



Canada Border  
Services Agency

Agence des services  
frontaliers du Canada

OTTAWA, March 20, 2015

## **STATEMENT OF REASONS**

**Concerning the preliminary determinations  
with respect to the dumping and the subsidizing of**

**CERTAIN PHOTOVOLTAIC MODULES AND LAMINATES  
ORIGINATING IN OR EXPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA**

## **DECISION**

Pursuant to subsection 38(1) of the *Special Import Measures Act*, on March 5, 2015, the President of the Canada Border Services Agency made preliminary determinations of dumping and subsidy respecting certain photovoltaic modules and laminates originating in or exported from the People's Republic of China.

*Cet Énoncé des motifs est également disponible en français.  
This Statement of Reasons is also available in French.*

**Canada** 

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## SUMMARY OF EVENTS

[1] On October 1, 2014, the Canada Border Services Agency (CBSA) received a written complaint from Eclipsall Energy Corporation (Eclipsall) of Toronto, Ontario, Heliene Inc. (Heliene) of Sault Ste. Marie, Ontario, Silfab Ontario Inc. (Silfab) of Mississauga, Ontario, and Solgate Inc. (Solgate) of Woodbridge, Ontario (the complainants), alleging that imports of certain photovoltaic modules and laminates originating in or exported from the People's Republic of China (China) are being dumped and subsidized. The complainants allege that the dumping and subsidizing have caused injury and are threatening to cause injury to the Canadian industry producing these goods.

[2] On October 22, 2014, pursuant to paragraph 32(1)(a) of the *Special Import Measures Act* (SIMA), the CBSA informed the complainants that the complaint was properly documented. The CBSA also notified the Government of China (GOC) that a properly documented complaint had been received and provided the GOC with the non-confidential version of the subsidy complaint. The GOC was invited for consultations prior to the initiation of the investigations, pursuant to Article 13.1 of the Agreement on Subsidies and Countervailing Measures (ASCM).

[3] On November 20, 2014, consultations pursuant to Article 13.1 of the ASCM were held between the Government of Canada and the GOC. On the same day, the Government of Canada received written representations from the GOC with respect to its views on the accuracy and adequacy of the evidence presented in the non-confidential version of the subsidy complaint. The CBSA considered these written representations in its analysis of whether there was sufficient evidence of subsidization to warrant the initiation of a subsidy investigation.

[4] SIMA provides that, under normal circumstances, the investigations shall be initiated within 30 days of the date of the properly documented complaint. However, on November 20, 2014, the President of the CBSA (President) extended this period to 45 days, pursuant to subsection 31(6) of SIMA in order to provide sufficient time to determine whether there is compliance with the conditions referred to in subsection 31(2) of SIMA.

[5] On December 5, 2014, pursuant to subsection 31(1) of SIMA, the President initiated investigations respecting the dumping and subsidizing of certain photovoltaic modules and laminates from China.

[6] Upon receiving notice of the initiation of the investigations, the Canadian International Trade Tribunal (Tribunal) commenced a preliminary injury inquiry, pursuant to subsection 34(2) of SIMA, into whether the evidence discloses a reasonable indication that the alleged dumping and subsidizing of certain photovoltaic modules and laminate originating in or exported from China has caused injury or retardation or is threatening to cause injury to the Canadian industry producing the goods.

[7] On February 3, 2015, pursuant to subsection 37.1(1) of SIMA, the Tribunal made a preliminary determination that there is evidence that discloses a reasonable indication that the

alleged dumping and subsidizing of certain photovoltaic modules and laminates originating in or exported from China have caused or are threatening to cause injury to the Canadian industry.

[8] On March 5, 2015, as a result of the CBSA's preliminary investigations and pursuant to subsection 38(1) of SIMA, the President made preliminary determinations of dumping and subsidizing respecting certain photovoltaic modules and laminates originating in or exported from China.

[9] On March 5, 2015, pursuant to subsection 8(1) of SIMA, provisional duty was imposed on imports of dumped and subsidized goods that are of the same description as any goods to which the preliminary determinations apply, and that are released during the period commencing on the day the preliminary determinations were made and ending on the earlier of the day on which the President of the CBSA causes the investigations to be terminated pursuant to subsection 41(1) of SIMA or the day the Tribunal makes an order or finding pursuant to subsection 43(1) of SIMA.

[10] Note: the term "solar" may be used throughout this document and, for the purposes of this *Statement of Reasons*, is considered to be interchangeable with the term "photovoltaic".

### **PERIODS OF INVESTIGATION**

[11] The Period of Investigation (POI) with respect to the dumping investigation covered all subject goods released into Canada from October 1, 2013 to September 30, 2014. With respect to the subsidy investigation, the POI was October 1, 2012 to September 30, 2014.

### **PROFITABILITY ANALYSIS PERIOD**

[12] The Profitability Analysis Period covered domestic sales and costing information for goods sold from October 1, 2013 to September 30, 2014.

### **INTERESTED PARTIES**

#### **Complainants**

[13] The complainants are producers of photovoltaic modules and laminates accounting for a major proportion of the production of like goods<sup>1</sup> in Canada. The names and addresses of the complainants are as follows:

Eclipsall Energy Corporation  
5900 Finch Avenue East  
Toronto, Ontario  
M1B 5X7

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<sup>1</sup> Refer to the definition of like goods in the Like Goods section of this document

Heliene Inc.  
520 Allens Side Road  
Sault Ste. Marie, Ontario  
P6A 6K4

Silfab Ontario Inc.  
240 Courtney Park Drive East  
Mississauga, Ontario  
L5T 2Y3

Solgate Inc.  
172 Trowers, Unit 29  
Woodbridge, Ontario  
L4L 8A7

[14] Eclipsall operates in a 165,000 sq. ft. manufacturing facility located in Toronto, Ontario, and has been manufacturing photovoltaic modules since 2009. Heliene operates in a 30,000 sq. ft. manufacturing facility located in Sault Ste. Marie, Ontario, and has been manufacturing photovoltaic modules since 2010. Silfab operates in a 100,000 sq. ft. manufacturing facility in Mississauga, Ontario, and has been manufacturing photovoltaic modules since 2011. Solgate operates in a 28,000 sq. ft. manufacturing facility located in Woodbridge, Ontario, and has been manufacturing photovoltaic modules since 2005.

### **Other Producers**

[15] There are three other producers of photovoltaic modules and laminates in Canada, namely, Canadian Solar Inc. of Guelph, Ontario, Celestica Inc. of Toronto, Ontario and Enerdynamic Hybrid Technologies, of Welland, Ontario.

### **Importers**

[16] At the initiation of the investigations, the CBSA identified 256 potential importers of the subject goods based on both information provided by the complainants and CBSA import entry documentation.

[17] The CBSA sent an importer Request for Information (RFI) to all potential importers of the goods. The CBSA received 16 responses to the importer RFI.

### **Exporters**

[18] At the initiation of the investigations, the CBSA identified 252 potential exporters of the subject goods from information provided by the complainants and CBSA import entry documentation. The CBSA sent dumping, subsidy and section 20 RFIs to each of these potential exporters.

[19] The CBSA received 13 responses to the exporter dumping RFI, 9 responses to the exporter section 20 RFI and 22 responses to the exporter subsidy RFI.

### **Surrogate Producers**

[20] As part of the section 20 inquiry, surrogate country RFIs were sent to all known producers of photovoltaic modules and laminates in Chinese Taipei, Japan, the Republic of Korea and Malaysia. A total of 14 RFIs were sent to these producers requesting domestic selling prices and costing information for photovoltaic modules and laminates produced at their facilities.

[21] These countries were selected as they have well-developed photovoltaic module industries in the same geographical area. These countries also produce and export photovoltaic modules and laminates to Canada.

[22] The CBSA received no responses to these surrogate country RFIs.

### **Government of China**

[23] For the purpose of these investigations, "Government of China" refers to all levels of government, i.e. federal, central, provincial/state, regional, municipal, city, township, village, local, legislative, administrative or judicial, singular, collective, elected or appointed. It also includes any person, agency, enterprise, or institution acting for, on behalf of, or under the authority of, or under the authority of any law passed by, the government of that country or that provincial, state or municipal or other local or regional government.

[24] The CBSA sent a government subsidy RFI and government section 20 RFI to the Government of China (GOC). The GOC provided responses to the subsidy and section 20 RFIs by the deadline, however both responses were found by the CBSA to be incomplete. A deficiency letter was sent to the GOC. The GOC's responses are summarized in the respective Preliminary Results of the Investigations sections of this document.

## **PRODUCT INFORMATION**

### **Product Definition**

[25] For the purpose of these investigations, the subject goods are defined as:

Photovoltaic modules and laminates consisting of crystalline silicon photovoltaic cells, including laminates shipped or packaged with other components of photovoltaic modules, and thin-film photovoltaic products produced from amorphous silicon (a-Si), cadmium telluride (CdTe), or copper indium gallium selenide (CIGS), originating in or exported from the People's Republic of China, excluding:

modules, laminates or thin-film products with a power output not exceeding 100W; and also excluding modules, laminates or thin-film products incorporated into electrical goods where the function of the electrical goods is other than power generation and these electrical goods consume the electricity generated by the photovoltaic product.

### **Additional Product Information**

[26] The final assembled product sold to end consumers is referred to as a solar module. A laminate refers to the consolidation of various raw materials, including strung-together solar cells, a cover glass and an encapsulant (such as EVA, or ethylene vinyl acetate) which are encapsulated (i.e. consolidated) into a more solid and durable product and most often made into a solar module by affixing to it additional solar module components such as a frame and/or a junction box. The subject goods include both modules and laminates, whether or not the laminate is attached to an electrical junction box or a protective frame or other components, or whether or not the laminate is packaged with any such products or components.

[27] For further clarity, a laminate included in a package of goods or shipped alongside other products serving to create a module (e.g. aluminum extrusions for the frame, and/or an electrical junction box, and/or batteries for electrical storage) falls within the definition of subject goods.

[28] The production of subject goods is measured in watts (W) or megawatts (MW). One megawatt is equivalent to one million watts. Canadian production is also measured in W or MW. Watts are synonymous with peak-watts, which are defined as the direct current (DC) watts output under specified laboratory settings.

[29] As noted above, the definition of subject goods excludes both “modules, laminates or thin-film products with a power output not exceeding 100W” and “modules, laminates or thin-film products where the function of the electrical goods is other than power generation and where these electrical goods consume the electricity generated by the photovoltaic product”. These exclusions serve to exclude small portable modules as well as consumer products and small appliances which use solar modules. For example, items ranging from solar garden lights to calculators, to parking meters, as well as portable modules used as camping equipment, would be excluded from the product definition by virtue of power output, or by virtue of the fact that these goods consume the electricity generated by the product.

### **Production Process**

[30] Photovoltaic modules are produced from ultra-refined polysilicon or other conducting materials which capture sunlight. The term “photovoltaic module” may refer to mono-crystalline, multicrystalline (often referred to as poly-crystalline) or thin-film photovoltaic modules that can be used to generate electricity from the sun. The difference between these three forms of modules lies in the purity of the crystallized silicon (c-Si) used, with superior alignment of the silicon molecules generating higher conversion of solar energy into electricity.

[31] A typical mono-crystalline or multi-crystalline module includes a rectangular matrix of either 60 or 72 solar cells (generally arranged in strings of 12 cells, although a module could have more or fewer cell strings depending on the intended power output of the module). Cells are produced from sliced polysilicon wafers. The lamination serves to assist in the transmission of solar energy to the cells and protects the cells from damage. Various types of



conductive metallic pastes or inks are applied to either side of the cell surface to produce conductive fingers, grid lines, bus bars, and surface coating. The frame provides a protective cover for the cells and strengthens the overall module. An electrical junction box is generally attached. Finally, electric inverters may be joined to the module in order to convert direct current electricity into alternating current.

[32] Mono-crystalline cells are made by slicing silicon wafers into cells. Wafer production begins with pure polysilicon chunks. These chunks are characterized by ultra-high silicon purity levels and are refined to an extremely high degree. The wafer, which is essentially a single continuous silicon crystal, is cut in such a manner to increase efficiency, often in an octagonal-like shape. By cutting a single wafer, the cells have a single crystal lattice, and thus a uniform look and colour. Mono-crystalline modules are generally more expensive as they generally yield the highest power output compared to other photovoltaic modules.

[33] Multi-crystalline cells are very similar to mono-crystalline cells, except that rather than resulting from a single wafer, the silicon is melted and formed in a mold, which can then be cut into square wafers after the silicon has cooled and crystallized. Because the crystallization process is imperfect, multi-crystalline cells have variable crystal lattice patterns, meaning there are resulting imperfections and various tones and variations of colour within the same module. Photovoltaic module technologies have increased the efficiency of multi-crystalline modules and these now approach the efficiency of their mono-crystalline counterpart.

[34] Thin-film photovoltaic modules are built by applying a microscopic (thin-film) layer of semiconductor photovoltaic material, generally silicon, cadmium telluride, or copper indium gallium selenide, on glass or a sheet of metal. The thin-film production process, therefore, bypasses the use of silicon crystals and for this reason is often known as “amorphous”. By using less photovoltaic product, thin-film modules have a lower cost of production and can be made into more flexible shapes, though their efficiency is generally lower than crystalline-based modules, as they use significantly less photovoltaic material. Like crystalline modules, thin-film modules are laminated, and framed using aluminum extrusions.

[35] Photovoltaic modules are packed and shipped after quality control and testing is performed at the production facility.

### **Classification of Imports**

[36] The allegedly dumped and subsidized goods are normally classified under the following Harmonized System (HS) classification code:

8541.40.00.22	Photosensitive semiconductor devices, including photovoltaic cells whether or not assembled in modules or made up into panels; light emitting diodes; solar cells assembled into modules or made into panels
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[37] The HS classification code is for convenience of reference only. Refer to the product definition for authoritative details regarding the subject goods.

## **LIKE GOODS AND CLASSES OF GOODS**

[38] Subsection 2(1) of SIMA defines “like goods” in relation to any other goods, as goods that are identical in all respects to the other goods, or in the absence of identical goods, goods the uses and other characteristics of which closely resemble those of the other goods.

[39] Photovoltaic modules and laminates produced by the domestic industry in Canada compete directly with, have the same end uses as, and can be substituted for, the subject goods. Therefore, the CBSA has concluded that photovoltaic modules and laminates produced by the Canadian industry constitute like goods to the subject goods. The CBSA is also of the opinion that subject and like goods constitute only one class of goods.

[40] In the Tribunal’s *Determination and Reasons – Preliminary Injury Inquiry No. PI-2014-003*, issued on February 18, 2015, the Tribunal found that “domestically produced photovoltaic modules and laminates, defined in the same manner as the subject goods, are like goods in relation to the subject goods and that the subject goods and like goods constitute a single class of goods.”<sup>2</sup>

## **THE CANADIAN INDUSTRY**

[41] The complainants account for a major proportion of the domestic production of like goods. Enerdynamic Hybrid Technologies supported this complaint while Celestica Inc. did not express a position. Canadian Solar Inc. does not form part of the domestic industry for the purposes of standing, as defined in subsection 31(3) of SIMA, as it is related to an exporter or importer of allegedly dumped or subsidized goods, or is an importer of such goods.

## **IMPORTS INTO CANADA**

[42] During the preliminary phase of the investigations, the CBSA refined the estimated volume of imports based on information from CBSA import entry documentation and other information received from exporters and importers.

[43] The following table presents the CBSA’s analysis of imports of certain photovoltaic modules and laminates for purposes of the preliminary determinations:

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<sup>2</sup> Preliminary Injury Inquiry No. PI-2014-003; Photovoltaic Modules and Laminates, issued on February 18, 2015, paragraph 37, Reasons available online at <http://www.citt-tcce.gc.ca/en/node/7158>.

**Import Volumes of Certain Photovoltaic Modules and Laminates  
(as % of MW)**

<b>Country</b>	<b>Dumping POI</b>	<b>Subsidy POI</b>
	<b>October 2013 to September 2014 (1 year)</b>	<b>October 2012 to September 2014 (2 years)</b>
China	81.5%	79.0%
All Other Countries	18.5%	21.0%
<b>Total Imports</b>	<b>100.0%</b>	<b>100.0%</b>

**INVESTIGATION PROCESS**

[44] Regarding the dumping investigation, information was requested from all known and potential exporters, producers, vendors and importers, concerning shipments of certain photovoltaic modules and laminates released into Canada during the dumping POI of October 1, 2013 to September 30, 2014.

[45] Regarding the section 20 inquiry, information was requested from all known and potential exporters and producers of photovoltaic modules and laminates in China and from the Government of China. The CBSA also sent RFIs to all known producers of photovoltaic modules in Chinese Taipei, Japan, the Republic of Korea and Malaysia to gather information to determine normal values under paragraph 20(1)(a) of SIMA.

[46] Regarding the subsidy investigation, information related to potential actionable subsidies was requested from all known and potential exporters in China. Information was also requested from the Government of China, concerning financial contributions made to exporters or producers of certain photovoltaic modules and laminates released into Canada during the subsidy POI of October 1, 2012 to September 30, 2014.

[47] Several parties, including the GOC, requested an extension to respond to the RFIs.<sup>3</sup> The CBSA did not agree to these requests as the reasons identified in the request letters did not constitute unforeseen circumstances or unusual burdens. At that time, the CBSA indicated that it could not guarantee that submissions received after the due date would be taken into consideration for purposes of the preliminary phase of the investigations.

[48] After reviewing the responses to the RFIs, Supplemental Requests for Information (SRFI) were sent to responding parties to clarify information provided in the submissions and request any additional information needed.

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<sup>3</sup> CBSA Administrative Record Photovoltaic Modules and Laminates Dumping and Subsidy Investigations

[49] Preliminary determinations are based on the information available to the President at the time of the preliminary determinations. Any additional information provided in supplemental RFI responses will be taken into consideration during the final phase of the investigations. During the final phase of the investigations, additional information will be obtained and selected responding exporters may be verified on-site, the results of which will be incorporated into the CBSA's final decisions, which must be made by June 3, 2015.

## **DUMPING INVESTIGATION**

### **Section 20 Inquiry**

[50] Section 20 of SIMA may be applied to determine the normal value of goods in a dumping investigation where certain conditions prevail in the domestic market of the exporting country. In the case of a prescribed country under paragraph 20(1)(a) of SIMA,<sup>4</sup> it is applied where, in the opinion of the President, domestic prices are substantially determined by the government of that country and there is sufficient reason to believe that they are not substantially the same as they would be if they were determined in a competitive market. Where section 20 of SIMA is applicable, the normal values of goods are not determined using domestic prices or costs in that country.

[51] For purposes of a dumping proceeding, the CBSA proceeds on the presumption that section 20 of SIMA is not applicable to the sector under investigation absent sufficient information to the contrary. The President may form an opinion where there is sufficient information that the conditions set forth in paragraph 20(1)(a) of SIMA exist in the sector under investigation.

[52] The CBSA is also required to examine the price effect resulting from substantial government determination of domestic prices and whether there is sufficient information on the record for the President to have reason to believe that the resulting domestic prices are not substantially the same as they would be in a competitive market.

[53] For the purpose of this investigation, the complainants requested that section 20 of SIMA be applied in the determination of normal values due to the alleged existence of the conditions set forth in paragraph 20(1)(a) of SIMA. The complainants provided information to support these allegations concerning the solar sector, which includes photovoltaic modules and laminates. This included evidence of government influence on the organization and structure of the solar sector, as well evidence of government influence on the price of inputs and the purchase of solar products. The complainants also cited specific GOC policies such as the 12<sup>th</sup> Five Year Plan for the Solar Photovoltaic Industry, the Renewable Energy Law, and the 12<sup>th</sup> Five Year Plan on Solar Power Development.<sup>5</sup>

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<sup>4</sup> China is a prescribed country under section 17.1 of the *Special Import Measures Regulations*.

<sup>5</sup> Dumping Exhibit 2 (NC) – Solar Modules and Laminates Complaint – Pages 28-45.

[54] At the initiation of the investigation, the CBSA had sufficient evidence, supplied by the complainant, from its own research and from past investigations, to support the initiation of a section 20 inquiry to examine the extent of GOC involvement in pricing in the solar sector, which includes photovoltaic modules and laminates. The information indicated that Chinese prices in this sector have been influenced by various GOC industrial policies. Consequently, the CBSA sent section 20 RFIs to the GOC and all known producers and exporters of photovoltaic modules and laminates in China to obtain information on the matter.

### **Summary of Chinese Exporter Responses**

[55] The CBSA received 10 responses to the section 20 RFI from producers and exporters of the subject goods, as well as suppliers of materials used in the production of the subject goods. Included in the responses of a number of cooperative exporters were documents requested by the CBSA in the exporter section 20 RFI. These documents are discussed in the Preliminary Results of the Section 20 Inquiry section of this document.

### **Government of China Response**

[56] The GOC provided a response to the government section 20 RFI. Included in the GOC's response were a number of documents requested by the CBSA in the government section 20 RFI. However, the GOC did not provide a translated version of certain documents requested by the CBSA.

[57] The CBSA's section 20 RFI included questions with respect to GOC industrial plans and the impact of these plans on the solar sector. The GOC did not provide a response to a significant number of these questions. Further, the GOC did not provide responses to a number of other questions.

[58] As the response provided by the GOC did not include certain information which may have a significant impact on the CBSA's analysis of the GOC's control of the solar sector in China, the CBSA has determined that the GOC's response to the section 20 RFI is incomplete. The CBSA will continue to collect and verify information during the final phase of the investigation.

### **Preliminary Results of the Section 20 Inquiry**

[59] The following is the CBSA's analysis of the relevant factors that are present in the solar sector in China, which includes photovoltaic modules and laminates.

### **Industrial Policies Influencing the Production of Photovoltaic Modules and Laminates**

[60] The complainants have noted that in past investigations, the CBSA has determined that section 20 conditions exist based in part on the existence of GOC industrial policies that regulate domestic industry including pricing. The complainants then note that one manner in

which these policies regulate, guide and control an industry is through 5-year plans that regulate, among other things, production capacity and technology requirements.<sup>6</sup>

[61] In response to the CBSA's section 20 RFIs, the GOC and cooperating exporters have provided copies of several policies and measures that, in the opinion of the CBSA, serve to control or guide the development of the solar industry in China. These policies include:

- *12<sup>th</sup> Five Year Plan for the Solar Photovoltaic Industry and related measures*
- *Standard Conditions for Photovoltaic Manufacturing Industry*
- *Other Industrial Policies*
  - *Renewable Energy Law of the People's Republic of China*
  - *12th Five-Year Plan on Solar Power Development*
  - *12th Five-Year Development Plan for National Strategic New Industries*
  - *12th Five-Year Plan for Energy Development*
  - *12th Five-Year Plan for National Economic and Social Development,*

#### *12th Five Year Plan for the Solar Photovoltaic Industry*

[62] The *12th Five Year Plan for the Solar Photovoltaic Industry* is a policy document that was released by the GOC's Ministry of Industry and Information Technology on February 24, 2012.<sup>7</sup> It serves as the guiding document for the development of the Chinese solar photovoltaic industry for the period of 2011-2015.<sup>8</sup> The GOC provided a copy of this plan in response to the CBSA's section 20 RFI.

[63] The plan includes directives that specifically address the photovoltaic modules industry, as well as the production of photovoltaic cells and polysilicon, both inputs used in the production of photovoltaic modules. With respect to the photovoltaic modules industry, the plan includes the following policy directives:

- Strengthen national macro policy guidance, persist in overall industry planning and reasonable industrial deployment, and set norms for the healthy development of the photovoltaic industry;
- Concentrate efforts on supporting leading enterprises to grow in strength;
- Encourage key photovoltaic enterprises to promote resource integration, mergers, and reorganization;
- Promote the implementation of favorable policies for the photovoltaic industry;
- Promote diversified applications in the domestic market so as to provide support for the stable development of China's photovoltaic industry;
- Establish and improve photovoltaic standards and product quality inspection and certification systems.<sup>9</sup>

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<sup>6</sup> Dumping Exhibit 002 (NC) – Solar Modules Complaint – Page 35, para. 85

<sup>7</sup> Dumping Exhibit 002 (NC) – Solar Modules Complaint – Page 41, para. 89(f)viii

<sup>8</sup> Dumping Exhibit 106 (NC) – Response to Section 20 RFI – Government of China – Pages 297-314

<sup>9</sup> Dumping Exhibit 106 (NC) – Response to Section 20 RFI – Government of China – Pages 297-314

[64] In the section titled “Strengthen Industry Administration and Standardize the Development of the PV Industry”, the document prescribes, with respect to the photovoltaic module industry, to “guide local governments to resolutely curb low-level repetitive construction to avoid a mass rush into the industry, which would lead to vicious market competition.”<sup>10</sup>

[65] These policy directives demonstrate the GOC’s intention to influence the composition and structure of the domestic solar industry by concentrating efforts on supporting leading enterprises and promoting resource integration and mergers. The evidence also supports the conclusion that the GOC has influenced the production capacity of photovoltaic modules in the domestic market and limited the number of domestic producers.

[66] The *12th Five Year Plan for the Solar Photovoltaic Industry* identifies economic objectives, as well as technology and innovation goals for the solar module industry, including:

- By 2015, in China there will be one photovoltaic enterprise with annual sales revenue exceeding 100 billion RMB, 3-5 photovoltaic enterprises with annual sales revenue exceeding 50 billion RMB, and 3-4 enterprises specializing in photovoltaic equipment manufacturing with annual sales revenue exceeding 1 billion RMB;
- By 2015, photovoltaic power generation will have a certain degree of economic competitiveness as the cost of photovoltaic modules will drop to 7,000 RMB/ KW, that of photovoltaic systems will drop to 13,000 RMB/ KW, and that of photovoltaic power generation will drop to 0.8 RMB/ KW;
- By 2020, photovoltaic power generation will become economically competitive as the cost of photovoltaic modules will fall to 5,000 RMB/ KW, that of photovoltaic systems to 10,000 RMB/ KW, and that of power generation costs to 0.6 RMB/ KW.<sup>11</sup>

[67] The goals and objectives identified above outline the GOC’s intention to guide the development of the domestic photovoltaic module industry in China. These directives identify specific target prices for photovoltaic modules and demonstrate the GOC’s attempt to directly control the domestic selling prices of these products.<sup>12</sup>

#### *Standard Conditions for Photovoltaic Manufacturing Industry*

[68] The *Standard Conditions for the Photovoltaic Manufacturing Industry* was promulgated by the Ministry of Industry and Information Technology on September 16, 2013. The purpose of the document is stated as: “To further strengthen the administration of

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<sup>10</sup> Dumping Exhibit 106 (NC) – Response to Section 20 RFI – Government of China – Pages 297-314

<sup>11</sup> Dumping Exhibit 106 (NC) – Response to Section 20 RFI – Government of China – Pages 297-314

<sup>12</sup> Dumping Exhibit 106 (NC) – Response to Section 20 RFI – Government of China – Pages 297-314

photovoltaic manufacturing industry, standardize the order of industry development, improve the industry development, and accelerate and promote the transformation and upgrading of photovoltaic industry”.<sup>13</sup>

[69] The document includes measures restricting new entrants and capacity expansion, stating:

New photovoltaic manufacturing projects only for the purpose of capacity expansion shall be strictly controlled. New, renovation and expansion projects that are necessary for enhancing technological innovations and reducing production costs shall be reported to the competent industry authority and competent investment authority for records. The minimum proportion of capital funds for new, renovation and expansion photovoltaic manufacturing projects shall be 20%.<sup>14</sup>

[70] In the section titled, *Article 2 Production Scale and Process Technology*, the document sets minimum R&D expenditures for photovoltaic manufacturers, namely a minimum of 3% of total sales or 10 million RMB. The document also lists minimum production requirements for polysilicon, silicon ingots, rods and wafers, as well as photovoltaic cells and photovoltaic modules. Finally, specific technological and efficiency requirements are identified for products including polysilicon, photovoltaic cells and photovoltaic modules.<sup>15</sup>

[71] Instructions regarding how photovoltaic manufacturing enterprises shall comply with these requirements, as well information concerning the monitoring, enforcement and repercussions of these measures are also found in this document.<sup>16</sup>

[72] The repercussions for not complying with the standard conditions, as identified in Article 7 Supervision and Management, include:

1. New, renovation and expansion photovoltaic manufacturing enterprises and projects shall comply with the requirements of the Standard Conditions.
2. Existing photovoltaic manufacturing enterprises and projects shall comply with the requirements of the Standard Conditions. Enterprises or projects that fail to comply shall, according to the requirement of industry transformation and upgrading and under the guidance of national industrial policies, reach the requirements of the Standard Conditions as soon as possible by merger and reorganization or technical transformation.
3. Investment in, land supplies and environment assessment, energy conservation assessment, quality supervision, safety regulation, credit granting for photovoltaic manufacturing enterprises and projects shall be subject to the Standard Conditions.

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<sup>13</sup> Dumping Exhibit 106 (NC) – Response to Section 20 RFI – Government of China – Page 449

<sup>14</sup> Dumping Exhibit 106 (NC) – Response to Section 20 RFI – Government of China – Page 450

<sup>15</sup> Dumping Exhibit 106 (NC) – Response to Section 20 RFI – Government of China – Page 451

<sup>16</sup> Dumping Exhibit 106 (NC) – Response to Section 20 RFI – Government of China – Page 457



Enterprises and projects that fail to comply with the Standard Conditions shall not be entitled to policy supports such as export rebates and application supports in the domestic market.<sup>17</sup>

#### *Other Industrial Policies Influencing the Production of Photovoltaic Modules*

[73] Along with the directives and supporting information discussed above, the CBSA identified a number of other GOC industrial plans, policies and directives which are listed at the beginning of this section. At the request of the CBSA, the GOC and cooperating exporters have provided copies of certain documents. These plans, policies and directives provided by the complainants, cooperative exporters and the GOC, may be discussed throughout this report where they relate to government influence on the price of inputs, government influence on the purchase of photovoltaic modules and/or the subsidization of the solar sector.

[74] The cumulative effect of the directives included in the *12th Five Year Plan for the Solar Photovoltaic Industry*, as well as other supporting documents provided by the complaints, cooperative exporters and the GOC, demonstrate a significant level of government influence on all aspects of the domestic solar industry in China, including domestic pricing.

#### Government Influence on the Price of Inputs

[75] As discussed above, the CBSA has identified GOC industrial policies which influence the photovoltaic modules industry. These documents, including the *12th Five Year Plan for the Solar Photovoltaic Industry*, include measures and directives which demonstrate significant government involvement in the industries that provide key inputs for photovoltaic modules. These products include, but are not limited to, polysilicon and photovoltaic cells. It should also be noted that aluminum extrusions, an input used in the production of photovoltaic modules, have been subject to a previous section 20 inquiry.

#### *Photovoltaic Cells*

[76] As previously mentioned, photovoltaic cells represent a significant share of the cost inputs of photovoltaic modules.<sup>18</sup> The *12th Five Year Plan for the Solar Photovoltaic Industry* includes goals and directives which relate to the production of photovoltaic cells, these directives include:

- Enhancement of cell conversion efficiency rates;
- Endeavor to reduce the costs of photovoltaic power generation through the mass production of high-purity silicon materials, enhancement of cell conversion efficiency rates, localization of production equipment manufacturing, R&D of new types of cells and raw materials, and system integration;

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<sup>17</sup> Dumping Exhibit 106 (NC) – Response to Section 20 RFI – Government of China – Pages 455-457

<sup>18</sup> Dumping Exhibit 159 (PRO) – Preliminary Determination Section 20 Report – Attachment I

- By 2015, the conversion efficiency for monocrystal silicon cells will reach 21%, that of polysilicon cells will reach 19%, and that of amorphous silicon thin-film cells will reach 12%;
- Polysilicon, solar cells, and other products can meet the installed capacity requirements set by the national development plans for renewable energy, and can also meet demand in the international market;
- Support will be provided to major enterprises to grow stronger so that by 2015 leading solar cell enterprises will reach the 5GW level, and major enterprises will reach the 1GW level.<sup>19</sup>

[77] As discussed above, the document *Standard Conditions for Photovoltaic Manufacturing Industry* includes directives respecting the production of photovoltaic cells. The document outlines minimum production capacity requirements, and minimum product efficiency requirements for photovoltaic cell manufacturers and new market entrants.<sup>20</sup>

[78] These goals and directives demonstrate the GOC's intention to guide and control the technological development of the photovoltaic cell industry in China. This information also provides evidence that the GOC attempts to influence the structure and composition of the domestic photovoltaic cell industry by providing support for leading enterprises. Further, the GOC has set clear economic objectives which require domestic photovoltaic cell production in sufficient quantities to meet the domestic installed capacity requirements also set by the GOC.

#### *Polysilicon*

[79] Polysilicon is an input used in the production of photovoltaic cells. Based on information provided in the complaint, polysilicon represents a significant portion of the cost of production of photovoltaic cells. The *12th Five Year Plan for the Solar Photovoltaic Industry* includes the following goals and directives with respect to the polysilicon industry:

- Endeavor to reduce the costs of photovoltaic power generation through the mass production of high-purity silicon materials;
- Support will be provided to major enterprises to grow stronger so that by 2015, leading polysilicon enterprises will reach 50,000 metric tons per year, and major enterprises will reach 10,000 metric tons per year;
- Polysilicon, solar cells, and other products can meet the installed capacity requirements set by the national development plans for renewable energy, and can also meet demand in the international market.<sup>21</sup>

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<sup>19</sup> Dumping Exhibit 106 (NC) – Response to Section 20 RFI – Government of China – Pages 297-314

<sup>20</sup> Dumping Exhibit 106 (NC) – Response to Section 20 RFI – Government of China – Pages 451-452

<sup>21</sup> Dumping Exhibit 106 (NC) – Response to Section 20 RFI – Government of China – Pages 297-314

[80] The document *Notice of Several Opinions on Curbing Overcapacities and Redundant Constructions in Certain Industries and Guiding the Healthy Development of Industries* prescribes specific policy directives to control the expansion of production capacity of polysilicon.<sup>22</sup>

[81] In response to the CBSA's section 20 RFI, the GOC provided a copy of the *Announcement of the Ministry of Industry and Information Technology, the National Development and Reform Commission and the Ministry of Environmental Protection — Standards for the Polysilicon Industry Access*. The policy measures included in this document are described by the GOC as having been developed "In order to thoroughly implement the scientific outlook on development, regulate and guide the healthy development of the polysilicon industry, and resolutely restrict redundant construction and excess capacity of the industry". To achieve this objective the document identifies a number of conditions which restrict access to the polysilicon industry including capacity restrictions and investment and technology requirements.<sup>23</sup>

[82] The goals and directives discussed above, as well as the CBSA's analysis of the GOC's section 20 RFI response, demonstrate the GOC's intention to guide and control the technological development of the polysilicon industry in China. This information provides evidence that the GOC attempts to influence the structure and composition of the domestic polysilicon industry by providing support for leading enterprises. The GOC has also set clear economic objectives which require domestic polysilicon production in sufficient quantities to meet the installed capacity requirements also set by the GOC. Further, the GOC has directly influenced the domestic production of polysilicon by restricting new entrants and promoting mergers and integration.

#### *Aluminum Extrusions*

[83] Aluminum extrusions may be considered an input in the production of photovoltaic modules when used to frame and/or provide support and strengthen a photovoltaic laminate. On February 16, 2009, the CBSA concluded an investigation concerning aluminum extrusions from China and was of the opinion that section 20 conditions exist in the aluminum extrusions sector in China.<sup>24</sup> The CBSA reaffirmed this position in 2011 following a re-investigation.

#### *Summary – Government Influence on the Price of Inputs*

[84] The policies and measures outlined in this section, along with the CBSA's analysis of the GOC's section 20 RFI response, and previous CBSA section 20 opinions regarding photovoltaic module inputs, illustrate that the GOC is closely administering the solar sector and influencing the price of photovoltaic module inputs in China. In addition, the industrial policies, which have been identified and discussed above, have a significant impact on these industries.

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<sup>22</sup> Dumping Exhibit 106 (NC) – Response to Section 20 RFI – Government of China – Pages 82-95

<sup>23</sup> Dumping Exhibit 106 (NC) – Response to Section 20 RFI – Government of China – Pages 441-448

<sup>24</sup> CBSA - Aluminum Extrusions, Final Determination – Statement of Reasons

[85] The scope of the GOC's macro-economic policies and measures provide a compelling factual basis that the GOC is influencing the Chinese solar sector. The use of such policies and measures can dramatically change the demand and supply balance in the domestic market and could materially alter the domestic prices of photovoltaic module inputs and therefore the domestic prices of photovoltaic modules.

#### Government Influence on the Purchase of Photovoltaic Modules

[86] The complainants have alleged that the GOC exerts significant influence on the domestic photovoltaic module industry at the customer level. The complainants also argue that the GOC influences electricity rates in China through required installation of solar generation capacity, state ownership in the electricity sector, restrictions on new entrants to the electricity market, and restraints on the merger and acquisition of existing power generation companies.<sup>25</sup>

[87] The evidence provided by the complainants, cooperative exporters, and the GOC, as well as information obtained by the CBSA, indicates that the GOC influences the domestic price of photovoltaic modules through a combination of measures which impact the demand for photovoltaic modules and solar generated electricity. These measures include plans and policies which set specific targets for solar electricity generation capacity and feed-in-tariffs which regulate the price of solar generated electricity.<sup>26</sup>

[88] In response to the CBSA's section 20 RFIs, the GOC and cooperative exporters have provided additional information regarding the GOC's influence on the purchase of photovoltaic modules.

[89] In response to the CBSA's section 20 RFI the GOC provided a copy of the *12th Five-Year Plan on Solar Power Development*. The plan identifies a number of main tasks to be accomplished over the twelfth five year period. These tasks include:

Vigorously promote distributed solar photovoltaic power generation: during the "Twelfth five-year" period, installed gross capacity shall reach 10 million KW or more.

Construct new energy demonstration city: during the "Twelfth five-year" period, construct 100 new energy demonstration city and 1000 industrial development parks.

Promote the healthy development of the photovoltaic manufacturing. Expand domestic photovoltaic products market. Promote the structure optimization of the PV industry. Encourage enterprise merger and reorganization according to market rules. Close down outdated production facilities.<sup>27</sup>

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<sup>25</sup> Dumping Exhibit 002 (NC) – Solar Modules Complaint – Page 37, Para 89 a

<sup>26</sup> Dumping Exhibit 002 (NC) – Solar Modules Complaint – Attachment 23, Pages 58-59

<sup>27</sup> Dumping Exhibit 106 (NC) – Response to Section 20 RFI – Government of China –Pages 336-338

[90] The document *Several Opinions of the State Council on Promoting the Healthy Development of Photovoltaic Industry* includes directives which demonstrate the GOC's influence on the demand for photovoltaic modules and laminates. In the section titled Development Goals, the document states "From 2013 to 2015, the average annual increase in installed photovoltaic power generation capacity will be kept at about 10 million kw, and the total installed capacity nationwide by the year 2015 will be above 35 million kw".<sup>28</sup> The CBSA finds that this statement demonstrates the GOC's intention to control the demand for photovoltaic modules and laminates in China.

[91] The GOC has also provided evidence of preferential tax policies which may influence the purchase of photovoltaic modules and laminates. The *Notice of the Ministry of Finance and the State Administration of Taxation on Value-Added Tax Policies Applicable to Photovoltaic Power Generation* outlines changes to the value added tax policies applicable to photovoltaic power generation.<sup>29</sup> The purpose of this change is identified as, "encouraging the use of solar energy in power generation, and promoting the healthy development of related industries, this Notice is hereby given as follows on the value-added tax ("VAT") policies applicable to photovoltaic power generation according to replies from the State Council".<sup>30</sup>

[92] The document prescribes the following policy: "From October 1, 2013 to December 31, 2015, taxpayers that sell electric power products manufactured by themselves with solar energy shall enjoy the policy of immediate refund of 50% of the VAT levied".<sup>31</sup>

[93] The policies and plans identified above demonstrate the level of the GOC's influence on all aspects of the photovoltaic module industry. As photovoltaic modules are a key component in solar power generation, government influence on the price of solar generated electricity can significantly impact the domestic demand and price of photovoltaic modules.

#### Domestic Price Analysis – Photovoltaic Modules and Laminates in China

[94] The CBSA conducted a price analysis on domestic prices of photovoltaic modules and laminates in China. Publicly available information with respect to the domestic price of photovoltaic modules in China is limited. However, the CBSA has obtained published reports and news articles which support the complainants' assertion that these prices are not substantially the same as they would be if determined in a competitive market.

[95] A report from GTM Research lists the average regional selling prices of photovoltaic modules produced in China. The report states that in Q4, 2013 and Q1, 2014, the average selling price of a photovoltaic module was USD 0.62 per watt in China, compared to the global average of USD 0.70 per watt. This report highlights an average regional price discrepancy of over 11%.<sup>32</sup>

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<sup>28</sup> Dumping Exhibit 106 (NC) – Response to Section 20 RFI – Government of China – Page 424-437

<sup>29</sup> Dumping Exhibit 106 (NC) – Response to Section 20 RFI – Government of China – Page 491

<sup>30</sup> Dumping Exhibit 106 (NC) – Response to Section 20 RFI – Government of China – Page 491

<sup>31</sup> Dumping Exhibit 106 (NC) – Response to Section 20 RFI – Government of China – Page 491

<sup>32</sup> Dumping Exhibit 159 (PRO) – Preliminary Determination Section 20 Report – Attachment 6

[96] The CBSA compared the Q1, 2014 average selling price in China to the cost of goods information provided in the monthly *Bloomberg New Energy Finance* reports for the same time period. The results show a significant difference between the average selling price and the cost of the goods. Specifically, in Q1, 2014, based on the monthly data, the cost of goods was higher, on average, than the average domestic selling price of the goods.<sup>33</sup>

[97] The CBSA has also reviewed pvXchange's index of spot prices for photovoltaic modules. The report includes the monthly average spot price of photovoltaic modules from regions including China.

[98] The report provides information by region and has grouped price information by country and region. The CBSA's analysis of this price information reveals significant differences in the price of Chinese photovoltaic modules compared to other regions. For the POI, the price of photovoltaic modules in China was, on average, 18.3% lower than prices of modules in Germany, and 20.5% lower than prices of modules in Japan/Korea. The most significant difference in regional prices can be found in September, 2014, where the spot price of modules in China was 29.1% lower than the price of modules in Japan/Korea.<sup>34</sup>

[99] The price of modules in China varied widely from other countries, while the price of modules in Japan/Korea was on average only 1.8% higher than Germany during the POI. This information demonstrates the significance of the differences in the price of modules in China when compared to prices determined in markets where competitive conditions are present.<sup>35</sup>

[100] In the course of the CBSA's dumping and subsidy investigations, certain exporters have provided information regarding their domestic sales of photovoltaic modules and laminates. Regarding the domestic prices of photovoltaic modules in countries other than China, no exporters provided a response to the surrogate country exporter RFI.

[101] However, certain responses to the importer RFI included information concerning imports of photovoltaic modules from countries other than China. The CBSA has compared the export price of photovoltaic modules exported from Chinese Taipei, to the domestic price of photovoltaic modules in China, as sold by certain cooperative exporters.

[102] The CBSA compared a sample of cooperative exporters' domestic sales in China to the available export prices of goods from Chinese Taipei. The price of photovoltaic modules exported from Chinese Taipei to Canada was significantly higher than the average domestic price in China, of the sampled exporter. Although the sample of goods imported from Chinese Taipei is small, the results reveal significant differences in the prices of photovoltaic modules sold in China and those sold in other regions.<sup>36</sup>

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<sup>33</sup> Dumping Exhibit 159 (PRO) –Preliminary Determination Section 20 Report – Attachment 7

<sup>34</sup> Dumping Exhibit 159 (PRO) –Preliminary Determination Section 20 Report – Attachment 8

<sup>35</sup> Dumping Exhibit 159 (PRO) –Preliminary Determination Section 20 Report – Attachment 8

<sup>36</sup> Dumping Exhibit 159 (PRO) –Preliminary Determination Section 20 Report – Attachment 9

[103] A similar comparison may be made between the domestic price information gathered by the CBSA in the course of the investigations, and the publicly available spot price information discussed above. The CBSA has compared the average monthly domestic price of photovoltaic modules, as provided by the sampled exporter, with the publicly available spot price information for Germany, Japan/Korea, and Southeast Asia/India/Chinese Taipei. The results of this comparison indicate that the price of photovoltaic modules in Germany, Japan/Korea, and Southeast Asia/India/Chinese Taipei are, on average, significant higher per watt than the domestic price of photovoltaic modules in China.<sup>37</sup>

[104] The information provided by the complainants and cooperative exporters, as well as information obtained by the CBSA, supports the conclusion that the domestic prices of photovoltaic modules in China are not substantially the same as they would be if they were determined in a competitive market.

[105] During the final phase of the investigation, the CBSA will seek additional information regarding photovoltaic module pricing in China, and in other countries. The CBSA will also seek further information with respect to the domestic prices of materials used in the manufacture of photovoltaic modules and laminates.

#### **Summary of the Preliminary Results of the Section 20 Inquiry**

[106] The wide range and material nature of the GOC measures have resulted in significant influence on the solar sector in China, which includes photovoltaic modules and laminates. Based on the preceding, the President is of the opinion that:

- domestic prices are substantially determined by the GOC; and
- there is sufficient reason to believe that the domestic prices are not substantially the same as they would be in a competitive market.

[107] During the final stage of the dumping investigation, the CBSA will continue the section 20 inquiry and further verify and analyze relevant information. The President may reaffirm his opinion that the conditions of section 20 of SIMA exist in the solar sector, which includes photovoltaic modules and laminates, as part of the final phase of the investigation, or conclude that the determination of normal values may be made using domestic selling prices and costs in China.

#### **Preliminary Results of the Dumping Investigation**

[108] The CBSA received substantially complete responses to the dumping RFI from 13 exporters and producers of the subject goods.

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<sup>37</sup> Dumping Exhibit 159 (PRO) –Preliminary Determination Section 20 Report – Attachment 10

[109] With respect to the exporters that provided substantially complete responses to the RFI, to the extent possible, company-specific information was used for the preliminary determination in estimating export prices for goods shipped to Canada.

[110] For those exporters that did not submit a complete response to the RFI, the normal value of the goods was estimated by advancing the export price by the highest amount by which the normal value exceeded the export price on an individual transaction for an exporter that provided a substantially complete response to the RFI, excluding anomalies.

[111] In calculating the estimated margin of dumping for each exporter, the estimated margins of dumping found in respect of each exporter were weighted according to each exporter's volume of subject goods exported to Canada during the POI.

[112] Estimated margin of dumping details relating to each of the exporters that provided a response to the RFI are presented in a summary table in **Appendix 1** while estimated margin of dumping details for China can be found in a summary table at the end of this section.

### **Normal Values**

[113] For purposes of a preliminary determination, normal values are generally estimated based on the domestic selling prices of like goods in the country of export, in accordance with section 15 of SIMA, or on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs, plus a reasonable amount for profits, in accordance with paragraph 19(b) of SIMA.

[114] In the case of a prescribed country such as China, if, in the opinion of the President of the CBSA, the government of that country substantially determines domestic prices and there is sufficient reason to believe that the domestic prices are not substantially the same as they would be in a competitive market, the normal values are estimated on the basis of section 20 of SIMA using either the selling prices or costs of like goods in a "surrogate" country.

[115] For purposes of this preliminary determination, normal values could not be estimated on the basis of domestic selling prices in China or on the full cost of goods plus profit, because the President formed the opinion that the conditions of paragraph 20(1)(a) of SIMA exist in the solar sector, which includes photovoltaic modules and laminates, in China.

[116] Where section 20 conditions exist, the CBSA may determine normal values using the selling price, or the total cost and profit, of like goods sold by producers in a surrogate country designated by the President pursuant to paragraph 20(1)(c) of SIMA. However, sufficient surrogate country data respecting domestic pricing and costing information relating to the like goods was not provided to the CBSA.

[117] Where normal values cannot be determined under paragraph 20(1)(c), SIMA provides an alternative methodology to calculate normal values under paragraph 20(1)(d), using re-sales in Canada of like goods imported from a third country. The CBSA determined that this provision could also not be used given that the importers did not provide sufficient re-sale information.



[118] Although the CBSA does not have actual costs of production information from producers located in other countries, it does have access to published average international cost of production. This information was used to estimate normal values using a cost-plus methodology similar to that set out in section 20 of SIMA.

[119] The CBSA estimated normal values for all exporters that provided a substantially complete response to the dumping RFI based on information provided in *Bloomberg New Energy Finance* reports for the period of December 2013 to July 2014. These reports contain the current prevailing price data and cost components of photovoltaic modules and laminates from major suppliers and customers in the industry. The CBSA used the monthly cost build-up information, including an amount for profits, for purposes of the estimated normal value of the subject goods for each respective month.

### **Export Prices**

[120] The export price of the goods sold to the importers in Canada is generally estimated based on the lesser of the adjusted exporter's selling price or the adjusted importer's purchase price. These prices are adjusted, where necessary, by deducting the costs, charges, expenses, duties and taxes resulting from the exportation of the goods as provided for in subparagraphs 24(a)(i) to 24(a)(iii) of SIMA.

[121] Where there are sales between associated persons and/or a compensatory arrangement exists, the export price is estimated based on the importer's resale price of the imported goods in Canada to unrelated purchasers, less deductions for all costs incurred in preparing, shipping and exporting the goods to Canada that are additional to those incurred on the sales of like goods for use in the country of export, all costs included in the resale price that are incurred in reselling the goods (including duties and taxes) or associated with the assembly of the goods in Canada and an amount representative of the average industry profit in Canada.

### **Margin of Dumping**

[122] The estimated margin of dumping by exporter is equal to the amount by which the total estimated normal value exceeds the total estimated export price of the goods, expressed as a percentage of the total estimated export price. All subject goods imported into Canada during the dumping POI are included in the estimation of the margins of dumping of the goods. Where the total estimated normal value of the goods does not exceed the total estimated export price of the goods, the margin of dumping is zero.

## **Preliminary Results of the Dumping Investigation by Exporter**

### **Canadian Solar Manufacturing (Changshu) Inc. & Canadian Solar International Limited**

[123] Canadian Solar Manufacturing (Changshu) Inc. (CSM) is a producer of subject goods. The subject goods produced by CSM are exported to Canada through the related trading company Canadian Solar International Limited (CSI Hong Kong). CSM is a limited liability company directly owned by CSI Solar Power, which is a wholly owned subsidiary of Canadian Solar Inc., a NASDAQ listed company.

[124] CSM and CSI Hong Kong provided substantially complete responses to the dumping RFI. Included in CSM's response was a complete database of domestic sales of like goods during the dumping POI.

[125] All subject goods exported to Canada by CSM and CSI Hong Kong were sold to the related importer Canadian Solar Solutions Inc. (CSSI). As CSM and CSI Hong Kong are related to CSSI, a reliability test was performed to determine whether the estimated section 24 export prices between CSM / CSI Hong Kong and CSSI were reliable as required by SIMA. The test revealed that the export prices estimated in accordance with section 24 of SIMA were unreliable and therefore, export prices were estimated in accordance with section 25 of SIMA. The amount for profit was estimated in accordance with paragraph 22(a) of the *Special Import Measures Regulations* (SIMR), based on sales of like goods by vendors in Canada.

[126] For the preliminary determination, the total estimated normal value compared with the total estimated export price results in an estimated margin of dumping of 90.1%, expressed as a percentage of export price, for CSM / CSI Hong Kong.

### **Changzhou Trina Solar Energy Co. Ltd.**

[127] Changzhou Trina Solar Energy Co. Ltd. (TCZ) is a producer and exporter of the subject goods. The subject goods produced and exported to Canada by TCZ are sold exclusively to the related importer, Trina Solar (Canada) (TCA). TCZ is a wholly owned foreign enterprise solely invested by Trina Solar Ltd.

[128] TCZ provided a substantially complete response to the dumping RFI. Included in TCZ's response was a complete database of domestic sales of like goods during the dumping POI.

[129] As TCZ and TCA are related, a reliability test was performed to determine whether the estimated section 24 export prices between TCZ and TCA were reliable as required by SIMA. The test revealed that the export prices estimated in accordance with section 24 of SIMA were unreliable and therefore, export prices were estimated in accordance with section 25 of SIMA. The amount for profit was estimated in accordance with paragraph 22(a) of the SIMR, based on sales of like goods by vendors in Canada.

[130] For the preliminary determination, the total estimated normal value compared with the total estimated export price results in an estimated margin of dumping of 125.7%, expressed as a percentage of export price, for TCZ.

**Hanwha SolarOne (Qidong) Co., Ltd.**

[131] Hanwha SolarOne (Qidong) Co., Ltd. (Hanwha Qidong) is a producer and exporter of subject goods to Canada. All subject goods exported to Canada by Hanwha Qidong were sold to the related importer Hanwha Solar Canada Inc. (Hanwha Canada). Hanwha Qidong is a limited liability company directly owned by Hanwha Hong Kong which is a wholly owned subsidiary of SolarOne Investment Holding Ltd. of the British Virgin Islands.

[132] Hanwha Qidong provided a substantially complete response to the dumping RFI. Included in Hanwha Qidong's response was a complete database of domestic sales of like goods during the dumping POI.

[133] As Hanwha Qidong is related to Hanwha Canada, a reliability test was performed to determine whether the estimated section 24 export prices between Hanwha Qidong and Hanwha Canada were reliable as required by SIMA. The test revealed that the export prices estimated in accordance with section 24 of SIMA were unreliable and therefore, export prices were estimated in accordance with section 25 of SIMA. The amount for profit was estimated in accordance with paragraph 22(a) of the SIMR, based on sales of like goods by vendors in Canada.

[134] For the preliminary determination, the total estimated normal value compared with the total estimated export price results in an estimated margin of dumping of 103.0%, expressed as a percentage of export price, for Hanwha Qidong.

**Hefei JA Solar Technology Co., Ltd.**

[135] Hefei JA Solar Technology Co., Ltd. (JA Hefei) is a producer and exporter of the subject goods. JA Hefei is part of a large group of companies under the holding company JA Solar Holdings Co., Ltd. (JA Group).

[136] JA Hefei provided a substantially complete response to the dumping RFI. Included in JA Hefei's response was a complete database of domestic sales of like goods during the dumping POI.

[137] Shanghai Ja Solar Technology Co., Ltd. (JA Shanghai) is a related producer of like goods. Although the company did not export any subject goods produced by their factory during the POI, JA Shanghai did act as a trading company for one sale of subject goods produced by JA Hefei. JA Shanghai also provided a complete response to the dumping RFI.

[138] For the subject goods exported by JA Hefei to Canada during the POI, export prices were estimated by using section 24 of SIMA, based on the exporter's selling price less all costs, charges and expenses resulting from the exportation of the goods.

[139] For the preliminary determination, the total estimated normal value compared with the total estimated export price results in an estimated margin of dumping of 47.5% for the exporter JA Hefei, expressed as a percentage of export price.

#### **Jinko Solar Co., Ltd.**

[140] Jinko Solar Co., Ltd. (Jinko Solar) is a producer and exporter of the subject goods. All subject goods exported to Canada during the POI by Jinko Solar were sold to the related importer Jinko Canada Co., Ltd. (Jinko Canada). Jinko Solar is part of a large group of companies under the holding company Jinko Solar Holding Co., Ltd. (Jinko Group). During the POI, another company of this group, Zhejiang Jinko Solar Co., Ltd., produced subject goods that were exported to Canada through a related trading company Zhejiang Jinko Solar Trading Co., Ltd.

[141] Jinko Solar provided a substantially complete response to the dumping RFI. Included in Jinko Solar's response was a complete database of domestic sales of like goods during the dumping POI.

[142] As Jinko Solar is related to Jinko Canada, a reliability test was performed to determine whether the estimated section 24 export prices between Jinko Solar and Jinko Canada were reliable as required by SIMA. The test revealed that the export prices estimated in accordance with section 24 were unreliable and therefore, export prices were estimated in accordance with the principles of section 25. The amount for profit was estimated in accordance with paragraph 22(a) of the SIMR, based on sales of like goods by vendors in Canada.

[143] For the preliminary determination, the total estimated normal value compared with the total estimated export price results in an estimated margin of dumping of 110.7%, expressed as a percentage of export price, for Jinko Solar.

#### **Renesola Jiangsu Ltd.**

[144] Renesola Jiangsu Ltd. (Renesola) is a producer and exporter of subject goods to Canada. Renesola is a limited liability company directly owned by Renesola Zhejiang Ltd., which is a wholly owned subsidiary of Renesola Ltd. of the British Virgin Islands.

[145] Renesola provided a substantially complete response to the dumping RFI. Included in Renesola's response was a complete database of domestic sales of like goods during the dumping POI.

[146] For the subject goods exported by Renesola to Canada during the POI, export prices were estimated by using section 24 of SIMA, based on the exporter's selling price less all costs, charges and expenses resulting from the exportation of the goods.

[147] For the preliminary determination, the total estimated normal value compared with the total estimated export price results in an estimated margin of dumping of 9.1%, expressed as a percentage of export price, for Renesola.

## **Wuxi Taichen**

[148] Wuxi Taichen Machinery & Equipment Co., Ltd. (Wuxi Taichen) is a trading company and exporter of subject goods to Canada. The goods exported to Canada by Wuxi Taichen are produced by the related manufacturing company, Wuxi Taichang Electronic Co., Ltd. (Wuxi Taichang).

[149] Wuxi Taichen and Wuxi Taichang provided substantially complete responses to the dumping RFI. Included in Wuxi Taichang's response was a complete database of domestic sales of like goods during the dumping POI.

[150] For the subject goods exported by Wuxi Taichen and Wuxi Taichang to Canada during the POI, export prices were estimated by using the methodology of section 24 of SIMA, based on the exporter's selling price less all costs, charges and expenses resulting from the exportation of the goods.

[151] For the preliminary determination, the total estimated normal value compared with the total estimated export price results in an estimated margin of dumping of 25.9%, expressed as a percentage of export price, for Wuxi Taichen and Wuxi Taichang.

## **Zhejiang Jinko Solar Co., Ltd.**

[152] Zhejiang Jinko Solar Co., Ltd. (Zhejiang Jinko) is a producer of the subject goods. The subject goods produced by Zhejiang Jinko are exported to Canada through the related trading company, Zhejiang Jinko Solar Trading Co., Ltd. (Zhejiang Trading). All subject goods exported to Canada during the POI were sold to the related importer Jinko Canada Co., Ltd. (Jinko Canada). As mentioned, Zhejiang Jinko is part of a large group of companies under the holding company Jinko Solar Holding Co., Ltd.

[153] Zhejiang Jinko and Zhejiang Trading provided substantially complete responses to the dumping RFI. Included in Zhejiang Jinko's response was a complete database of domestic sales of like goods during the dumping POI.

[154] As Zhejiang Jinko and Zhejiang Trading are related to Jinko Canada, a reliability test was performed to determine whether the estimated section 24 export prices between Zhejiang Trading and Jinko Canada were reliable as envisaged by SIMA. The test revealed that the export prices estimated in accordance with section 24 were unreliable and therefore, export prices were estimated in accordance with the principles of section 25. The amount for profit was estimated in accordance with paragraph 22(a) of the SIMR, based on sales of like goods by vendors in Canada.

[155] For the preliminary determination, the total estimated normal value compared with the total estimated export price results in an estimated margin of dumping of 114.2%, expressed as a percentage of export price, for Zhejiang Jinko.

## **Other Exporters**

[156] At the initiation of the investigation, all known and potential exporters were sent an exporter and a section 20 RFI in order to solicit information required for purposes of determining normal values and export prices of subject goods in accordance with the provisions of SIMA. As such, all exporters are given the opportunity to participate in the investigation. In the RFI, the exporters were notified that failure to submit all required information and documentation, including non-confidential versions, or failure to permit verification of any information, would result in the normal values of the subject goods exported by their company being based on the facts available. It was further stated that such a decision may be less favourable to their company than if full and verifiable information were made available.

[157] For exporters who did not provide sufficient information in response to the dumping and section 20 RFIs, normal values and export prices were estimated on the basis of facts available. In establishing the methodologies for determining these estimates, the CBSA examined all information on the record, including information from the complaint, information provided by exporters, publically available information and customs documentation.

[158] The CBSA considered that the normal values and export prices estimated for the responding exporters was the best information on which to base the methodology for estimating normal values since it was the best information available. The CBSA examined the difference between the estimated normal value and estimated export price of each individual transaction for the responding exporters in order to obtain an appropriate amount for the normal value methodology. The transactions were also examined to eliminate anomalies from being considered; such anomalies can include low volume shipments, very low value sales, effects of seasonality or other business or environmental factors.

[159] The CBSA considers that the highest amount by which the estimated normal value exceeded the estimated export price found on an individual transaction (expressed as a percentage of the export price), excluding anomalies, is an appropriate basis for estimating normal values. This method of estimating normal values is based on information on the record and limits the advantage that an exporter may gain from not providing necessary information requested in a dumping investigation as compared to an exporter that did provide the necessary information.

[160] Therefore, the normal values were estimated based on the estimated export price, plus an amount equal to 202% of that estimated export price.

[161] The CBSA considered that the information submitted on the CBSA customs entry documentation was the best information on which to estimate the export price of the goods as it reflects actual import data. This information is more comprehensive than what was available in the complaint.

[162] Based on the above methodologies, the estimated margin of dumping for the subject goods exported to Canada by all other exporters is of 202%, expressed as a percentage of the export price.

**Summary of Preliminary Results - Dumping**

[163] A summary of the preliminary results of the dumping investigation respecting all subject goods released into Canada during the POI follows:

**Summary of Results - Dumping  
Period of Investigation (October 2013 to September 2014)**

Country	Estimated Volume of Dumped Goods as Percentage of Country Imports	Estimated Margin of Dumping*	Estimated Volume of Country Imports as Percentage of Total Imports	Estimated Volume of Dumped Goods as Percentage of Total Imports
China	100%	139.0%	81.5%	81.5%

\* Expressed as a percentage of the export price.

[164] Under subsection 35(1) of SIMA, the President is required to terminate an investigation prior to the preliminary determination if he is satisfied that the margin of dumping of the goods of a country is insignificant or that the volume of dumped goods of a country is negligible.

[165] Pursuant to subsection 2(1) of SIMA, a margin of dumping of less than 2% of the export price is defined as insignificant and a volume of dumped goods is considered negligible if it accounts for less than 3% of the total volume of goods that are released into Canada from all countries that are of the same description as the dumped goods, except that where the total volume of dumped goods of three or more countries, each of whose exports of dumped goods into Canada is less than 3% of the total volume of goods, is more than 7% of the total volume of goods, the volume of dumped goods of any of those countries is not negligible.

[166] The estimated margin of dumping of certain photovoltaic modules and laminates from China is above 2% and is therefore not insignificant.

[167] The volumes of dumped imports from China are above 3% of the total volume of goods released into Canada from all countries. Based on the definition above, the volume of dumped imports from China are not negligible.

## **SUBSIDY INVESTIGATION**

[168] In accordance with section 2 of SIMA, a subsidy exists if there is a financial contribution by a government of a country other than Canada that confers a benefit on persons engaged in the production, manufacture, growth, processing, purchase, distribution, transportation, sale, export or import of goods. A subsidy also exists in respect of any form of income or price support within the meaning of Article XVI of the *General Agreement on Tariffs and Trade*, 1994, being part of Annex 1A to the World Trade Organization (WTO) Agreement, that confers a benefit.

[169] Pursuant to subsection 2(1.6) of SIMA, there is a financial contribution by a government of a country other than Canada where:

- (a) practices of the government involve the direct transfer of funds or liabilities or the contingent transfer of funds or liabilities;
- (b) amounts that would otherwise be owing and due to the government are exempted or deducted or amounts that are owing and due to the government are forgiven or not collected;
- (c) the government provides goods or services, other than general governmental infrastructure, or purchases goods; or
- (d) the government permits or directs a non-governmental body to do anything referred to in any of paragraphs (a) to (c) where the right or obligation to do the thing is normally vested in the government and the manner in which the non-governmental body does the thing does not differ in a meaningful way from the manner in which the government would do it.

[170] Where subsidies exist they may be subject to countervailing measures if they are specific in nature. According to subsection 2(7.2) of SIMA a subsidy is considered to be specific when it is limited, in a legislative, regulatory or administrative instrument, or other public document, to a particular enterprise within the jurisdiction of the authority that is granting the subsidy; or is a prohibited subsidy.

[171] A “prohibited subsidy” is either an export subsidy or a subsidy or portion of a subsidy that is contingent, in whole or in part, on the use of goods that are produced or that originate in the country of export. An export subsidy is a subsidy or portion of a subsidy contingent, in whole or in part, on export performance. An “enterprise” is defined as including a group of enterprises, an industry and a group of industries. These terms are all defined in section 2 of SIMA.

[172] Notwithstanding that a subsidy is not specific in law, under subsection 2(7.3) of SIMA a subsidy may also be considered specific having regard as to whether:

- (a) there is exclusive use of the subsidy by a limited number of enterprises;
- (b) there is predominant use of the subsidy by a particular enterprise;
- (c) disproportionately large amounts of the subsidy are granted to a limited number of enterprises; and



- (d) the manner in which discretion is exercised by the granting authority indicates that the subsidy is not generally available.

[173] For purposes of a subsidy investigation, the CBSA refers to a subsidy that has been found to be specific as an “actionable subsidy,” meaning that it is subject to countervailing measures if the persons engaged in the production, manufacture, growth, processing, purchase, distribution, transportation, sale, export or import of goods under investigation have benefited from the subsidy.

[174] Financial contributions provided by State-Owned Enterprises (SOEs) may also be considered to be provided by the government for purposes of this investigation. A SOE may be considered to constitute “government” for the purposes of subsection 2(1.6) of SIMA if it possesses, exercises, or is vested with governmental authority. Without limiting the generality of the foregoing, the CBSA may consider the following factors as indicative of whether the SOE meets this standard: 1) the SOE is granted or vested with authority by statute; 2) the SOE is performing a government function; 3) the SOE is meaningfully controlled by the government; or some combination thereof.

#### **Preliminary Results of the Subsidy Investigation**

[175] The following presents the preliminary results of the investigation into the subsidizing of certain photovoltaic modules and laminates originating in or exported from China.

[176] At the initiation of the investigation, the CBSA sent subsidy RFIs to the GOC, as well as to all known exporters/producers of photovoltaic modules and laminates in China. Information was requested in order to establish whether there had been financial contributions made by any level of government, including SOEs possessing, exercising or vested with government authority, and, if so, to establish if a benefit has been conferred on persons engaged in the production, manufacture, growth, processing, purchase, distribution, transportation, sale, export or import of certain photovoltaic modules and laminates; and whether any resulting subsidy was specific in nature. The GOC was also requested to forward the RFIs to all subordinate levels of government that had jurisdiction over the exporters. The exporters/producers were requested to forward a portion of the RFI to their input suppliers, who were asked to respond to questions pertaining to their legal characterization as SOEs.

[177] In conducting its investigation, the CBSA requested information respecting 189 identified programs, as listed in **Appendix 2**. During the preliminary phase of the investigation, the CBSA identified 29 additional programs.

[178] The GOC provided a response to the government subsidy RFI by the deadline. In general, the GOC’s response was limited in scope and questions were answered only in reference to responding exporters. The GOC did not provide information for subsidy programs which were not already identified by exporters who provided sufficient information in response to the exporter subsidy RFI.

[179] The CBSA requested information regarding specific subsidy programs and the impact of these subsidy programs on the solar sector in China. With respect to a number of programs, the GOC did not provide a response. Where a response was provided, it only stated whether or not the program applied to the responding exporters. As such, the GOC's subsidy response was found by the CBSA to be incomplete for purposes of the preliminary determination. The CBSA will continue to collect and verify information during the final phase of the investigation.

[180] The GOC provided insufficient responses to the RFIs, which significantly impedes on the CBSA's ability to determine amounts of subsidy in the prescribed manner, particularly by limiting the CBSA's ability to corroborate the information provided by exporters and/or producers in China with respect to the possible provision of financial contributions by the GOC, in addition to limiting the CBSA's ability to determine whether a financial contribution that was found to have conferred a benefit is specific. The insufficient responses by the GOC also limit the CBSA's ability to determine whether solar producers, or other suppliers of goods and services, including the providers of financial services, are public bodies.

[181] Although the CBSA found the GOC's submission to be deficient, the CBSA nevertheless recognized the exporters' level of cooperation and estimated an amount of subsidy for cooperative exporters. The amount of subsidy is estimated for the preliminary determination for the cooperative exporters on the basis of information provided by the exporters in their subsidy RFI responses and other publicly available information on the record.

[182] The CBSA received responses to the subsidy RFI from 22 exporters, producers and related suppliers, listed in **Appendix 3**.

[183] The CBSA will continue to analyze the companies' and the government's information during the final phase of the investigation. The CBSA may also consider any other potential subsidy programs that have not yet been identified.

### **Preliminary Results of the Subsidy Investigation by Exporter**

#### **Canadian Solar Manufacturing (Changshu) Inc. & Canadian Solar International Limited**

[184] Canadian Solar Manufacturing (Changshu) Inc. (CSM) provided a response to the subsidy RFI by the deadline. However, the response provided by CSM was missing information required by the CBSA to estimate an exporter specific amount of subsidy. CSM identified a number of programs pursuant to which the company received benefits during the POI. However, the response to the subsidy RFI provided by CSM did not include the amount of subsidy received from these programs. Further, CSM has at least one known related supplier of material used in the production of photovoltaic modules. The CBSA did not receive a response to the subsidy RFI from this supplier.

[185] For the purposes of the preliminary determination, the estimated amount of subsidy for CSM will be the amount of subsidy found for all other exporters.

**Changzhou Trina Solar Energy Co Ltd.**

[186] Changzhou Trina Solar Energy Co Ltd. (TCZ) is a producer and exporter of subject goods. Two of TCZ's related suppliers, Trina Solar (Changzhou) Science & Technology and Changzhou Youze Technology, supply TCZ with wafers and finished goods. All parties filed substantially complete responses to their respective RFI(s).

[187] For purposes of the preliminary determination, TCZ was found to have benefitted from 29 subsidy programs.

[188] The estimated amount of subsidy for TCZ is 0.8%, expressed as a percentage of the export price.

**Hanwha SolarOne (Qidong) Co., Ltd**

[189] Hanwha SolarOne (Qidong) Co., Ltd., (Hanwha Qidong) provided substantially complete responses to the subsidy RFI.

[190] For purposes of the preliminary determination, Hanwha Qidong was found to have benefitted from 11 subsidy programs.

[191] The estimated amount of subsidy for Hanwha Qidong is 0.3%, expressed as a percentage of the export price.

**Hefei JA Solar Technology Co., Ltd.**

[192] Hefei JA Solar Technology Co., Ltd. (JA Hefei) is a producer and exporter of the subject goods and provided a substantially complete response to the subsidy RFI. Two related suppliers, JingAo Solar Co., Ltd. and JA Solar Technology Yangzhou Co., Ltd. as well as the related producer Shanghai JA Solar Technology Co., Ltd., also provided substantially complete responses to the subsidy RFI.

[193] For purposes of the preliminary determination, the exporter, JA Hefei was found to have benefitted from a total of 28 subsidy programs.

[194] The estimated amount of subsidy for JA Hefei is 3.1%, expressed as a percentage of the export price.

**Jinko Solar Co., Ltd.**

[195] Jinko Solar is a producer and exporter of the subject goods and provided a substantially complete response to the subsidy RFI. Four related suppliers, Jiangxi Jinko PV Material Co., Ltd., Jinko Solar Import and Export Co., Ltd., Jinko Solar Technology Ltd. and Jinko Solar Management Co., Ltd. also provided substantially complete responses to the subsidy RFI.

[196] For purposes of the preliminary determination, Jinko Solar was found to have benefitted from 25 subsidy programs.

[197] The estimated amount of subsidy for Jinko Solar is 1.1%, expressed as a percentage of the export price.

**Renesola Jiangsu Ltd.**

[198] Renesola is a producer and exporter of the subject goods and provided a substantially complete responses to the subsidy RFI.

[199] For purposes of the preliminary determination, Renesola was found to have benefitted from seven subsidy programs.

[200] The estimated amount of subsidy for Renesola is 0.04%, expressed as a percentage of the export price.

**Wuxi Taichen Machinery & Equipment Co., Ltd.**

[201] Wuxi Taichen Machinery & Equipment Co., Ltd. (Wuxi Taichen) and Wuxi Taichang Electronic Co., Ltd. (Wuxi Taichang), related companies, provided substantially complete responses to the subsidy RFI.

[202] For purposes of the preliminary determination, Wuxi Taichen was found to have benefitted from one subsidy program. For purposes of the preliminary determination, Wuxi Taichang was found to have benefitted from three subsidy programs.

[203] The estimated amount of subsidy for Wuxi Taichang and Wuxi Taichen is 1.8%, expressed as a percentage of the export price.

**Wuxi Suntech Power Co., Ltd.**

[204] Wuxi Suntech Power Co., Ltd. (Wuxi Suntech) is a producer and exporter of subject goods. Luoyang Suntech Power Co., Ltd. (Luoyang Suntech) is a supplier of solar cells to Wuxi Suntech. Luoyang Suntech is wholly owned by Wuxi Suntech and provided a response to the subsidy RFI as an affiliated raw material supplier to Wuxi Suntech. The responses to the subsidy RFI provided by Luoyang Suntech and Wuxi Suntech were substantially complete.

[205] For purposes of the preliminary determination, Wuxi Suntech was found to have benefitted from 10 subsidy programs. Further, for purposes of the preliminary determination, Luoyang Suntech was found to have benefitted from one subsidy program.

[206] The estimated amount of subsidy for Wuxi Suntech is 0.5%, expressed as a percentage of the export price.

#### **Zhejiang Jinko Solar Co., Ltd.**

[207] Zhejiang Jinko is a producer of the subject goods. Zhejiang Trading is a related trading company which handles exports of subject goods to Canada. Both companies provided substantially completed responses to the subsidy RFI. Four related suppliers, Jiangxi Jinko PV Material Co., Ltd., Jinko Solar Import and Export Co., Ltd., Jinko Solar Technology Ltd. and Jinko Solar Management Co., Ltd. also provided substantially complete responses to the subsidy RFI.

[208] For purposes of the preliminary determination, Zhejiang Jinko was found to have benefitted from 25 subsidy programs.

[209] The estimated amount of subsidy for Zhejiang Jinko is 1.7%, expressed as a percentage of the export price.

#### **All Other Exporters**

[210] For all other exporters in China that did not provide sufficient information or did not provide information in a timely fashion, the CBSA estimated an amount of subsidy on the basis of facts available.

[211] In establishing the methodology for estimating amounts of subsidy, the CBSA examined all information on the record, including information from the complaint, information provided by exporters, information provided by the GOC and publically available information. The CBSA considered that the information provided by exporters who provided sufficient information in response to the CBSA's RFI, as well as the information on the potentially actionable subsidy programs that were identified in the investigation was the best information on which to base the methodology for estimating amounts of subsidy. These amounts of subsidy were estimated on the basis of the following methodology:

- 1) the highest amount of subsidy for each of the 91 subsidy programs, as found at the preliminary determination, for the 8 exporters that provided a complete response to the RFI, plus;
- 2) the average of the amounts of subsidy for the 91 programs referenced in (1), applied to each of the remaining 127 potentially actionable subsidy programs for which sufficient information is not available or has not been provided at the preliminary determination.

[212] The CBSA considers that this is an appropriate basis for estimating the amounts of subsidy since the information available supports that the potentially actionable subsidy programs outlined in **Appendix 2** may be available to exporters and producers of the subject goods in China. Without a complete response to the subsidy RFI from the GOC and all known exporters, the CBSA does not have sufficient information to determine that any of these programs should be removed from the investigation for purposes of the preliminary determination. Furthermore, the amount of subsidy applied to each of these potentially actionable subsidy programs is based on the benefits received by the responding exporters. This method of estimating the amounts of subsidy is based on information on the record and limits the advantage that an exporter may gain from not providing necessary information requested in a subsidy investigation as compared to an exporter that did provide the necessary information.

[213] Using the above methodology, the estimated amount of subsidy for all other exporters is 84.1%, expressed as a percentage of the total estimated export price. The estimated overall weighted average amount of subsidy for China is equal to 58.0% of the total estimated export price of the subject goods.

**Summary of Preliminary Results - Subsidy**

[214] A summary of the preliminary results of the subsidy investigation respecting all subject goods released into Canada during the subsidy POI follows:

**Summary of Results - Subsidy  
Period of Investigation (October 2012 to September 2014)**

Country	Estimated Subsidized Goods as Percentage of Country Imports	Estimated Amount of Subsidy*	Estimated Volume of Country Imports as Percentage of Total Imports	Estimated Volume of Subsidized Goods as Percentage of Total Imports
China	100%	58.0%	79.0%	79.0%

\* Expressed as a percentage of the export price.

[215] Under subsection 35(1) of SIMA, if, at any time before the President makes a preliminary determination, the President is satisfied that the amount of subsidy on the goods of a country is insignificant or the actual and potential volume of subsidized goods of a country is negligible, the President must terminate the investigation with respect to that country.

[216] Pursuant to subsection 2(1) of SIMA, an amount of subsidy of less than 1% of the export price is defined as insignificant and a volume of subsidized goods is considered negligible if it accounts for less than 3% of the total volume of subsidized goods that are released into Canada from all countries that are of the same description as the subsidized goods, except that where the total volume of subsidized goods of three or more countries, each

of whose exports of subsidized goods into Canada is less than 3% of the total volume of goods, is more than 7% of the total volume of goods, the volume of subsidized goods of any of those countries is not negligible.

[217] However, according to section 41.2 of SIMA, the President is required to take into account Article 27.10 of the *WTO Agreement on Subsidies and Countervailing Measures* when conducting a subsidy investigation. This provision stipulates that a countervailing duty investigation involving a product from a developing country should be terminated as soon as the authorities determine that the overall level of subsidies granted upon the product in question does not exceed 2% of its value calculated on a per unit basis or the volume of subsidized imports represents less than 4% of the total imports of the like product in the importing Member's market, unless subsidized imports from the developing country Members whose individual shares of total imports represent less than 4%, collectively account for more than 9% of the total imports of the like product in the importing member.

[218] SIMA does not define or provide any guidance regarding the determination of a "developing country" for purposes of Article 27.10 of the *WTO Agreement on Subsidies and Countervailing Measures*. As an administrative alternative, the CBSA refers to the *Development Assistance Committee List of Official Development Assistance Recipients (DAC List of ODA Recipients)* for guidance.<sup>38</sup> As China is included in the listing, the CBSA extends developing country status to China for purposes of this investigation

[219] The estimated amount of subsidy of certain photovoltaic modules and laminates for China is above 2% and is therefore not insignificant.

[220] The volumes of subsidized imports from China are above 4% of the total volume of goods released into Canada from all countries. Based on the definition above, the volume of subsidized imports from China are not negligible.

## **DECISIONS**

[221] On March 5, 2015, pursuant to subsection 38(1) of SIMA, the President of the CBSA made preliminary determinations of dumping and subsidizing respecting certain photovoltaic modules and laminates originating in or exported from China.

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<sup>38</sup> The Organization for Economic Co-operation and Development, DAC List of ODA Recipients from 2011 to 2013, the document is available at:  
[www.oecd.org/dac/stats/DAC%20List%20used%20for%202012%20and%202013%20flows.pdf](http://www.oecd.org/dac/stats/DAC%20List%20used%20for%202012%20and%202013%20flows.pdf)

## **PROVISIONAL DUTY**

[222] Pursuant to subsection 8(1) of SIMA, provisional duty payable by the importer in Canada will be applied to dumped and subsidized imports of certain photovoltaic modules and laminates that are released during the period commencing on the day the preliminary determinations are made and ending on the earlier of the day on which the President causes the investigations to be terminated, in accordance with subsection 41(1), or the day on which the Tribunal makes an order or finding. The President considers that the imposition of provisional duty is needed to prevent injury. As noted in the Tribunal's preliminary determination, there is evidence that discloses a reasonable indication that the dumping and subsidizing of certain photovoltaic modules and laminates have caused injury or are threatening to cause injury to the domestic industry.

[223] Provisional duty is based on the estimated margin of dumping and the estimated amount of subsidy, expressed as a percentage of the export price of the goods. **Appendix 1** contains the estimated margins of dumping, estimated amounts of subsidy and the rates of provisional duty payable on subject goods released from the CBSA on and after March 5, 2015.

[224] Importers are required to pay provisional duty in cash or by certified cheque. Alternatively, they may post security equal to the amount payable. Importers should contact their CBSA regional office if they require further information on the payment of provisional duty or the posting of security. If the importers of such goods do not indicate the required SIMA code or do not correctly describe the goods in the import documents, an administrative monetary penalty could be imposed. The imported goods are also subject to the *Customs Act*. As a result, failure to pay duties within the specified time will result in the application of the provisions of the *Customs Act* regarding interest.

## **FUTURE ACTION**

### **The Canada Border Services Agency**

[225] The CBSA will continue its investigations of the dumping and subsidizing and the President will make final decisions by June 3, 2015.

[226] If the President is satisfied that the goods were dumped and/or subsidized, and that the margin of dumping or amount of subsidy is not insignificant, final determinations will be made. Otherwise, the President will terminate the investigations and any provisional duty paid or security posted, will be returned to importers.

### **The Canadian International Trade Tribunal**

[227] The Tribunal has begun its inquiry into the question of injury to the Canadian industry. The Tribunal is expected to issue its finding by July 3, 2015.

[228] If the Tribunal finds that the dumping has not caused injury, retardation or is not threatening to cause injury, the proceedings will be terminated and all provisional duty collected or security posted will be returned.



[229] If the Tribunal makes a finding that the dumping has caused injury, retardation or is threatening to cause injury, anti-dumping duty in an amount equal to the margin of dumping will be levied, collected and paid on imports of certain photovoltaic modules and laminates.

[230] If the Tribunal finds that the subsidizing has not caused injury, retardation or is not threatening to cause injury, the proceedings will be terminated and all provisional duty collected or security posted will be returned.

[231] If the Tribunal makes a finding that the subsidizing has caused injury, retardation or is threatening to cause injury, countervailing duties in the amount equal to the amount of subsidy on the imported goods will be levied, collected and paid on imports of certain photovoltaic modules and laminates.

[232] For purposes of the preliminary determination of dumping or subsidizing, the CBSA has responsibility for determining whether the actual and potential volume of dumped or subsidized goods is negligible. After a preliminary determination of dumping or subsidizing, the Tribunal assumes this responsibility. In accordance with subsection 42(4.1) of SIMA, the Tribunal is required to terminate its inquiry in respect of any goods if the Tribunal determines that the volume of dumped or subsidized goods from a country is negligible.

#### **RETROACTIVE DUTY ON MASSIVE IMPORTATIONS**

[233] Under certain circumstances, anti-dumping and/or countervailing duty can be imposed retroactively on subject goods imported into Canada. When the Tribunal conducts its inquiry on material injury to the Canadian industry, it may consider if dumped and/or subsidized goods that were imported close to or after the initiation of the investigation constitute massive importations over a relatively short period of time and have caused injury to the Canadian industry. Should the Tribunal issue a finding that there were recent massive importations of dumped and/or subsidized goods that caused injury, imports of subject goods released by the CBSA in the 90 days preceding the day of the preliminary determination could be subject to anti-dumping and/or countervailing duty.

[234] In respect of importations of subsidized goods that have caused injury, this provision is only applicable where the CBSA has determined that the whole or any part of the subsidy on the goods is a prohibited subsidy. In such a case, the amount of countervailing duty applied on a retroactive basis will equal the amount of subsidy on the goods that is a prohibited subsidy. An export subsidy is a prohibited subsidy according to subsection 2(1) of SIMA.

## **UNDERTAKINGS**

[235] After a preliminary determination of dumping, exporters may give a written undertaking to revise selling prices to Canada so that the margin of dumping or the injury caused by the dumping is eliminated. Similarly, after a preliminary determination of subsidizing, the government of a country may give a written undertaking to eliminate the subsidy on the goods or to eliminate the injurious effect of the subsidy by limiting the amount of the subsidy or the quantity of goods exported to Canada. Exporters, with the consent of their government, may also undertake to revise their selling prices so that the injurious effect of the subsidy is eliminated.

[236] Acceptable undertakings must account for all or substantially all of the exports to Canada of the dumped and subsidized goods. In the event that an undertaking is accepted, the required payment of provisional duty on the goods would be suspended.

[237] In view of the time needed for consideration of undertakings, written undertaking proposals should be made as early as possible and no later than 60 days after the preliminary determinations of dumping and subsidizing. Further details regarding undertakings can be found in the CBSA's Memorandum D14-1-9, available online at [www.cbsa-asfc.gc.ca/publications/dm-md/d14/d14-1-9-eng.html](http://www.cbsa-asfc.gc.ca/publications/dm-md/d14/d14-1-9-eng.html)

[238] SIMA allows all interested parties to make representations concerning any undertaking proposals. The CBSA will maintain a list of interested parties and will notify them should an undertaking proposal be received. Persons wishing to be notified must provide their name, address, telephone, fax, or email address, to one of the officers listed below. Interested parties may also consult the CBSA Web site noted below for information on undertakings offered in these investigations. A notice will be posted on the CBSA Web site when an undertaking proposal is received. Interested parties have nine days from the date the undertaking offer is received to make representations.

## **PUBLICATION**

[239] A notice of these preliminary determinations of dumping and subsidizing will be published in the *Canada Gazette* pursuant to paragraph 38(3)(a) of SIMA.

## INFORMATION

[240] This *Statement of Reasons* has been provided to persons directly interested in these proceedings. It is also posted on the CBSA's Web site at the address below. For further information, please contact the officers identified as follows:

**Mail:** SIMA Registry and Disclosure Unit  
Trade and Anti-dumping Programs Directorate  
Canada Border Services Agency  
100 Metcalfe Street, 11<sup>th</sup> floor  
Ottawa, Ontario K1A 0L8  
Canada

**Telephone:** Walid Ben Tamarzizt 613-954-7183  
Shawn Ryan 613-954-7341

**E-mail:** [simaregistry@cbsa-asfc.gc.ca](mailto:simaregistry@cbsa-asfc.gc.ca)

**Web site:** [www.cbsa-asfc.gc.ca/sima-lmsi](http://www.cbsa-asfc.gc.ca/sima-lmsi)



Brent McRoberts  
Director General  
Trade and Anti-dumping Programs Directorate

Attachments

**APPENDIX 1 – SUMMARY OF THE ESTIMATED MARGINS OF DUMPING, ESTIMATED AMOUNTS OF SUBSIDY, AND PROVISIONAL DUTIES PAYABLE**

The following table lists the estimated margins of dumping, the estimated amounts of subsidy, and the provisional duty by exporter as a result of the decisions mentioned above. Imports of subject goods released from the CBSA, on or after March 5, 2015, will be subject to provisional duties at the rates specified below.

<b>Exporter</b>	<b>Estimated Margin of Dumping*</b>	<b>Estimated Amount of Subsidy*</b>	<b>Provisional Duty Payable*</b>
Canadian Solar Manufacturing (Changshu) Inc. / Canadian Solar International Limited	90.1%	84.1%	174.2%
Changzhou Trina Solar Energy Co., Ltd.	125.7%	0.8%	126.5%
Hanwha SolarOne (Qidong) Co., Ltd.	103.0%	0.3%	103.3%
Hefei JA Solar Technology Co., Ltd.	47.5%	3.1%	50.6%
Jinko Solar Co., Ltd.	110.7%	1.1%	111.8%
Renesola Jiangsu Ltd.	9.1%	0.04%	9.14%
Wuxi Taichen Machinery & Equipment Co., Ltd.	25.9%	1.8%	27.7%
Wuxi Suntech Power Co., Ltd.	202.0%	0.5%	202.5%
Zhejiang Jinko Solar Co., Ltd.	114.2%	1.7%	115.9%
All other exporters	202.0%	84.1%	286.1%

\* As a percentage of export price

## **APPENDIX 2 – SUMMARY OF PRELIMINARY FINDINGS FOR NAMED SUBSIDY PROGRAMS - CHINA**

As noted in the body of this document, the GOC provided an incomplete response to the subsidy RFI, which significantly impeded the CBSA's ability to conduct a proper analysis of the programs for the preliminary determination. However, in recognition of the amount of cooperation and the volume of information provided by the responding companies, the CBSA has estimated the amounts of subsidy where possible, based on the information provided in the responses to the subsidy RFI.

This appendix consists of descriptions of the potentially actionable subsidy programs from which the responding companies benefited from during the course of the POI in the current investigation, followed by a listing of the other potentially actionable subsidy programs identified by the CBSA.

### **Potentially Actionable Subsidy Programs Used by the Responding Exporters and Related Suppliers**

The CBSA has used the best information available to describe the potentially actionable subsidy programs used by the responding exporters and related suppliers in the current investigation. This includes using information obtained from CBSA research on potential subsidy programs in China, information provided by the responding exporters and related suppliers and descriptions of programs that the CBSA has previously publicly published in recent *Statement of Reasons* relating to subsidy investigations involving China.

#### **III. Grants and Grant Equivalents**

On the basis of the available information, the following programs under grants and grant-equivalents constitute a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA; i.e., a practice of government that involves a direct transfer of funds. These grants confer a direct benefit to the recipient in the form of a grant and the benefit is equal to the amount of the grant provided.

Program 25: Enterprise Innovation Award of Qishuyan District (Jiangsu)

During the POI, one company received a grant under this program, in the form of an "Award for high-technology enterprises."

Program 26: Enterprise Technology Centers (e.g. Tianjin City and Jinnan District)

During the POI, one company received a grant under this program described as "Technology Infrastructure scrolling support (Engineering Center)".

- Program 28:** Grant - Jiangsu Province Finance Supporting Fund
- During the POI, one company received a grant under this program, in the forms of a “special incentive for the good quality of the province and fund for promoting the transformation and upgrading of standardization from Provincial Department of Finance”.
- Program 31:** Advanced Science/Technology Enterprise Grant
- During the POI, one of the companies received a grant under this program.
- Program 33:** Assistance for Optimizing the Structure of Import/Export of High-Tech Products
- During the POI, two of the companies received a grant under this program.
- Program 34:** Assistance for Technology Innovation - R&D Project
- During the POI, one of the companies received a grant under this program, in the following forms: Jiangsu Photovoltaic Industry Association – Complete technical standard components stabler-wronski effect project development costs, Applied Technology Research and Development – Provincial international cooperation projects funding and R&D incentives for medium/large-sized enterprises.
- Program 36:** Awards for the Contributions to Local Economy and Industry Development
- During the POI, one of the companies received a grant under this program.
- Program 37:** Awards to Enterprises Whose Products Qualify for “Well-Known Trademarks of China” or “Famous Brands of China”
- During the POI, one company received benefits from the provincial famous brand bonus by the Finance Bureau of the Management Committee of New District.

**Program 41: Emission Reduction and Energy-saving Award**

During the POI, three of the companies received a grant under this program.

One company received a grant for energy savings. Eligibility for the grant is set forth in the “Interim Measure for the Management of Special Fund for Energy Saving and Development of Circular Economy in Qidong”.

Another company received benefits under this program for the “2012 industrial development fund energy saving and recycling economy bonus by the Finance Bureau of the Management Committee of New District”.

**Program 43: Energy-saving Technology Renovation Fund**

During the POI, one of the companies received a grant under this program.

**Program 44: Export Assistance Grant**

During the POI, two of the companies received a grant under this program.

One company received benefits under this program as Export Credit Insurance Fund by the Management Committee of New District

Another company received benefits under this program for export growth.

**Program 45: Export Brand Development Fund**

During the POI, one of the companies received a grant under this program.

**Program 46: Export Credit Subsidy Programs: Export Buyer’s Credits**

During the POI, one company received a grant for export credit insurance. Eligibility for the grant is set forth in the “SCQ [2006] No.:34 Interim Administration Method of Support Development Fund for Policy Export Credit Insurance in Jiangsu Province”.

**Program 48: Financial Subsidy**

During the POI, two of the companies received a grant under this program.

One of the cooperative companies received a grant under this program, in the form of a project of “a core Changzhou science and education town and eight industrial parks garden” patent award, projects 863, 863/1, 863/2, 863/3 and 973/2, Changzhou technical standards and allowances for cooling circulating water project.

- Program 52:** Funds for Outward Expansion of Industries in Guangdong Province
- During the POI, one of the companies received a grant under this program, in the form of Provincial strategic emerging industry development funds.
- Program 54:** Foreign Trade Development Fund Program – Grants
- During the POI, four of the companies received a grant under this program.
- One of the cooperative companies received a grant under this program, in the form of Finance Bureau of Changzhou City allocation of special funds to support the business development of foreign trade in transition.
- Program 55:** Government Export Subsidy and Product Innovation Subsidy
- During the POI, one company described this program as “Reinforce and regulate administration of capital for foreign trade and economic development, complete policies for promoting foreign trade and economics. Create new economic opening system and forging new competitive advantages on international economic cooperation.”
- Another cooperative described receiving a grant under this program, in the form of “Nano silicon solar cell line development” special fund.
- Program 58:** Grant - Large Taxpayer Award
- During the POI, one of the companies received a grant under this program.
- Program 59:** Grant - Patent Application Assistance
- During the POI, six of the companies received a grant under this program.
- One company received a grant related to domestic patents and appears to be limited to the area of Qidong.
- Another company described this program as “Encourage all kinds of innovating entities to transfer key technical achievements related to national development to be applied to real lives.”
- A third company received benefits under this program from the Finance Bureau of the Management Committee of New District. The purpose of this program is to assist the company to apply for overseas patent, national (i.e., Chinese) patent and Wuxi City patent.
- Program 61:** Grant - Provincial Foreign Economy and Trade Development Special Fund
- During the POI, one of the companies received a grant under this program.



- Program 63:** Grant - Resources Conservation and Environment Protection Grant
- During the POI, one of the companies received a grant under this program.
- Program 65:** Grant - State Service Industry Development Fund
- During the POI, one of the companies received a grant under this program.
- Program 69:** Grants for International Certification
- During the POI, one of the companies received a grant under this program.
- Program 72:** Grants under the Science and Technology programme of Hebei Province
- During the POI, one of the cooperative companies received a grant under this program, in the form of Science and technology progress award.
- Program 73:** Grants under the Science and technology programme of Jiangsu Province
- During the POI, one of the companies received a grant under this program.
- Program 78:** Implementing Measures on the Supporting Fund for Foreign Trade & Economic Development of Jiangxi Province (Implementing Measures)
- During the POI, one of the companies received a grant under this program.
- Program 82:** Innovative Small and Medium-Sized Enterprise Grants
- During the POI, one of the cooperative companies received a grant under this program, in the form of Major Achievements.
- Program 89:** Local and Provincial Government Reimbursement Grants on Export Credit Insurance Fees
- During the POI, four of the companies received a grant under this program.
- One company received benefit under this program to help and support exporting enterprises to avoid export risks, reduce losses and mobilize enthusiasm of the enterprises.
- Another company received a grant under this program. The amount of subsidy received varied depending on the amount paid for obtaining the insurance.

**Program 90: Miscellaneous Grants**

During the POI, four of the companies received a grant under this program.

One company received benefits for the 2011 City Finance Insurance Subsidy from the Management Committee of New District Wuxi City People's government.

**Program 92: Municipal Government - Exhibition Grant**

During the POI, two of the companies received a grant under this program.

This grant was provided to one company for overseas exhibitions and is limited to Jiangsu province. The eligibility criteria is set forth in the "QCG[2011]No.6 Detailed Measures for Implementing Special Business Development Fund of Qidong City to Support Transformation and Upgrading of Foreign Trade and Economic Cooperation: Chapter II (1) Exploration of International Market SCG [2011] No.42 Detailed Rules for the Implementation of the Measures for Administration of International market developing funds of Small and Medium-sized Enterprises of Jiangsu Province: Annex: I. Overseas exhibitions".

**Program 98: Patent award in Guangdong province**

During the POI, one of the cooperative companies received a grant under this program, in the form of Patents funding – Changzhou Intellectual Property Office, patents funding – Changzhou intellectual Property Service Center and Changzhou Science, Technology Award for the fifth (IPR) to major patent creators, Patents funding – Jiangsu Intellectual Property Office, Xinbei District Office patent technology award and Patents funding – Xinbei Accounting Center.

**Program 102: Provincial Government - Equipment Grant**

During the POI, one of the companies received a grant under this program.

**Program 104: Provincial Scientific Development Plan Fund**

During the POI, one company received benefits from Jiangsu Province Quality & Technology Supervision Bureau for silicon solar cells initial S-W effect international standard. The purpose of this program is to support the research on the silicon solar cells initial S-W effect international standard.

**Program 109: Research & Development (R&D) Assistance Grant**

During the POI, three of the companies received a grant under this program.

One company received benefits from the Standard Research Assistance Program by the Finance Bureau of the Management Committee of New District.

Another company received a grant under this program, in the form of Laboratory development supporting funds, Finance Bureau of Changzhou City allocation of Changzhou Xinbei fourth installment of R & D Programme in 2013 (provincial project).

**Program 110: Science and Technology Award**

During the POI, four of the companies received a grant under this program.

This grant was provided to one company for making progress in science and technology in the Nantong region and eligibility is set forth in the “TKC[2010]No. 86 Detailed Implementation Rules of Scientific and Technological Progress Awarding Method in Nantong: Chapter II Awarding Scope and Review Criterion”.

**Program 111: Small- and Medium-sized Enterprise Support Funds**

During the POI, one of the cooperative companies received a grant under this program, in the form of Finance Bureau of Changzhou City allocation supporting funds in 2012.

**Program 114: Special Supporting Fund for Commercialization of Technological Innovation and Research Findings**

During the POI, one of the cooperative companies received a grant under this program, in the form of Finance Bureau of Changzhou City allocation of special funds for provincial prospective study (the fifth) in 2013.

**Program 115: State Special Fund for Promoting Key Industries and Innovation Technologies**

Under this program, one company received benefits from the Finance Ministry of the PRC, Industry and Information Ministry for electric development project and national “863” program.

**Program 117: Subsidy for the Technology Development**

During the POI, one of the cooperative companies received a grant under this program, in the form of 2014 Provincial Natural Science Foundation – Provincial technology funding projects.

**Program 119: Support Funds for Construction of Project Infrastructure Provided by Administration Commission of LETDZ**

During the POI, one of the cooperative companies received a grant under this program, in the form of Infrastructure and 222KV line settlement construction funds.

**Program 123: Technology Project Assistance**

Under this program, one company received benefits from the New District Management Committee of Wuxi People’s Government. The purpose of this program is to support the construction of PV technology research institute of Jiangsu (Suntech) – Solar Cell research Center. The only eligibility criterion is that the applicant has to have R&D capacity.

**Program 127: Water Conservancy Fund Deduction**

During the POI, three of the companies received a grant under this program.

One of the cooperative companies received a grant under this program, in the form of Water conservation technological upgrading projects in 2012, water conservation city industrial water-saving site acceptance at provincial level and west silicon factories for wastewater cleaning workshop degumming water conservation in 2014.

**Program 130: Award for Excellent Enterprise**

During the POI, two of the companies received a grant under this program.

**Program 133: Foreign Trade Promotion Award**

During the POI, one of the companies received a grant under this program.

**Program 135: Medium Size and Small Size Enterprises Development Special Fund**

During the POI, three of the companies received a grant under this program.

One of the cooperative companies received a grant under this program, in the form of “Incentives for Medium-sized enterprises R&D development”.

**Program 137: Reduction in Land Use Fees, Land Rental Rates, and Land Purchase Prices**

During the POI, three of the companies received a grant under this program.

**Program 144: Golden Sun Demonstration Program**

During the POI, three companies received benefits under this program.

According to Article 5 of the Temporary Management Method of Financial Funds for Golden Sun Demonstration Project, a project that is entitled to this program needs to meet the following criteria: 1. The project is selected in the local plan for golden sun demonstration project. 2. Installed capacity for each project is higher than 300 KWp. 3. The construction period for the project is less than 1 year and the running period is for at least 20 years. 4. Total assets of the company that hosts the project are more than 0.1 billion, and the capital contribution for the project is more than 30% of the total investment. In addition, the host company for the photovoltaic power-generating project is capable of running the project on a long-term basis. 5. The specific project meets the following technical requirements: (1) Photovoltaic power generation and its system integration shall be advanced; (2) The photovoltaic modules, controllers, inverters and storage batteries and so on must be certified by the state authority of approval and certification. (3) The solar grid power system must meet the technology standard. (4) The project shall be equipped with functioning power measurement meters.

**Program 145: Special Energy Fund**

During the POI, this grant was provided to one company to “exert the effects for financial capital and guidance for energy saving”.

**Program 146: Fund for Economic, Scientific and Technology Development**

During the POI, two of the companies received a grant under this program.

One of the cooperative companies received a grant under this program, in the form of a “Postdoctoral Technology Workstation”.

Program 149: New Product Award

During the POI, one of the cooperative companies received a grant under this program, in the form of “National key new product projects awards”.

Program 150: Capital Increase Award

During the POI, one of the companies received a grant under this program.

#### **IV. Preferential Tax Programs**

On the basis of available information, the following programs under relief from duties and taxes on inputs, materials and machinery constitute a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA, i.e., amounts that would otherwise be owing and due to the government are reduced and/or exempted, and confers a benefit to the recipient equal to the amount of the reduction/exemption.

Program 151: Corporate Income Tax Reduction for New High-Technology Enterprises

During the POI, four of the companies received a grant under this program.

One of the cooperative companies received a grant under this program, in the form of Corporate Income Tax Reduction for New Technology Enterprises, Income from the Technology Bureau and Income tax return of supported enterprises for 2012.

Program 164: Preferential Tax Policies for the Research and Development of FIEs

During the POI, two of the companies received a grant under this program.

Program 165: Preferential Tax Policies in the Western Regions

During the POI, one of the companies received a grant under this program.

Program 168: City maintenance and Construction Taxes and education surcharges for Foreign Invested Enterprises

During the POI, one of the companies received a grant under this program.

Program 172: Tax Preference Available to Companies that Operate at a Small Profit

During the POI, one of the companies received a grant under this program.

## **V. Relief from Duties and Taxes on Inputs, Materials and Machinery**

On the basis of available information, the following programs under relief from duties and taxes on inputs, materials and machinery constitute a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA, i.e., amounts that would otherwise be owing and due to the government are reduced and/or exempted, and confers a benefit to the recipient equal to the amount of the reduction/exemption.

- Program 175:** Exemption of Tariff and Import VAT for the Imported Technologies and Equipment
- During the POI, one of the companies received a grant under this program.
- Program 176:** Relief from Duties and Taxes on Imported Material and Other Manufacturing Inputs
- During the POI, one of the companies received a grant under this program, in the form of Relief from Duties and Taxes on Imported Material and Other Manufacturing Inputs.
- Program 177:** VAT rebates on domestically produced equipment
- During the POI, one of the companies received a grant under this program, in the form of VAT Rebates on Domestically Produced Equipment.
- Program 178:** VAT refunds to FIEs purchasing domestically produced equipment
- During the POI, one company received VAT refunds for purchases of domestically produced equipment that met the foreign-invested enterprise and industry criteria set forth in the “Trial Implementation Measures on Tax Refund Administration for the Purchase of Home-made Equipment for Foreign-funded Projects”.
- Program 181:** Import tariff and VAT exemptions for FIEs and certain domestic enterprises using imported equipment in encouraged industries
- During the POI, three companies received import tariff and VAT exemptions for purchases of imported equipment that met the foreign-invested enterprise and industry criteria set forth in the “Circular of the State Council on Adjustment of Imported Equipment Taxation Policies GF(1997) No.37.”.

## **VII. Equity Programs**

**Program 187:** Dividend exemption between qualified resident enterprises

During the POI, one company received benefits under this program in accordance with Article 26-2 of the PRC Enterprise Income Tax Law (effective as of January 1, 2008) and Article 83 of the Implementing Regulations of the PRC Enterprise Income Tax Law (effective as of January 1, 2008), qualified resident enterprises can benefit from the exemption of income tax for the dividend or investment income received from other resident enterprises.

**Program 190:** Reward for 'ensuring growth' for 2012 by commerce bureau

During the POI, one company received this grant to accelerate transformation of industrial transformation and upgrading, and transferring economic development mode.

**Program 191:** Exhibition subsidy for 2012

During the POI, this grant was provided to one company as a reward for attending an overseas exhibition. Support all kinds of foreign trade and economic enterprises transform and upgrade, and keep foreign trade grow at a steady pace.

**Program 192:** Industry development subsidy by finance bureau

During the POI, three of the companies received a grant under this program.

One company described this program as "For foreign trade enterprises whose annual trade surpasses a certain threshold and for self-attending overseas export products or service trade exhibition show. Support all kinds of foreign trade and economic enterprises transform and upgrade, and keep foreign trade grow at a steady pace."

**Program 193:** Equipment and Machinery Subsidy for 2012

During the POI, one of the companies received a grant under this program.

**Program 194:** Investment promotion grant

During the POI, one of the companies received a grant under this program.

**Program 195:** Three-new industry supporting fund

During the POI, one of the companies received a grant under this program.



- Program 196: Solar power station grant  
During the POI, one of the companies received a grant under this program.
- Program 197: Imports interest discount fund  
During the POI, one of the companies received a grant under this program.
- Program 198: Fixed assets investment fund  
During the POI, one of the companies received a grant under this program.
- Program 199: Heifei High-Tech Zone supporting fund  
During the POI, one of the companies obtained an ISO 1400 environment management system certification and was eligibility to receive a benefit.
- Program 200: Safety production standardization grant  
During the POI, one of the companies received a grant for safety production standardization.
- Program 201: Hefei Science and Technology Bureau award  
During the POI, one of the companies received a grant for establishing a provincial level technology innovation platform.
- Program 202: Hefei high and new technology enterprise award  
During the POI, one of the companies received a grant for new high-tech enterprise.
- Program 203: Anhui innovative award  
During the POI, one of the companies received a grant for establishing a provincial level technology innovation platform.
- Program 204: Production and sale growth award  
During the POI, one of the companies received a grant for realizing a growth of production and sales.
- Program 205: Income growth award of 2012  
During the POI, one of the companies received a grant for realizing a growth of income.

- Program 206: Engineering technology research center award of 2012  
During the POI, one of the companies received a grant for the establishment of an engineering technology research center.
- Program 207: Fixed assets investment rewards  
During the POI, one of the companies received a grant under this program.
- Program 208: Environmental Protection Agency award  
During the POI, one of the companies received a grant for implementing clean production, energy conservation and emission reduction.
- Program 209: Dredging fund  
During the POI, one of the companies received a grant under this program.
- Program 210: Production efficiency award  
During the POI, one of the companies received a grant under this program.
- Program 211: Photovoltaic industry development policy fund  
During the POI, two of the companies received a grant under this program.
- Program 212: Energy Saving Grant 2012  
During the POI, one of the companies received a grant under this program.
- Program 213: Import Fund 2011  
During the POI, one of the companies received a grant under this program.
- Program 214: Environmental pollution liability insurance premium subsidy  
During the POI, one of the companies received a grant under this program.
- Program 215: Safety production standardization enterprise subsidy  
During the POI, one of the companies received a grant under this program.
- Program 216: Encourage for export enterprises to develop Electronic Commerce Trade  
During the POI, one of the companies received a grant under this program.

- Program 217: Development Zone Subsidy - Shangrao Development Zone  
During the POI, one of the companies received a grant under this program.
- Program 218: High school graduates youth Internship Program  
During the POI, one of the companies received a grant under this program.

### **OTHER POTENTIALLY ACTIONABLE SUBSIDY PROGRAMS**

The following programs are also included in the current investigation. Questions concerning these programs were included in the RFIs sent to the GOC and to all known exporters of the subject goods in China. Without a complete response to the subsidy RFI from the GOC, the CBSA does not have detailed descriptions of these programs; nor does it have sufficient information to determine that any of these programs do not constitute actionable subsidy programs. In other words, the CBSA has, to date, not determined if any of these programs should be removed from the investigation. The CBSA will continue to investigate these programs in the final phase of the investigation.

#### **I. Special Economic Zone (SEZ) and Other Designated Areas Incentives**

- Program 1: Award for Baotou Rare Earth High and New Technology Industrial Development Zone for Excellent Construction Projects
- Program 2: Fuyang and Hangzhou City Government Grants for Enterprises Operating Technology and Research and Development Centers
- Program 3: Science and Technology Fund - Tianjin Binhai New Area and the Tianjin Economic and Technological Development Area
- Program 4: Corporate Income Tax Exemption and/or Reduction in SEZs and other Designated Areas
- Program 5: Exemption/Reduction of Special Land Tax and Land Use Fees in SEZs and Other Designated Areas
- Program 6: Income Tax Refund where Profits Re-invested in SEZs and other Designated Areas
- Program 7: Preferential Tax Policies for Enterprises with Foreign Investment (FIEs) Established in Special Economic Zones (excluding Shanghai Pudong Area)
- Program 8: Preferential Tax Policies for FIEs Established in the Coastal Economic Open Areas and in the Economic and Technological Development Zones
- Program 9: Tariff and Value-added Tax (VAT) Exemptions on Imported Materials and Equipment in SEZs and other Designated Areas

- Program 10: Tax concessions for Central and Western regions
- Program 11: Local Income Tax Exemption and/or Reduction in SEZs and other Designated Areas
- Program 12: Preferential Costs of Services and/or Goods Provided by Government or State-owned Enterprises (SOEs) in SEZs and Other Designated Areas
- Program 13: VAT Exemptions for the Central Region

## **II. Preferential Loans and Loan Guarantees**

- Program 14: Loan from Local Finance Bureau
- Program 15: Loans and Interest Subsidies provided under the Northeast Revitalization Program
- Program 16: Policy Lending to Particular Industries
- Program 17: Preferential Loans Characterized as a Lease Transaction
- Program 18: Preferential Loans for SOEs
- Program 19: Debt Forgiveness
- Program 20: Preferential Loans for FIEs
- Program 21: Credit Guarantee: Liaoning (Yingkou) Coastal Industrial Bases

## **III. Grants and Grant Equivalents**

- Program 22: Export Seller's Credit for High- and New-Technology Products by China EMIX Bank
- Program 23: Changzhou Qishuyan District Environmental Protection Fund (Jiangsu)
- Program 24: Changzhou Technology Plan (Jiangsu)
- Program 27: Environment Protection Award (Jiangsu)
- Program 29: "Large and Excellent" Enterprises Grant
- Program 30: "Two New" Product Special Funds of Guangdong Province
- Program 32: Allowance to Pay Loan Interest (Zhongshan City, Guangdong)
- Program 35: Award for Good Performance in Paying Taxes

- Program 38: Business Bureau 2012 Market Monitoring System of Subsidies
- Program 39: Business Development Overseas Support Fund (Foshan)
- Program 40: Circular on Issuance of Management Methods for Foreign Trade Development Support Fund (Support Fund)
- Program 42: Energy Saving Grant 2008
- Program 47: Export Grant 2006, 2007, 2008
- Program 49: Five Points, One Line Strategy in Liaoning Province
- Program 50: Foreign Trade Grant 2008
- Program 51: Fund for SME Bank-Enterprise Cooperation Projects
- Program 53: Funds of Guangdong Province to Support the Adoption of E-Commerce by Foreign Trade Enterprises
- Program 56: Government of Shijiazhuang City Export Award
- Program 57: Grant - Financial Subsidies from Wei Hai City Gao Cun Town Government
- Program 60: Grant - Policy on Value-added Tax for Recyclable Resources
- Program 62: Grant - Provisional Industry Promotion Special Fund
- Program 64: Grant - Special Fund for Fostering Stable Growth of Foreign Trade in 2009
- Program 66: Grant - Water Pollution Control Special Fund for Taihu Lake
- Program 67: Grant for key enterprises in equipment manufacturing industry of Zhongshan
- Program 68: Grants for Encouraging the Establishment of Headquarters and Regional Headquarters with Foreign Investment
- Program 70: Grants to Privately-Owned Export Enterprises
- Program 71: Grants Under Regulations for Export Product Research and Development Fund Management
- Program 74: Guangdong - Hong Kong Technology Cooperation Funding Scheme
- Program 75: Guangdong Supporting Fund
- Program 76: Guaranteed Growth Fund

- Program 77: Hangzhou City Government Grants Under the Hangzhou Excellent New Products/Technology Award
- Program 79: Important Structural Adjustment Program of Jiangsu Province
- Program 80: Initial Public Offering (IPO) Grants from the Hangzhou Prefecture and the City of Fuyang
- Program 81: Innovative Experimental Enterprise Grant
- Program 83: Interim Measures of Fund Management of Allowance for Zhongshan Enterprises to Attend Domestic and Overseas Fair (Zhongshan)
- Program 84: International Market Fund for Small- and Medium-sized Export Companies) [Matching Funds for International Market Development for SMEs]
- Program 85: Jiangxi Provincial Bulk Cement Special Fund: Transformation of Bulk Cement Facilities and Equipment
- Program 86: Jiangxi Provincial Environmental Protection Special Fund
- Program 87: Jiangxi Provincial Wall Material Renovation Special Fund: Special Subsidies for New Wall Materials
- Program 88: Liaoning High-Tech Products & Equipment Export Interest Assistance
- Program 91: Modern Service Grant
- Program 93: Municipal Government - Export Grant
- Program 94: Municipal Government - Insurance Fee Grant
- Program 95: National Environmental Protection and Resources Saving Program: Grants for the Optimization of Energy Systems
- Program 96: National Innovation Fund for Technology Based Firms
- Program 97: Outstanding Growth Private Enterprise and Small- and Medium-sized Enterprises Development in Jiangyin Fund
- Program 99: Pension Fund Grants
- Program 100: Product Quality Grant
- Program 101: Provincial Fund for Fiscal and Technological Innovation
- Program 103: Provincial Loan Discount Special Fund for SMEs

- Program 105: Refund from Government for Participating in Trade Fair (Foshan)
- Program 106: Reimbursement of Anti-dumping and/or Countervailing Legal Expenses by the Local Governments
- Program 107: Reimbursement of Foreign Affairs Services Expenses (Foshan)
- Program 108: Repaying Foreign Currency Loan by Returned VAT
- Program 112: Special Fund for Significant Science and Technology in Guangdong Province
- Program 113: Special Support Fund for Non-State-Owned Enterprises
- Program 116: Subsidy for Promoting Energy-saving Buildings
- Program 118: Superstar Enterprise Grant
- Program 120: Supporting Fund for Non-refundable Export Tax Loss on Mechanical & Electrical Product and High-tech Product (Jiangmen City)
- Program 121: Taxpayer Grant
- Program 122: Technical Renovation Loan Interest Discount Fund
- Program 124: Technology to Improve Trade R&D Fund
- Program 125: The State key technology project fund
- Program 126: Venture Investment Fund of Hi-Tech Industry
- Program 128: Water Fund Refund/Exemption 2008
- Program 129: Water Saving Enterprise
- Program 131: Export Award
- Program 132: Financial Assistance for an Overseas Market Survey
- Program 134: Fund for Supporting Strategic Emerging Industries by Guangdong Governments
- Program 136: Medium Size and Small Size Trading Enterprises Development Special Fund
- Program 138: Special Supporting Fund for Key Projects of “500 Strong Enterprises in Contemporary Industries” by Guangdong Governments
- Program 139: Stamp Tax Exemption on Share Transfers under Non-tradable Share Reform

- Program 140: Supporting Fund for Becoming Publicly Listed Company
- Program 141: Supporting Fund for the “Working Capital” Loan Interest
- Program 142: Supporting Fund for the Development from Guangzhou Local Governments
- Program 143: Foreign Trade Development Fund Program - VAT Refunds
- Program 147: Grants for “International Top 500 Enterprises”
- Program 148: Foreign Trade Development Fund of Old Industrial Bases of Northeast China

#### **IV. Preferential Tax Programs**

- Program 152: Deed Tax Exemptions For Land Transferred through Merger or Restructuring
- Program 153: Income tax concessions for the enterprises engaged in the comprehensive resource utilisation (‘special raw materials’)
- Program 154: Income Tax Exemption for Investors in Designated Geographical Regions within Liaoning
- Program 155: Income Tax Refund for Re-investment of FIE Profits by Foreign Investors
- Program 156: Local income tax exemption and reduction programmes for the productive FIEs
- Program 157: Municipal Government - Preferential Tax Program
- Program 158: PGOG Tax Offset for R&D
- Program 159: Preferential income tax policies for particular regions
- Program 160: Preferential Tax Policies for Domestic Enterprises Purchasing Domestically Produced Equipment for Technology Upgrading Purpose
- Program 161: Preferential Tax Policies for FIEs and Foreign Enterprises Which Have Establishments or Places in China and are Engaged in Production or Business Operations Purchasing Domestically Produced Equipment
- Program 162: Preferential Tax Policies for FIEs which are Technology Intensive and Knowledge Intensive
- Program 163: Preferential Tax Policies for Foreign Invested Export Enterprises
- Program 166: Preferential Tax Programs for Encouraged Industries or Projects



Program 167: Accelerated Depreciation on Fixed Assets

Program 169: Various local tax discounts (Shandong Province, Chongqing City, Guangxi Region Zhuang, Tax privileges to develop central and western regions)

Program 170: VAT and Income Tax Exemption/Reduction for Enterprises Adopting Debt-to-Equity Swaps

Program 171: Tax policies for the deduction of research and development expenses

Program 173: Two free, three half tax exemptions for the productive FIEs

Program 174: VAT exemption for products sold by FIEs

**V. Relief from Duties and Taxes on Inputs, Materials and Machinery**

Program 179: VAT deduction on fixed assets in the Central region

Program 180: Income tax credit for the purchase of domestically manufactured production equipment

**VI. Goods/Services provided by the Government at Less Than Fair Market Value**

Program 182: Acquisition of Government Assets at Less than Fair Market Value

Program 183: Export Restrictions on raw materials (e.g. Coke)

Program 184: Input Materials Provided by Government at Less than Fair Market Value

Program 185: Utilities Provided by Government at Less than Fair Market Value

**VII. Equity Programs**

Program 186: Debt-to-Equity Swaps

Program 188: Equity Infusions

Program 189: Unpaid Dividends

**APPENDIX 3 – LIST OF EXPORTERS, PRODUCERS AND RELATED SUPPLIERS  
THAT PROVIDED A RESPONSE TO THE SUBSIDY RFI**

Canadian Solar Manufacturing (Changshu) Inc.
Changzhou Trina Solar Energy Co., Ltd.
Changzhou Youze Technology Co., Ltd.
Trina Solar (Changzhou) Science & Technology Co., Ltd.
JA Solar Technology Yangzhou Co., Ltd.
JingAo Solar Co., Ltd.
Hefei JA Solar Technology Co., Ltd.
Shanghai Ja Solar Technology Co., Ltd.
Jinko Solar Co., Ltd.
Zhejiang Jinko Solar Co., Ltd.
Zhejiang Jinko Solar Trading Co., Ltd.
Jiangxi Jinko PV Material Co., Ltd.
Jinko Solar Import and Export Co., Ltd.
JinkoSolar Technology Limited
Jinko Solar (Shanghai) Management Co., Ltd.
Wuxi Suntech Power Co., Ltd.
Luoyang Suntech
Wuxi Taichen Machinery & Equipment Co., Ltd.
Wuxi Taichang Electronic
Renesola Jiangsu Ltd.
Hanwha SolarOne (Qidong)
Hangzhou Sunny Energy