods'.*

Section 269TAC(8) of the Act states that *'where the normal value of goods exported to Australia is the price paid or payable for like goods and that price and the export price of the goods exported… (a) relate to sales occurring different times; or (b) are not in respect of identical goods…. that price paid or payable for like goods is to be taken to be such a price adjustment in accordance with directions by the Minister so that those differences would not affect its comparison with that export price'.*

We consider mono-crystalline PV modules to be 'like goods' to the poly-crystalline PV modules. We therefore calculated the normal value of mono-crystalline PV modules by adjusting the selling price of poly-crystalline PV modules by:

- adding the quarterly CTMS difference between poly-crystalline and mono-crystalline PV modules (USD per watt) during the investigation period; and
- adding an amount of profit to that cost difference. We determined the profit using the OCOT sales of all modules in the domestic market in the investigation period as discussed in section 6.8 of this report.

As noted in this report, TST did not manufacture mono-crystalline PV modules or panels in the investigation period. All domestic sales of mono-crystalline PV modules by TST were supplied by TCZ in the investigation period. Therefore, we calculated the CTMS of TST using TCZ's cost to make mono-crystalline PV modules plus:

- TCZ's and TSH's SG&A where they were supplied by TCZ; and
- TCZ's, TST's and TSH's SG&A where they were supplied by TST

For TCZ's direct sale, an upward adjustment was made using TSH's SG&A.

To compare the domestic sale with the exports, the normal value was adjusted by replacing TSH's SG&A with TED's SG&A (even though a minor difference was noted between TSH and TED's SG&A). The adjustments are at Confidential Appendix 5A. A rate of profit, as discussed in section 6.8 above, has been added using data related to the arm's length sales of like goods in the ordinary course of trade.

We consider that certain adjustments, in accordance with s. 269TAC(9), are necessary to ensure fair comparison of normal values with export prices as outlined in chapter 9.

The normal value calculations are at **confidential appendix 5**.

11 DUMPING MARGIN

In calculating the dumping margin, we compared the weighted average export price over the investigation period with the corresponding quarterly weighted average normal value for the corresponding model of PV module or panel over the investigation period in accordance with S.269TACB(2)(a).

The weighted average product dumping margin for PV modules or panels exported to Australia in the investigation period by Trina Solar is **4.0%.**

The dumping margin calculation is at **Confidential Appendix 7**.

12 APPENDICES AND ATTACHMENTS

Confidential Appendix 1	Domestic sales
Confidential Appendix 2	Profit calculation
Confidential Appendix 3	Australian Sales
Confidential Appendix 4	Cost to make and Sell
Confidential Appendix 5	Normal value
Confidential Appendix 6	Deductive export price
Confidential Appendix 7	Dumping Margin
Confidential Attachment GEN 1	Visit Agenda
Confidential Attachment GEN 2	Trina Group of companies structure
Confidential Attachment GEN 3	Production process
Confidential Attachment GEN 4	Loan details
Confidential Attachment EXP 1	Payment of selling expenses by TCZ to TAU
Confidential Attachment EXP 2	Price Guide provided by TST and TCZ to TED and TAU
Confidential Attachment EXP 3	TCZ audited financial statements for FY2012 and FY2013
Confidential Attachment EXP 4	TST audited financial statements for FY2012 and FY2013
Confidential Attachment EXP 5	TCZ Revised Turnover, domestic Sales and Export sales
Confidential Attachment EXP 6	TST Revised Turnover, domestic Sales and Export sales
Confidential Attachment EXP 7	TCZ Monthly general ledger (GL), trial balance, and profit and loss accounts for the Y2013
Confidential Attachment EXP 8	TST Monthly general ledger (GL), trial balance, and profit and loss accounts for the Y2013

Confidential Attachment EXP 9	TCZ Copy of Logistics Report
Confidential Attachment EXP 10	Source documents for selected export sales
Confidential Attachment CTMS 1	Input- Output production report
Confidential Attachment CTMS 2	Copy of production report – October 2013
Confidential Attachment CTMS 3	Adjustments for freight, duty and inventory
Confidential Attachment CTMS 4	Reconciliation Trial Balance and P&L
Confidential Attachment CTMS 5	TCZ's SG&A Calculations
Confidential Attachment CTMS 6	TST's SG&A Calculations
Confidential Attachment CTMS 7	TED's SG&A Calculations
Confidential Attachment CTMS 8	TSH's SG&A Calculations
Confidential Attachment CTMS 9	TCZ production cost monthly report for October 2013
Confidential Attachment CTMS 10	Source documents for purchased by TCZ – Sample 1
Confidential Attachment CTMS 11	Source documents of Cells purchased by TCZ – Sample 2
Confidential Attachment CTMS 12	Source documents of Backing Sheets purchased by TCZ
Confidential Attachment CTMS 13	Source documents for Purchase of Poly-silicon
Confidential Attachment CTMS 14	Source documents for [redacted] for OEM contract
Confidential Attachment CTMS 15	OEM contracts with the suppliers
Confidential Attachment CTMS 16	TCZ's Depreciation Schedule
Confidential Attachment CTMS 17	TST production cost monthly report, trial balance and profit and loss statement for the month of November 2013
Confidential Attachment CTMS 18	TST- documents for in-house production of poly-crystalline cells

Confidential Attachment CTMS 19	TST- documents for in-house production of mono-crystalline cells
Confidential Attachment CTMS 20	TST – source documents of purchase of poly-crystalline cells from unrelated party
Confidential Attachment DOM 1	Source documents for selected domestic sales
Confidential Attachment DOM 2	Copies of inland fright contracts