



**INVESTIGATION NO. 239**

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

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

**IMPORTER VISIT REPORT**

**TRINA SOLAR (AUSTRALIA) PTY LTD**

**AND**

**TRINA SOLAR ENERGY DEVELOPMENT PTE LTD**

**THIS REPORT AND THE VIEWS OR RECOMMENDATIONS CONTAINED THEREIN WILL BE  
REVIEWED BY THE CASE MANAGEMENT TEAM AND MAY NOT REFLECT THE FINAL POSITION OF  
THE ANTI-DUMPING COMMISSION**

June 2014

# PUBLIC RECORD

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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
CTMS	Cost to make & sell
DDP	Delivery and duty paid
FOB	Free On Board
NIP	Non-injurious Price
PAD	Preliminary Affirmative Determination
SEF	Statement of Essential Facts
Trina Australia	Trina Solar (Australia) Pty Ltd
Trina Solar	Changzhou Trina Solar Energy Co., Ltd and Trina Solar (Changzhou) Science & Technology Co, Ltd
TCZ	Changzhou Trina Solar Energy Co., Ltd
TED	Trina Solar Energy Development PTE Ltd
TST	Trina Solar (Changzhou) Science & Technology Co, Ltd
The Parliamentary Secretary	the Parliamentary Secretary to the Minister for Industry
The Act	<i>The Customs Act 1901</i>
The Commission	Anti-Dumping Commission
The goods	the goods the subject of the application (also referred to as the goods under consideration or GUC)
USP	Unsuppressed Selling Price

## **1 BACKGROUND AND PURPOSE**

### **1.1 The Application**

On 4 February 2014, Tindo Manufacturing Pty Ltd (Tindo) lodged an application requesting that the Parliamentary Secretary to the Minister for Industry (Parliamentary Secretary) publish a dumping duty notice in respect of certain crystalline silicon photovoltaic modules or panels (PV modules or panels) exported to Australia from the People's Republic of China (China).

In the application Tindo alleged that it had suffered material injury caused by certain PV modules or panels exported to Australia from China at dumped prices.

Tindo claims that the Australian industry had been injured through:

- lost sales revenue;
- price depression;
- price suppression;
- loss of profit; and
- reduced profitability.

On 14 May 2014, the Anti-Dumping Commissioner (the Commissioner) initiated an investigation in the alleged dumping of PV modules or panels (the goods) exported to Australia from China. 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 Protection's Services (ACBPS) import database indicated that Trina Solar (Australia) Pty Ltd (Trina Australia) and Trina Solar Energy Development Pte Ltd (TED) imported PV modules or panels from China during the period 1 July 2012 to 31 December 2013 (the investigation period). Having considered that Trina Australia and TED are related entities (both Trina Australia and TED belong to Trina group of companies), we combined the import data for both Trina Australia and TED together for the purpose of our analysis.

On 14 May 2014, the Anti-Dumping Commission (the Commission) notified Trina Australia of the initiation of the investigation and sought their cooperation with the investigation and provided an importer questionnaire in respect of PV modules or panels to the company to complete. Trina Australia was also provided with a list of Trina Solar and TED's imports of PV modules or panels during the investigation period extracted from the ACBPS import database, with selected consignments for further verification to source documentation.

Trina Australia completed the importer questionnaire (providing information on behalf of TED), providing details regarding their overseas supplier's information, imports and importation and selling expenses. A copy of Trina Australia importer questionnaire response is at **Confidential Attachment GEN 1.**

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### 1.3 Purpose of visit

The purpose of the visit was to:

- confirm that the Trina Australia is an importer of certain PV modules or panels and to obtain information to assist in establishing the identity of the exporter(s) of the goods;
- verify information on importation of the goods to assist in the determination of export prices;
- establish whether the purchases of the goods were arms-length transactions;
- establish post-exportation costs;
- identify sales and customers and verify sales volume, selling prices and selling costs;
- obtain general information about the Australian market for the goods; and
- provide the company with an opportunity to discuss any issues it believed relevant to the investigation.

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

### 1.4 Visit

The details of the company were as follows:

<b>Company:</b>	Trina Solar (Australia) Pty Ltd and Trina Solar Energy Development PTE Ltd
Address of visit	Level 35, 60 Margaret St, Sydney
Visit date	4 July 2014
<b>Present at the visit</b>	
Trina Australia and TED	Mr Douglas Smith – Country Manager Ms Ying Ding - Finance Manager – Trina Australia Ms Chang Zou - Finance Manager - Trina Solar Energy Development
Consultant	Mr Roger Simpson – Roger D. Simpson & Associates
The Commission	Mr Sanjay Sharma - Manager Operations Peter McCrohan – Senior Investigator Operations

### 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);

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- provisional measures may be imposed and securities taken at the time of the PAD or at any time after the PAD has been made;
- the Commission will not make a PAD until it becomes satisfied that there appears to be, or that it appears there will be, sufficient grounds for the publication of a dumping duty notice;
- the Statement of Essential Facts (SEF) for the investigation was due to be placed on the public record by 1 September 2014. The Commission published Anti-Dumping Notice number 2014/77 on 1 September 2014, which stated that the Parliamentary Secretary has approved an extension to the SEF date. The SEF will now be placed on the public record by 5 November 2014 or such later date allowed by the Parliamentary Secretary under s.269ZHI of the Customs Act 1901 (the Act);
- the SEF will set out the material findings of fact on which the Commission intends to base its recommendations to the Parliamentary Secretary, and will invite interested parties to respond, within 20 days, to the issues raised therein;
- following receipt and consideration of the submissions made in response to the SEF, the Commission will provide its final report and recommendations to the Parliamentary Secretary; and
- the final report is now due on or before 20 December 2014, unless further extension to the SEF or final report is approved by the Parliamentary Secretary.

Trina Australia and TED were co-operative and had most of the required documentation available for the meeting and made a commitment to provide any further documentation and/or information required in a timely manner after our visit. Trina Australia and TED 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 companies that we would prepare a report of our visit (this report) and provide it to them to review its factual accuracy, and to identify those parts of the report it considers to be confidential. While the visit and information collated were for Trina Australia and TED, only one report was prepared.

We explained that, in consultation with Trina Australia and TED, we would prepare a public record version of the report, and place this on the investigation's public file.

## **2 THE GOODS**

### **2.1 Description**

The goods the subject of the application (the goods) are:

Certain crystalline silicon photovoltaic modules or panels, whether exported assembled or unassembled, and whether or not they have an inverter, capable of producing any power in terms of watt.

#### Exclusions:

The following product types are excluded from the application:

- cells and wafers of the type used in PV modules or panels;
- solar chargers that consist of less than six cells, are portable and supply electricity to devices or charge batteries; and
- PV products that are permanently integrated into electrical goods, where the function of the electrical goods is other than power generation, and where these electrical goods consume the electricity generated by the integrated crystalline silicon photovoltaic cell(s).

The application contains the following additional information in relation to the goods the subject to the application.

*A PV module is a packaged, connected assembly of PV cells. A PV cell is an electrical device that converts the energy of light directly into electricity by the photo-electric effect. It is a form of photoelectric cell which, when exposed to light, can generate and support an electric current without being attached to any external voltage source, but does require an external load for power consumption.*

*The two key species of silicon crystalline cells in commercial use are poly crystalline (also known as multi crystalline) and mono crystalline cells. Both PV modules composed of poly crystalline and mono crystalline silicon cells are the goods the subject of this application.*

*A PV panel (or array) is a set of PV modules electrically connected and mounted on a supporting structure. The PV module can be used as a component of a larger PV system to generate and supply electricity in commercial and residential applications.*

*The two forms of power generated by the two different types of PV modules or panels are alternating current (AC) and direct current (DC). The AC modules or panels are ready to be plugged into the grid by use of an on-board micro-inverter, while the DC PV modules or panels need to be connected to a separate inverter that converts the electricity generated to AC power. Both AC and DC PV modules and panels are included in the description of the goods.*

### **2.2 Tariff classification**

The goods are classified to the following tariff subheadings in Schedule 3 to the Customs Tariff Act 1995:

Certain crystalline silicon photovoltaic modules or panels – Importer Visit Report – Trina Solar (Australia) Pty Ltd and Trina Solar Energy Development Pte Ltd.

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- 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 per cent.

There is currently no tariff concession order (TCO) applicable to the goods.

### 2.3 Like goods

During the investigation period, Trina Australia and TED imported PV modules or panels that were

[Description of imports]

Trina Australia and TED claim 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 Australia stated that PV modules or panels with power output of more than 300 watts, which are mostly used in 'utility' scale ground mounted projects, should be excluded from the investigation.



### 3 COMPANY DETAILS

#### 3.1 Company Background

Trina Australia and TED are wholly owned subsidiaries of Trina Solar Limited. At the visit Trina Australia and TED provided a detailed company structure as shown in Figure 1 below:



Figure 1: Company Structure

Trina Solar Limited was established in 1997 and its head office is based in China. Trina Solar Limited listed on the New York Stock Exchange (NYSE) in 2006. 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). At the visit, Trina Australia provided the Trina group's company structure (**Confidential Attachment GEN 3** refers)

Trina group of companies specialise in the manufacture of crystalline silicon photovoltaic modules. Trina Australia and TED stated that the 'Trina' brand of PV modules or panels has a big presence in Europe and the United States of America.

At the visit, Trina Australia and TED made a power point presentation outlining the company's business background and details. A copy of the power point presentation is at **Confidential Attachment GEN 4**.

Trina Australia was established in [REDACTED]. In [REDACTED] (referred to as stage 2 in Figure 2 below), a formal structure was established to supply PV modules or panels to the Australian market by the Trina group.

Prior to [REDACTED] (referred to as stage 1 in Figure 2 below), TED based in Singapore, was importing and supplying the goods into the Australian market. During stage 1 while the goods were predominantly imported and supplied by TED, Trina Australia also imported some goods and supplied to the Australian market.

Both Trina Australia and TED sourced PV modules or panels from Changzhou Trina Solar Energy Co., Ltd (TCZ) and/or from Trina Solar (Changzhou) Science & Technology Co., Ltd (TST) (hereafter TCZ and TST are together referred to as Trina Solar).

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Trina Solar is the manufacturer of PV modules or panels based in China. Figure 2 below generally describes the supply chain of the goods in the investigation period.

**\*\* Please delete table \*\*Figure 2: Supply chain during investigation period**

Trina Australia and TED imported and supplied PV modules or panels to the wholesalers and retailers only. Trina Australia and TED did not supply any PV kits or other accessories in the investigation period.

Trina Australia and TED claim that they supplied close to █████ MW in the last two years (2012 and 2013) in the Australian market. Trina Australia currently employees █████ staff who are considered to be high level employees looking after business functions of Trina Australia.

Trina Australia and TED claim that their main strengths are their strong business ethic, trustworthiness, and reliability and quality products.

### 3.2 Accounting structure and details of accounting systems

Trina Australia and TED's financial year are from 1 January to 31 December.

Trina Australia and TED use █████ software business enterprise accounting system for its financial records, payroll, inventory controls and reporting.

Being a listed company 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 FY2013.

### 3.3 Relationship with suppliers and customers

#### 3.3.1 Relationship with Suppliers

From the ACBPS import database we noted that Trina Australia and TED together imported █████ units of PV modules or panels from the following related suppliers during the investigation period.

Supplier	Volume (Units)
CHANGZHOU TRINA SOLAR ENERGY CO LTD (TCZ)	██████████
TRINA SOLAR (CHANGZHOU) SCIENCE & TECH. CO. (TST)	██████████
TRINA SOLAR ENERGY DEVELOPMENT PTE LTD (TED)	██████████
<b>Grand Total</b>	██████████

**Table 1: Suppliers by quantity**

From the ACBPS import database we noted that the supplier details for █████ units of PV modules or panels that were imported during the investigation period were omitted.

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Trina Australia confirmed the supplier for those goods was TED. Prior to the visit, Trina Australia also confirmed that the volume of imports of the PV modules or panels shown in the ACBPS import database was correct.

At the visit Trina Australia and TED stated its suppliers of the PV modules or panels were related as part of the Trina group of companies. Trina Australia and TED stated that all transactions with its suppliers in the investigation period were at arm's length.

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

### 3.3.2 Relationship with Customers

During the investigation period, Trina Australia and TED sold [redacted] units of PV modules or panels to approximately [redacted] customers, where [redacted] customers were [redacted] [level of trade and [redacted] customers were [redacted] [level of trade] Trina Australia's business model in the investigation period was to sell to wholesalers and retailers only.

A summary of Trina Australia and TED's [redacted] [level of trade'] customers and top five [redacted] [level of trade] customers of the PV modules or panels sold in the investigation period is shown in Table 2.

Level of trade	Customer name	Total Quantity (units)	Total Quantity Watts	Total invoice price	Price per watt
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	<b>Total</b>	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	<b>Total</b>	[redacted]	[redacted]	[redacted]	[redacted]

Table 2: Trina Australia and TED customers

We noted that during the investigation period Trina Australia and TED's weighted average selling price for the [redacted] [customer level of trade] of PV modules or panels was AUD [redacted] per watt while the weighted average selling price of PV modules or panels for the top five [redacted] [customer level of trade] was AUD [redacted] per watt.

Trina Australia and TED are not related to any of their customers. The companies stated that Trina Australia and/or TED

[redacted] [business practise]

**4 AUSTRALIAN MARKET AND SALES**

**4.1 General**

Trina Australia and TED claim that by the end of 2013, more than 3 gigawatts (GW's) of PV modules or panels have been installed in Australia. Trina Australia and TED provided the following overview of the Australian market for the PV installations. Trina Australia and TED sourced the data from 'IMS Research', 'SolarBuzz', 'Solar Business services', and 'SunWiz'.

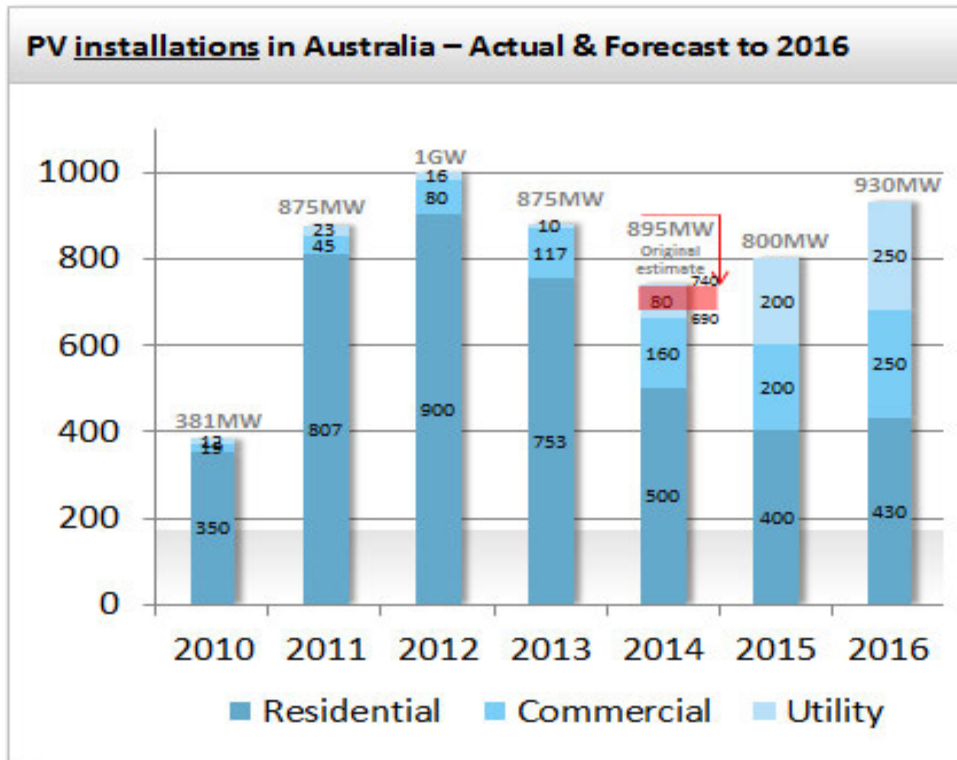


Figure 3: PV installation in Australia between 2010 and 2016 (actual and forecast)

Trina Australia and TED stated that the Australian market for PV modules or panels has been slowing down since mid-2013 due to the withdrawal of feed-in-tariffs for the residential market by the Australia State and Territory Governments.

Trina Australia and TED stated that based on their forecasts, despite the withdrawal of the feed-in-tariff subsidy, the PV modules or panels market will turn around and continue to grow from mid-2015 as shown in Figure 3 above. This is due to the increasing electricity costs, which is encouraging the commercial sector to switch to solar energy hence further growth in this sector. The other factor is the Federal Government's provision of 'Small-scale Technology Certificates' (STCs). Trina Australia claims that the commercial market and large scale utility projects will be driving the growth of the PV modules or panel market over the next two years while the residential market will be 'flat' in 2015 and 2016.

Trina Australia and TED stated that one of the major barriers to realise the above forecast targets in 2015 and 2016 was the current political uncertainty regarding the abolishing of 'renewal energy targets (RET)'. Trina Australia and TED claim that due the uncertainty regarding RET, some major utility projects have been stalled. Trina Australia and TED

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also stated the unavailability of commercial grid connections and difficulty in creating 'Power Purchase Agreements' (PPA's) with current major electricity suppliers could also hinder the growth PV modules or panels in the commercial markets in 2015 and 2016.

Trina Australia and TED claim that since 2010 there has been a shift in the PV modules or panels market from mono-crystalline to poly-crystalline as poly-crystalline PV modules or panels are less costly to manufacture and are therefore cheaper. Trina Australia and TED stated that the prices of PV modules or Panels have been declining worldwide since 2012 mainly due to the advancement of technology, substantial decline in the cost of the major raw material (polysilicon) and due to increasing competition.

Trina Australia and TED stated that their major competitors are [REDACTED].

Trina Sola and TED also claim that [REDACTED] are price setters in the importer market and [REDACTED] are the price setters in the wholesale market and [REDACTED] are price setters in the retail market.

### 4.2 Distribution and Selling

As discussed in section 3.1 of this report, two different distribution and selling processes were followed in the investigation period referred to as stage 1 and stage 2. We noted that while Stage 2 was established from [REDACTED], Trina Australia imported PV modules or panels from TED during Stage 1. As such there was an 'overlap' of sales between TED and Trina Australia in stage 1.

#### Stage 1

In the investigation period stage 1 is from [REDACTED] to [REDACTED]. During stage1 TED was generally responsible for taking orders from the Australian customers, processing the orders, organising delivery, invoicing and collecting payments. All PV modules or panels supplied by TED were manufactured by Trina Solar.

During Stage 1, Trina Australia assisted TED by negotiating the final price of the PV modules or panels with TED customers and with general administration. Expenses incurred by Trina Australia in relation to the sales by TED were not always reimbursed by TED and/or by the manufacturers TCZ and TST..

We also noted that during Stage 1, at times Trina Australia sourced the goods from TED and supplied to its customers.

#### Stage 2

In the investigation period stage 2 is from [REDACTED] to [REDACTED]. During Stage 2 Trina Australia was responsible for taking orders from the Australian customers, processing the orders, organising delivery, invoicing and collecting payments. All PV modules or panels imported by Trina Australia were sourced from TED and were manufactured by Trina Solar.

During Stage 2 TED did not supply any PV modules or panels directly to the Australia market.

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During stage 2, Trina Australia

[REDACTED]  
[REDACTED]. [business practise]

Trina Australia and TED provided

[REDACTED]  
[REDACTED] [business practise] at **Confidential Attachment SALES 1 and Confidential Attachment SALES 2**.

Trina Australia

[REDACTED] [logistic arrangements]

### 4.3 Australian Sales

In its response to the importer questionnaire Trina Australia provided line-by-line sales data of all sales of PV modules or panels in the investigation period. We noted that [REDACTED] units of PV modules were sold in the investigation period compared to [REDACTED] units imported in the same period. Trina Australia stated that the difference was because Trina Australia provided the sales data for Trina Australia only (Stage 2 sales) and omitted the sales of the PV modules or panels by TED (stage1 sales).

At the visit we asked and Trina Australia provided all sales by Trina Australia and by TED in investigation period (**Confidential Attachment SALES 3** refers).

From the revised sales data (Trina Australia and TED), we noted that the total sales volume of the PV modules or panels in the investigation period was [REDACTED] units with a total value of [REDACTED].

Trina Australia stated that in the investigation period approximately [REDACTED] percent of the sales to Australian customers were direct sales between TED and to its Australian customers.

### 4.4 Rebates and discounts

Trina Australia and TED stated that

[REDACTED] [pricing practise] in respect of sales of PV modules or panels. Through the verification processes discussed at Section 4.6 we identified [REDACTED] [pricing]

### 4.5 Commission

Trina Australia and TED stated that

[REDACTED] [pricing practise] in respect of sales of PV modules or panel. Through the verification processes discussed at Section 4.6 we identified [REDACTED] [pricing]

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### 4.6 Sales of imported shipments

From the importer questionnaire spread sheet we noted that for shipment 8 no sales data was provided. At the visit Trina Australia stated that the reason for the omission of sales data for shipment 8 was that those goods were not yet sold. Trina Australia stated that some imports are kept in its storage warehouse as 'reserve' stock to meet unexpected customer demands.

### 4.7 Sale verification to source documents

Prior to the visit, the Commission selected the following twelve sales invoices from the sales data provided by Trina Australia, which included three TED sales.

Customer	Invoice Date	Invoice Number	Total invoiced Price (AUD)	Net invoice price per watt (\$)	Delivery terms
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
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**Table 3 – Selected 12 Trina Australia sales invoices**

Prior to the visit, Trina Australia provided the following source documents (including source documents of the sales by TED) for the verification in relation to the twelve selected shipments:

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

The above source documents are at **Confidential Attachment SALES 4**.

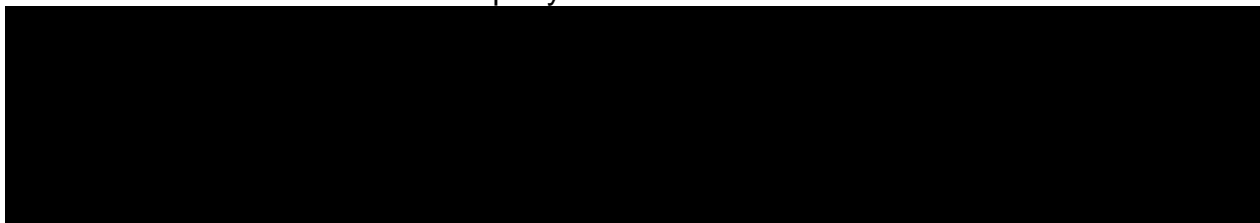
We compared the invoice details (value, quantity, invoice date and delivery terms) to Trina Australia’s and TED’s sales listings. There were no deficiencies noted.

We are satisfied that invoice details recorded in Trina Australia’s and TED’s sales records provided are accurate, and that Trina Australia’s and TED’s customers paid the invoiced amounts for these transactions.

### 4.7.1 Upward sales verification

At the visit Trina Australia and TED provided ‘Form 20-F’ for the FY2013 that was submitted to the United States Securities and Exchange Commission by Trina Solar Limited. Form 20-F contained Trina group’s consolidated audited financial statements for the FY2013. On page 55 of the Form 20-F, we noted that the net sales to Australia in the FY2013 was USD [REDACTED], which accounted for [REDACTED] percent of the total net sales of the PV modules or panels by the Trina group of companies (**Confidential Attachments SALES 5** refers).

Trina Australia stated that the company



[REDACTED] [financial reporting arrangements] at **Confidential Attachment GEN 5**.

Trina Australia provided monthly management accounts including general ledger, trial balance and monthly income statements for Trina Australia for the investigation period (**Confidential Attachment SALES 6 and Confidential Attachment SALES 7** refers).

No detailed financial information was provided for TED.



## PUBLIC RECORD

### Trina Australia

We compared the sales revenue contained in the general ledger accounts to the trial balance for the FY2013. We also compared the sales revenue shown in the trial balance with the income statement for FY2013. We did not find any variance between the sales revenue recorded in the general ledger, trial balance and the income statement for the FY2013. We then compared the sales data provided by Trina Australia in Part C of the importer questionnaire to the income statement for the FY2013. We noted that some of the sales data provided in response to the importer questionnaire were in US dollars (USD) while others were in Australian dollars (AUD). Trina Australia stated that the invoice values are recorded in USD for customers who pay in US dollars and in AUD by customers who pay in Australian dollars.

We used the Reserve Bank of Australia (RBA) average exchange rate for 2013 to convert the USD sales to AUD. We noted a difference of AUD [REDACTED] ([REDACTED] percent). This difference is likely to be due to the average exchange rate used to convert USD sales to AUD sales.

We also compared sales revenue submitted in response to the importer questionnaire to the income statement for the period July to December 2012. We noted a variance of AUD [REDACTED] ([REDACTED] percent), with the income statement revenue being lower. Trina Australia explained that the difference was due to some TED sales being taken as Trina Australia's sales in the importer questionnaire.

For completeness, we compared the total sales revenue stated in 'Form 20-F' for the FY2013 with Part C of the importer questionnaire. We noted the group financial statements were in USD. We used the monthly average RBA exchange rate for 2013 to convert the sales in AUD in the importer questionnaire to USD. We noted a variance of USD [REDACTED] ([REDACTED] percent) with the revenue in 'Form 20-F' being [REDACTED]. The variance is likely to be due to the fluctuating exchange rate throughout 2013.

The summary of upwards reconciliation of the sales revenue is at **Confidential Attachment SALES 8**.

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

#### **4.7.2 Profitability of sales**

As discussed in Section 5.8 of this report, no sales data was provided for shipment 8.

We calculated the total profit for the nine shipments. We noted that [REDACTED] [profitability] The profit range for the nine shipments ranged from [REDACTED] [profitability] The weighted average [REDACTED] [profitability] The profit calculation is at **Confidential Appendix 1**

From the monthly income statements for the period July to December 2012, we noted [REDACTED] [profitability] (**Confidential Attachment Sales 7** refers).

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**PUBLIC RECORD**

## 5 IMPORTS

### 5.1 Background

From the ACBPS import database we noted that Trina Australia imported approximately [REDACTED] units of PV modules or panels during the investigation period. Prior to the visit Trina Australia confirmed that the total volume of PV modules or panels imported by the Company were correctly recorded in the ACBPS import database. A list of all importations of the PV modules or panels by Trina Australia during the investigation period is at **Confidential Attachment IMP 1**.

### 5.2 Ordering process

As discussed in section 4.2 of this report in Stage 1, both Trina Australia and TED imported and supplied PV modules or panels to the Australian Market. However in stage 2, Trina Australia imported all PV modules from the TED and supplied it to the Australian market.

The average time lag for each order and the delivery to an Australian port is around [REDACTED] weeks. All orders are per container and the standard container size has [REDACTED] pellets. The ordering process of the PV modules in both stage 1 and stage 2 is discussed as follows:

#### Stage 1

TED's ordering process is as follows:

[REDACTED]

[Order process]

#### Stage 1 and Stage 2

Trina Australia's ordering process is as follows:

[REDACTED]

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[Redacted]

### 5.3

[Redacted] [Order process] Credit Terms

#### TED

The invoices issued by [Redacted] stated the credit terms as [Redacted] stated that the credit terms for the goods sourced from [Redacted] the date of invoice. We also noted in the response to the exporter questionnaire by Trina Solar that it stated the credit terms were [Redacted] for all goods supplied to [Redacted] [Credit terms]

#### Trina Australia

All sales of PV modules by TED to Trina Australia had credit terms of [Redacted] from the Bill of Lading date. From the source data provided we also noted [Redacted] credit terms to pay [Redacted] [Credit terms]

### 5.4 Volume of trade

Prior to the visit, the Commission forwarded a download from ACBPS import database of all imports under the relevant tariff sub-heading in the investigation period (**Confidential Attachment IMP 1** refers).

### 5.5 Forward orders

Trina Australia stated there were [Redacted] at the time of our visit. Trina Australia stated that it had

he

[Redacted] [Confidential information on forward orders]

### 5.6 Verification of imports

Prior to the visit, the Commission selected ten shipments as shown in Table 5 below from the ACBPS import database and requested Trina Australia to provide the source documents for each of the selected shipments.

## PUBLIC RECORD

Shipment Number	Customs entry number
1	ACAYJLGJN
2	ACA4PRNL7
3	ACAHXWM9G
4	AA9LAYW4H
5	AA7767CRX
6	AA93MJTL3
7	ACEX9T47S
8	ACE7T7HTG
9	ACCX4HG3A
10	ACCW9A4X6

**Table 5 – Selected ten shipments**

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

- Commercial invoices;
- Packing lists;
- Bills of lading;
- Customs broker and domestic freight invoices; and

The above source documents are at **Confidential Attachment IMP 2**.

For each shipment we used the source documents provided to compare to the listed quantity, invoice value and Australian importation costs in Part B of the importer questionnaire spreadsheet. We did not find any discrepancies.

We are satisfied that the listed quantity, invoice value and Australian importation costs in Part B are correct.

### Proof of payment

We noted that the proof of payment in relation to the ten shipments was omitted. At the visit we requested and Trina Australia provided the proof of payment documents for the ten selected shipments.

### TED

*Trina Australia*

## PUBLIC RECORD

[redacted] [confidential information on payment of shipments]

### 5.7 Supplier details

The commercial invoice details supplied by TED confirmed that in the investigation period the PV modules or panels were manufactured and supplied by:

- TCZ; and
- TST.

At the visit Trina Australia stated that all PV modules or panels imported by Trina Australia during the investigation period (both in Stages 1 and 2), the invoices were raised by TED and goods were manufactured and supplied by TCZ and/or by TST. All payments by Trina Australia were made to TED.

All PV modules or panels imported by TED during the investigation period (Stage 1 only), the goods were manufactured and supplied by Trina Solar. All payments by TED were made to Trina Solar.

### 5.8 Importation costs

From the importer questionnaire spreadsheet we noted that nine of the ten shipments were on CIF terms. The table below shows the weighted average importation costs for the nine shipments

Importation details	Weighted Average Cost per watt
Customs entry fee	xxxxxxx
Customs Clearance/brokers fees	xxxxxxx
Port service charges	xxxxxxx
Delivery	xxxxxxx
EDI fee	xxxxxxx
Empty time slot fee	xxxxxxx
Container Unpack	xxxxxxx
Order Picking Fee	xxxxxxx
Handling Out Pallets	xxxxxxx
<b>Total</b>	xxxxxxx

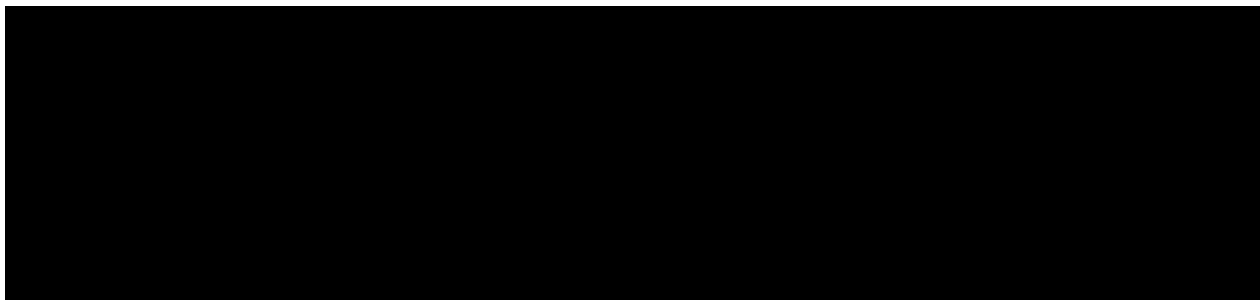
Table 6 – Importation costs

The weighted average importation cost for the nine shipments was AUD [redacted] per watt. The importation costs calculations are at **Confidential Appendix 1**.

### 5.9 Selling, General and Administration costs

[redacted]  
Certain crystalline silicon photovoltaic modules or panels – Importer Visit Report – Trina Solar (Australia) Pty Ltd and Trina Solar Energy Development Pte Ltd.

## PUBLIC RECORD



(Confidential Attachment  
IMP 3 refers) [Selling terms and SG&A expense]

We are satisfied that SG&A expenses used as a percentage of sales for the selected shipments is correct and can also be reliably applied to sales for the 6 months ending 31 December 2012.

### 5.10 Export price

Based on the verified data and the Commission's findings the Commission identified issues regarding arm's length transactions from Trina Solar to

Under subsection 269TAB(1)(b) if transactions are not at arm's length the export price is the price at which the goods were sold by the importer less prescribed deductions under subsection 269TAB(2). Therefore the export price will likely be calculated using the deductive export price method. Additional information in relation to TED's expenses is required in order to calculate the export price using this methodology so an export price has not been calculated for the purpose of this importer visit report.

## **6 WHO IS THE IMPORTER AND EXPORTER**

### **6.1 Who is the importer?**

#### Trina Australia

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

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

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

#### TED

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

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

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

### **6.2 Who is the exporter?**

The Commission will generally identify the exporter as:

- a principal in the transaction, located in the country of export from where the goods were shipped, who gave up responsibility by knowingly placing the goods in the hands of a carrier, courier, forwarding company, or their own vehicle for delivery to Australia; or
- A principal in the transaction located in the country of export, which owns, or previously owned, the goods but need not be the owner at the time the goods were shipped.

From the source documentation provided, we noted that:

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

From our discussions with Trina Australia and the evidence provided we consider that TED was a 'trading company' based in Singapore and that TED does not manufacture the goods and therefore is not the exporter.



## **PUBLIC RECORD**

TCZ and TST manufactured the goods and gave up the goods for shipment directly to Trina Australia and/or to TED Australian customers in the investigation period.

Subject to further inquiries, we are satisfied that TCZ and TST can be considered to be the exporters of PV modules or panels imported by Trina Australia and/or by TED during the investigation period.

## 7 ARMS LENGTH

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

S.269TAA outlines the circumstances in which the price paid or payable shall not be treated as arm's length. These are where:

- there is any consideration payable for in respect of the goods other than price;
- the price is influenced by a commercial or other relationship between the buyer, or an associate of the buyer, and the seller, or an associate of the seller; and
- in the opinion of the Parliamentary Secretary, the buyer, or an associate of the buyer, will, directly or indirectly, be reimbursed, be compensated or otherwise receive a benefit for, or in respect of, the whole or any part of the price.

Furthermore, where:

- goods are exported to Australia otherwise than by the importer and are purchased by the importer from the exporter (whether before or after exportation) for a particular price; and
- the Parliamentary Secretary is satisfied that the importer, whether directly or through an associate or associates, sells those goods in Australia (whether in the condition in which they were imported or otherwise) at a loss;

the Parliamentary Secretary may treat the sale of those goods at a loss as indicating that the importer or an associate of the importer will, directly or indirectly, be reimbursed, be compensated or otherwise receive a benefit for, or in respect of, the whole or a part of the price.

As discussed in section 4.7.2 of this report, the PV modules or panels selected and examined by the Commission were [REDACTED] [profitability] The income statement for the FY2013 and for the 6 months to 31 December 2012 also indicated that the PV modules or panels imported and sold by Trina Australia and by TED in the Australian market during the investigation period were [REDACTED] [profitability]

We noted that selling and administration expenses in relation to the sales made on behalf of TED

[REDACTED] [inter-company financial arrangements]

Furthermore, as discussed in section 5.6 of this report, we were not able to verify the proof of payments by TED to Trina Solar and by Trina Australia to TED.

Therefore, at this stage we are not satisfied that sales between Trina Australia, TED and Trina Solar were arm's length transactions.

## **8 DUMPING, MATERIAL INJURY AND CAUSATION**

Trina Australia claims that since 2012 the price of the major raw material (predominately polysilicon) used to manufacture PV modules or panels has declined substantially. The decline in the price of polysilicon encouraged new manufactures of PV modules or panels to enter the market that led to increased competition, which in turn led lower the prices of the PV modules or panels market worldwide.

Trina Australia claims that if there was any dumping, it would be by the 'Tier 2' and 'Tier 3' suppliers of PV modules or panels and not by 'Tier 1' suppliers<sup>1</sup>. Trina Australia claims that Trina Solar is a Tier 1 company.

Trina Australia claims that the Commission selected only 'Tier 1' suppliers of PV modules or panels in its sample. Trina Australia stated that based on the Commissions approach, the non-sampled exporters who are mostly 'Tier 2' or 'Tier 3' suppliers of PV modules or panels that may be dumping the goods in the Australia market are likely to get away with lesser or no dumping margins.

Trina Australia claims that the 'particular market situation' allegation in the application is weak and that the assertions that the prices of PV modules or panels in domestic Chinese market were influenced by the Government of China (GOC) cannot be substantiated by the Applicant. Trina Australia claims the GOC did not influence the PV module or panels market in China in the investigation period.

Trina Australia claims that the Australian industry is not capable of producing and supplying utility scale PV modules or panels (PV modules with power output of more than 300 watts) and that the Australian industry did not suffer any injury from the utility scale PV modules or panels. Therefore, Trina Australia stated that PV modules or panels with power output of more than 300 watts used in the utility scale projects should be excluded from the investigation.

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<sup>1</sup> Tier 1 manufacturers are those which have provided own-brand, own-manufacture products to five different projects, which have been financed non-recourse by five different (non-development) banks, in the past two years. Tier 2 manufacturers are those which have supplied product to some projects with bank financing and have some industry reputation. Tier 3 manufacturers are those for whom there is little data regarding deployment of their products or which have filed for insolvency protection. This information has been sourced from the following link.: [http://about.bnef.com/content/uploads/sites/4/2012/12/bnef\\_2012-12-03\\_PVModuleTiering.pdf](http://about.bnef.com/content/uploads/sites/4/2012/12/bnef_2012-12-03_PVModuleTiering.pdf)

## **9 UNSUPPRESSED SELLING PRICE**

Unsuppressed selling price (USP) and non-injurious price (NIP) issues are examined at an early stage of an investigation and, where possible and appropriate, preliminary examinations are made during the application consideration period for the purpose of assessing injury and causal link and therefore the appearance of reasonable grounds for the publication of a dumping duty notice.

The Commission generally derives the NIP by first establishing a price at which the applicant might reasonably sell its product in a market unaffected by dumping. This price is referred to as the USP.

The Commission's preferred approach to establishing USPs observes the following hierarchy:

- industry selling prices at a time unaffected by dumping;
- constructed industry prices – industry cost to make and sell plus profit; or
- selling prices of un-dumped imports.

Having calculated the USP, the Commission then calculates a non-injurious price by deducting the costs incurred in getting the goods from the export free on board point (or another point if appropriate) to the relevant level of trade in Australia. The deductions normally include overseas freight, insurance, into-store costs and amounts for importer expenses and profit.

At the time of the visit we explained the purpose and calculation of USP and NIP. Trina Australia did not have any comments on the calculation of an USP or NIP.

## **10 RECOMMENDATIONS**

Trina Solar was the major supplier of PV modules or panels to Trina Australia and to TED in the investigation period. Trina Solar has been selected for sampling.

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

As a result of the importer questionnaire submitted by TED and the verification conducted on site, we are of the opinion that in relation to TED's purchases from Trina Solar:

- 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 unlikely to be arm's length transactions; and
- the goods are subsequently sold by the importer in the condition in which they were imported to a person who is not an associate of the importer.

Based on the above assessment, we recommend export price 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 Trina Australia we are of the opinion that:

- the goods have been exported to Australia otherwise than by the importer;
- the goods have not been purchased by the importer from the exporter;
- the purchases of the goods by the importer were unlikely to be arm's length transactions; and
- the goods are subsequently sold by the importer in the condition in which they were imported to a person who is not an associate of the importer.

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

## PUBLIC RECORD

### 11 APPENDICES AND ATTACHMENTS

<b>Confidential Attachment</b>	<b>Description</b>
Confidential Appendix 1	Profit and Importation Costs
Confidential Appendix 2	Export Price
Confidential Attachment GEN 1	Trina Australia's response to Importer Questionnaire
Confidential Attachment GEN 2	Importer visit agenda
Confidential Attachment GEN 3	Trina's company structure
Confidential Attachment GEN 4	Copy of PowerPoint presentation
Confidential Attachment GEN 5	ASIC class order for audit relief
Confidential Attachment SALES 1	Customer price list – Stage 1
Confidential Attachment SALES 2	Customer price list – Stage 2
Confidential Attachment SALES 3	Revised sales – Part C of the importer questionnaire
Confidential Attachment SALES 4	Selected sales source documents
Confidential Attachment SALES 5	FORM 20-F for the FY2013
Confidential Attachment SALES 6	FY2013 General ledger, Trial balance
Confidential Attachment SALES 7	Monthly income statements for Trina Australia for the IP
Confidential Attachment SALES 8	Summary of upwards reconciliation
Confidential Attachment IMP 1	All Imports by Trina Australia in the IP from ACBPS import database
Confidential Attachment IMP 2	Source documents for the ten Selected shipments
Confidential Attachment IMP 3	SG&A Calculation