



23 September 2015

NON – CONFIDENTIAL

Mr Sanjay Sharma
Manager
Anti-Dumping Commission
Level 12, Industry House
10 Binara Street
Canberra ACT 2601

Dear Mr Sharma,

PV MODULES FROM CHINA: CAUSATION

This submission, made on behalf of Trina Solar (“Trina”), is in response to Tindo Solar’s (“Tindo”) submission of 18 September 2015 as it relates to Causal Link.

Entering the PV modules or panels market at a time when the market had reached its peak and was in decline.

The Commission found that the above factor had a negative influence on Tindo’s economic performance and that the market decline from the time of Tindo’s entry into the market in mid-2012 until the end of 2013, ie. over the investigation period (“IP”), was due to factors other than dumping. It found that the significant reduction in the size of the Australian market over the IP was primarily due to the reduction in government support for the development of clean energy sources such as PV solar power generation, eg. feed in tariffs, rebates and subsidies,¹ and that the significant reduction in Australian market prices over the IP was primarily due to a significant reduction in the global cost of production of PV modules or panels. It attributed this significant cost of production reduction, which resulted in the significant reduction of the price of imported PV modules or panels, to – improved technology, reduction in input costs, global competition and economies of scale.²

Concerning the **price** decline in the Australian market for PV modules or panels, in its submission Tindo attributes this decline to Chinese dumping (Chinese module manufacturers selling at below cost), which is contrary to the Commission’s finding outlined above. In support of the Commission’s finding that it was a significant reduction of the cost of production that caused significant reduction of Chinese imports and consequent significant price decline in the Australian market over the IP, hereunder is a table demonstrating Trina’s

¹ SEF No. 239, section 5.6.

² Ibid, section 8.4.3 and 8.5.2.

significantly increased production quantity and reduced cost of production over the IP in respect of poly modules (the vast majority of its module production/sales).

	Jul-Sep 12	Oct-Dec 12	Jan-Mar 13	Apr-Jun 13	Jul-Sep 13	Oct-Dec 13
Production quantity (w)						
(%)	100	93	150	217	211	213
Production cost (USD/w)						
(%)	100	95	87	79	82	77

Concerning the size decline of the Australian market, in its submission Tindo disagrees with the Commission's SEF statement concerning Tindo's market assumptions and forecasts in its 2010 business plan, but it agrees that the market size did significantly decline in 2013. Tindo makes no argument against the Commission's SEF finding that the significant decline in the size of the market was due to the reduction in government support for the development of PV solar power generation.

There is nothing in Tindo's submission that refutes the Commission's finding per SEF No. 239 that Tindo's economic performance during the IP was negatively affected by Australia's PV module or panel market decline (size and price) and that this market decline was due to factors other than dumped imports from China.

Availability of exports from China at prices significantly below Tindo's cost of production, even without dumping.

We disagree with Tindo's claim that the Commission concocted a ridiculously low margin of 4% and for this reason found negligible injury by reason of dumping.

As we have previously demonstrated, an increased weighted average dumping margin taking into account a particular market situation ("PMS") will not alter the fact that in the absence of dumping, ie. exports at normal values, imports from China during the IP would have significantly undercut Tindo's prices causing material injury in the form of loss of sales, price depression and suppression and reduced profit and profitability.

Our submission of 21 September includes a table demonstrating the effect of revised dumping margins on the 45% price undercutting found by the Commission in respect of sales of DC PV modules or panels to distributors (including retailers). Hereunder is a further table demonstrating the effect of various levels of increased dumping margins on the 40% price undercutting margin found by the Commission in respect of DC PV modules or panels (with inverters). It assumes Tindo selling prices of \$1.20/w and imports from China at 40% less, ie. \$0.72/w.

Revised dumping margin (%)	Undumped import price (\$)	Price undercutting (%)
10	0.79	34
20	0.86	28
30	0.94	22
40	1.01	16
50	1.08	10

This table and that in our submission of 21 September demonstrate that in the absence of dumping at the Commission's revised levels, prices of exports from China would have been at prices significantly below Tindo's cost of production.

Tindo's decision to primarily focus on a particular model of PV module or panel that is at the premium end of the market.

There can be no doubt that Tindo's primary focus on higher cost/price AC modules or panels contributed heavily to the price depression and suppression and declines in profit and profitability experienced by Tindo in competing with lower cost/price DC modules or panels imported from China. As demonstrated by the above table and that in our submission of 21 September, this situation will not be changed by revised dumping margins following a PMS finding.

Concerning the **Ministerial Direction on Material Injury 2012** referred to in Tindo's submission, while dumping (or subsidisation) does not have to be the sole cause of the injury to an Australian industry, it does need to be, of itself, the cause of material injury, ie. in the absence of dumping the industry would not have suffered material injury. This is not the case here – the facts established by this investigation prove that in the absence of dumping Tindo would have suffered material injury in the forms of loss of sales volume, price depression and suppression and loss of profit and profitability. It would not have been more prosperous but for the presence of dumped imports.

Tindo's submission of 18 September provides no grounds for change to the Commission's conclusion per SEF No. 239 that the injury to Tindo, or the hindrance of the establishment of an Australian industry, caused by the dumping of PV modules or panels exported from China is negligible. Hence the termination proposed by SEF No. 239 should proceed.

Yours sincerely,



Roger Simpson