

Submission on corporate costs

Tindo respectfully requests the Commission to review the constructed normal values of Trina Solar, ReneSolar, ET Solar and Suntech to ensure the inclusion of all relevant administrative, selling and general costs associated with the manufacture and sale of the exported goods.

In particular, Tindo requests the Commission make available a public version of its methodology and assessment with regard to allocating the parent company corporate costs for Trina Solar, ReneSolar, Suntech and ET Solar.

In its submission to the SEF (Public Record No. 118) and subsequent submission (Public Record No 131) Tindo requested the Commission to review the dumping margins to ensure that the constructed normal values for each of the exporters was based on the fully absorbed CTMS taking into consideration all relevant consolidated group costs, particular with regard to the loan costs. Tindo submitted that in assessing all relevant costs the Commission should be reviewing the selling, administration, research and development, depreciation and capital costs of the consolidated group comprising the parent company and all subsidiaries to determine all relevant costs.

The Commission's response to these submissions, in Termination Report No 239, was as follows:

In relation to the inter-company transactions between subsidiaries and the parent company of the four selected exporters the Commission is satisfied that it has appropriately tested and accounted for all relevant transactions. While the detail of the costs and verified information are confidential, the Commission is satisfied that there has been no manipulation of the cost of inputs (emphasis added) to the manufacture of PV modules or panels by the four selected exporters.

Tindo notes the Commission's satisfaction with input costs however Tindo's concern is that the Termination Report does not provide a reasonable explanation as to how the Commission addressed the allocation of corporate costs such as depreciation, capital expenditure and other development costs.

Tindo understands that each of the exporter/manufacturers "investigated" by the Commission is a subsidiary in a conglomerate with parent companies and numerous subsidiaries and Tindo appreciates that each subsidiary, created for tax, legal or regulatory purposes, is its own legal entity conforming to its own management accounting practices and China's generally accepted accounting standards. Tindo's concern, however, is that if the Commission were to limit its cost allocations to certain legal entities within a conglomerate without investigating the relevant costs within other entities of the conglomerate the Commission would be omitting from its analysis relevant depreciation or interest on loans sitting in the accounts of another entity within the group.

Tindo refers to Customs (international Obligations) regulation 2015 s 44 that states:

The Minister must take account of the information available to the Minister about the allocation of costs, in particular to establish:

- (a) appropriate amortization and depreciation periods; and
- (b) allowances for capital expenditure **and other development costs** (emphasis added).

Tindo notes that it is usual accounting practice for Head Office/corporate overheads to be included in the accounts of the parent company.

Trina Solar

Tindo notes that with regard to Trina Solar dumping margins were calculated with reference to the following 100%¹ owned subsidiaries of Trina Solar Limited:

- Changzhou Trina Solar Energy Co (TCZ) - exporter
- Trina Solar (Changzhou) Science and Technology Co Ltd (TST) - exporter
- Trina Solar Energy (Shanghai) Co Ltd (TSH) – domestic trader
- Trina Solar Energy Development PTE Ltd (TED) – export trader
- Trina Solar (Australia) Pty Ltd

Tindo submits that the head office/corporate costs for **Trina Solar Limited** have not been addressed.

Tindo notes that:

The Company operates in a single in a single reportable business segment which is comprised of the production of mono- and multi-crystalline silicon ingots, wagers, cells and related products and the subsequent assembly and marketing of solar modules, which are panels packed with interconnected cells that convert sunlight into electricity. ***The Company's chief operating decision maker is the chief executive officer of the Company.***² (emphasis added)

Tindo further submits that the Trina Solar 2013 annual report provides details of the Trina's Directors and Senior Managers and notes that significant impact of these executive officers on Trina Solar's business. See the following extract:

Sales and Marketing

Over the years, we have expanded our distribution network globally. While our core solar module customer base continues to expand in China, the United States and Germany we continue to grow our sales and distribution channels into newer and emerging solar power markets, which include the United Kingdom, India, Australia and Japan, as well as other markets in Asia, Africa, the Middle East, Latin America and the Caribbean Islands. To grow our sales and reduce export to any particular market, we have broadened our geographic presence and diversified our sales among, distributors, wholesalers, power plant developers and operators, PV system integrators and regional and national grid operators through increased sales and marketing and customer support efforts.

¹ Organisational Structure, Trina Solar Limited Form 20-F, Page 48

² Note 18 Segment Information, Trina Solar Limited Form 20-F, Page F-62

To further expand our distribution network and enhance our sales and delivery capabilities, we have established **regional headquarters, warehouse operations** and have major sales offices in the locations listed below. **Our localised offices will continue to be supported by our global operations and administrative headquarters located in Changzhou, China**³. (Emphasis added).

Global Headquarters

Changzhou, China

Regional Headquarters

San Jose, California, US (January 2010)

Zurich, Switzerland (January 2010)

Singapore (November 2011)

Warehouse Operations

Rotterdam, the Netherlands (December 2008)

San Jose, California, US (June 2009)

Sales Offices

Beijing, China (July 2010)

Shanghai, China (July 2010)

Tokyo, Japan (February 2010)

Abu Dhabi, United Arab Emirates (December 2011)

Sydney, Australia (May 2011)

Chengdu, China (March 2012)

Urumqi, China (March 2012)

Santiago, Chile (September 2012)

Our marketing programs include participation in industry conferences, trade fairs and public relations events. Our sales and marketing group works closely with our research and development and manufacturing groups to coordinate our product development activities, product launches and ongoing demand and supply planning.

Tindo submits that it is quite obvious that the leadership team of Directors and Executive officers are integral to the strategic vision of the conglomerate and as such parent company/corporate expenses should be included in the constructed normal value for Trina Solar.

ReneSolar

In the case of ReneSolar the Commission assessed the dumping margins with regard to the following subsidiaries of Renesolar Ltd:

- ReneSolar Jiangsu
- ReneSolar Zhejiang
- ReneSolar Australia

³ Trina Solar Limited Form 20-F, Page 39

Tindo submits that the head office/corporate costs for **Trina Solar Limited** have not been addressed.

Tindo submits that the head office/corporate costs for **Renesolar Limited** have not been addressed.

Tindo notes that in the termination report the Commission states that:

In relation to the inter-company transactions between members of the Renesolar group, the Commission is satisfied that it has appropriately tested and accounted for relevant transactions. While the details of Renesolar's costs is confidential, the Commission is satisfied based on its verification that there has been no manipulation of the costs of inputs to the manufacture of PV modules or panels by Reneola.

Tindo is concerned that neither the verification report, the SEF nor the termination report show how the Commission has treated corporate overheads (directors and executive officers).

Tindo submits that in its 2013 Annual Report for ReneSolar Ltd and its subsidiaries consistently refers to "the Company" as its own entity.

Tindo submits that the Annual Report makes it quite clear that the strategic direction and policies of "the Company" is led by the directors and executive officers and that ReneSolar Jiangsu and ReneSolar Zhejiang are but 2 subsidiaries in a corporate structure of parent company and 39 subsidiaries. Tindo requests the Commission to analyse the company as a group and include headoffice costs in the constructed normal value for ReneSolar.

Suntech

With regard to Suntech the Commission looked at:

- Wuxi Suntech Power Co Ltd (Wuxi Suntech) – Exporter – 100% owned by Suntech Power Holdings
- Suntech Power Australia Pty Ltd (Suntech Australia) – Importer – 100 % owned by Suntech Power Investment Pte Ltd (Singapore) which is 100% owned by Power Solar Systems Co Ltd (British Virgin Islands) which is 100% owned by Suntech Power Holdings (Cayman Islands)

Tindo submits that the head office/corporate costs for **Suntech Power Holdings** have not been addressed.

Tindo notes that in the Suntech Power Holdings 2011 Annual report (the latest report available prior to Suntech Power Holdings filing for bankruptcy) Suntech Power Holdings was the parent to 40 subsidiary companies.

Tindo submits that the annual report clearly states that the group operates as a single entity.

We operate and manage our business as a single segment. We do not account for the results of our operations on a geographic or other basis, and we do not allocate expense among our various products and services⁴.

Tindo requests the Commission to review the accounts of the group and identify relevant costs including those of the Directors and Executive officers and include them in the constructed normal value for Suntech.

ET Solar

In the case of the ET Solar Group Corp the Commission looked at

- ET Solar Industry Limited (TT) – manufacturer
- ET Energy Co Limited (NY) – trading company
- ET Solar Energy Limited (EN) trading company for export

Tindo submits that the head office/corporate costs for **ET Solar Group** have not been addressed.

Tindo notes that that the ET Solar Group has a headquarters in Nanjing and more than 20 subsidiaries around the world. Tindo submits that ET Solar Group and its subsidiary operates under the direction of the President and CEO and as such headoffice costs should be included in the constructed normal value for ET Solar.

Summary

Tindo requests that the Commission include allocations of depreciation, capital expenditure and other development costs from the parent and relevant subsidiary accounts in the constructed normal values for Trina Solar, ReneSolar, Suntech and ET Solar.

⁴ Page 58, Suntech Power Holdings 2011 Annual report Attachment B-4.1.2a to Tindo application (Public File No 12)