

7 September 2015

This submission is made to the Anti-Dumping Commission with regard to the alleged dumping of certain crystalline silicon photovoltaic (PV) modules or panels exported from the People's Republic of China (China).

Tindo is concerned that the Commission's approach for assessing the causal link between dumping of Chinese PV modules and the material injury being suffered by Tindo is based on a mathematical calculation rather than an analysis of whether the sale of dumped imports are suppressing domestic prices.

In the SEF the Commission assessed a weighted average dumping margin of 3.9% and presented 3 methodologies for calculating the rate of price undercutting with weighted average percentages ranging from 20 to 45%. The Commission then concluded that the injury, to the Australian industry or the hindrance, to the Australian industry's established caused by the PV modules or panels exported to Australia at dumped prices is negligible.

Tindo provided a detail response to the SEF and Tindo appreciates that the Commission continued the investigation.

Tindo does not understand the Commission's approach to assessing the causal link by way of the following simple tests:

1. If the % dumping found by the Commission equals the % price undercutting assessed by the Commission, possibly less an amount for being a local producer then there is a causal link.
2. If the % dumping found by the Commission is less than the % price undercutting assessed by the Commission, possibly less an amount for being a local producer then there is no causal link.

Tindo notes that the legislation does not require the Commission to address the causation issue in this way. Tindo argues that what is relevant is that the injury to the domestic industry can be reasonably attributed to the subject imports.

In its SEF the Commission found the following:

**Tindo**

- market share is less than 1 per cent
- Tindo predominately sells AC PV modules
- only 4.7 % of Tindo sales volume is DC PV
- 20% of Tindo's sales were to wholesalers

**Imports from China**

- market share is over 89%
- imports from China re predominantly DC PV modules
- top 4 exporters accounted for around 35% of export volume from China
  - Renesola Jiangsu
  - Trina Solar
  - ET Solar Energy
  - Wuxi Suntech

- individual export volumes by the remaining suppliers each represented 2 per cent or less of total export volume
- the 5 co-operating importers (by volume), represent 28% of imports from China
  - Renesola Australia
  - Solargain PV
  - Solar Juice
  - Trina Solar
  - True Value Solar
- one of the importers did not sell DC PV modules to distributors and/or retailers

In the SEF the Commission undertook the following price undercutting calculations:

1. Comparison of the weighted average prices (predominantly DC PV) of the 4 cooperating importers that sell to distributors with Tindo's weighted average prices (predominantly AC PV) inclusive of a micro-inverter and found a weighted average difference of 45%.
2. Comparison of the weighted average prices (predominantly DC PV), inclusive of a string inverter of the 4 cooperating importers that sell to distributors with Tindo's weighted average prices (predominantly AC PV) inclusive of a micro inverter and found a weighted average difference of 40%
3. Comparison of the weighted average prices (predominantly DC PV) with a string inverter of the 4 importers that sell to end users inclusive of installation with Tindo's weighted average prices with a micro-inverter inclusive of installation (predominantly AC PV) and found a weighted average difference of 20%.

Tindo submits that the difference between the price comparisons and the dumping margin confirms that the AC panels are a premium product<sup>i</sup> and that there is a price difference between a string inverter and a micro-inverter. Tindo resubmits that a more reasonable method would be to compare prices of the imported DC models with the prices of Tindo DC models.

In terms of assessing causal link Tindo contends that a more logical approach to is working out whether dumped imports have suppressed Tindo's prices for DC and AC panels.

In support of Tindo's claim that the dumped imports have caused material injury to the Australian industry, Tindo submits the following:

#### **Price suppression, lost revenue, lost sales, lost profits and lost profitability**

##### Price suppression

Tindo has calculated in the attached spreadsheet (Confidential Attachment Undercutting examples) the effect of the dumped imports on its revenue, sales and profits.

The spreadsheet references sales and quotations won and lost during the investigation period, some of which have previously been provided to the Commission.

The spreadsheet identifies the revenue lost from the identified sales and quotations at the margins identified in the SEF as approximately [REDACTED]

This amount of lost revenue:

- is over █ of total revenue;
- is material;
- can be linked to the effects of the dumped imports; and
- is separate to any other injury caused by other factors, including the effect of undumped imports or price effects of imports at an undumped price.

The amount of revenue lost at margins Tindo considers should apply in the identified market situation is approximately █ and over █ of revenue.

Tindo contends that the identified injurious loss of revenue can be causally linked to the effects of the dumped imports and the amount of dumping.

In addition Tindo has identified lost revenue and sales that it would have won if the imports were not dumped. These sales have been identified from the customer survey which also shows that customers were prepared to pay a price premium for the Tindo product. This price premium is also evidenced in sales that Tindo has won. The revenue from these lost sales is approximately █ and is material.

Tindo also has evidence that customers are prepared to pay a premium for Tindo panels as per the following comments.

*“I’m sure people would pay a small premium for better technology”*

*“In general a small difference between quality modules made overseas and modules manufactured in Australia you can move the customer to the Australian made modules”*

*“Discussions with customers indicate they are not interested in Tindo if difference is greater than 10-15% above a genuine German panel and inverter solution.”*

*“clients had no problem paying it once I explained the benefits”*

*“We get █ systems for around █ /watt. SiMax/APS for much less. If this is the budget end of the micro market, we would need Tindo to come in at around █ /Watt.”*

The customer survey has previously been provided to the Commission.

Tindo has attached documents showing that it also still competitive in the market for DC panels, including evidence of a recent sale and a comparison of dumped and undumped import prices from major competitors in the market. (Confidential Attachment Price comparison).

Above evidence clearly shows that in a market where the Chinese imports have almost 90% of the market share Tindo was forced to decrease its prices due to the pressure of the dumped imports.

Tindo also contends as per its previous submissions that it was actively responding to price pressures in the market and has provided evidence of those price pressures and price reductions.

Tindo submits that the average dumping margin of ■ would translate to a price increase of ■ in the market if the imports were undumped. This price increase would translate to a revenue increase of ■ for Tindo during the investigation period.

Effectively Tindo's revenue was suppressed by a minimum of at the very least of ■ due solely to the effects and size of the dumping margin. This amount is material and can be causally linked to the dumped imports.

Tindo further submits that margins realistically reflecting the market situation and costs in China would increase the effect of the price and revenue suppression experienced.

#### Lost sales

As part of its application and at the industry verification visit Tindo included a market survey which was conducted in February 2013 (Refer Application – Confidential Attachments A – 9.5.14). The survey clearly shows that had Tindo been able to meet the prices of the respondents Tindo would have increased its sales.

Tindo has also identified sales that it considers it would have won, ■ and ■, that it would have reasonably expected to win if imports were priced at an undumped price at the margins identified in the SEF.

#### Lost profits and profitability

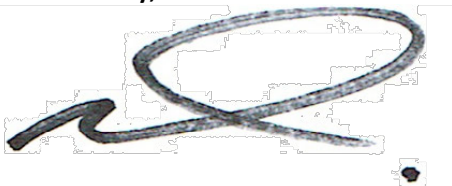
The flow on effect of these lost sales affected Tindo's CTMS in terms of by way of reducing fixed overhead costs per unit. This affected profitability and profits.

The identified lost revenue from price suppression had a direct effect on profits and profitability. Every dollar lost due to price suppression caused by price undercutting and price competition was a dollar lost in profit.

Tindo contends this lost profit was material and solely caused by the dumped imports.

Tindo repeats its request that the Commission make a Preliminary Affirmative Determination and require and take securities as soon as possible to prevent material injury continuing whilst the investigation continue

**Yours sincerely,**



**Adrian Ferraretto**  
**Managing Director**

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