Certain Crystalline Silicon Photovoltaic Products from China and Taiwan

U.S. International Trade Commission

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Statement of Austin Chiu

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My name is Austin Chiu. I have been in the Taiwan solar industry since 2007. Today, I am speaking on behalf of not only my company Neo Solar Power, but also on behalf of all members of the Taiwan Photovoltaic Industry Association. Our association accounts for over 90 percent of Taiwan's production of solar products.

The solar value chain has several stages: polysilicon, wafers, cells, modules, and installation. The Taiwanese solar industry is a cell industry. Unlike Solarworld and most of the large Chinese producers that are integrated producers of both cells and modules, Taiwanese producers focus on cells because that is what we do best.

Taiwan's focus on solar cell production can be traced to its leadership in producing high-quality, high-efficiency semiconductors going back to the 1970s. Based on our expertise and knowledge in converting wafers into microchips, it made sense for Taiwan to become the world's commercial leader in producing the highest quality solar cells.

Taiwanese cells are regarded as having higher reliability than cells from other sources because our cells have lower power loss and degradation and higher yields. Taiwan is also a leader in the production of cells that have higher efficiency on average – for both multi and mono cells. While there are a handful of other companies that can produce high efficiency cells, these companies primarily produce for their own internal production of modules. Taiwan is the clear leader in providing commercially available high quality, high-efficiency cells.

Global demand for solar products has grown rapidly and will continue to grow, as many countries aim to meet renewable energy targets. This, in turn, has driven the growth in demand for Taiwanese cells, as we supply cells to module assemblers all around the world. Taiwan's cells consistently have higher efficiency on average than other cell producers, including SolarWorld. Because Taiwan is the leader in commercially available high efficiency cells worldwide, demand for Taiwan cells will continue to be strong. Even in markets with declining or flat demand, customers in residential and small commercial market segments will demand the highest efficiency products in order to maximize wattage output from the limited space available. Because few can match Taiwan's efficiency and reliability, demand for Taiwan cells will continue to be strong.

In the US, there are only two producers of cells, SolarWorld and Suniva. Both produce cells primarily for internal consumption to produce their own modules, and sell very little to the commercial market. Taiwan cells help, and do not hurt, US module assemblers. They must rely on Taiwan cells because they cannot get the cells they need from SolarWorld or Suniva. We, too, are saddened by the closure of US module assemblers because these were our customers. In 2013, Taiwan shipments of cells to the US were less than 3 percent of our total shipments. In short, Taiwanese cells are not injuring or threatening the domestic industry in any way.

Because Taiwan focuses on supplying cells to module assemblers around the world, our presence in the module market is very small. In 2013, modules accounted for only 7 percent of

Taiwan's total exports of solar products. We do not want to undermine our cell business by producing and selling modules that would compete with the modules produced by our cell customers. For example, many of our Japanese customers have phased down their own module production, in favor of Taiwan producing modules for them on an OEM basis. Our customers can then sell these modules under their own brand name in their home markets. With limited exceptions, Taiwan's production of modules has been on an OEM basis and not under a Taiwan brand. Taiwan has chosen to invest in the highest quality cell production technology, and not invest in establishing their own module brands. Without adequate resources to establish their own brand, Taiwan will continue to have limited penetration in modules.

In the US, Taiwanese companies have no more than a dozen people on the ground. With such a minimal presence, it is very difficult to build a Taiwan module brand for the US market. The data supports this as Taiwan direct shipments of modules to the U.S. are miniscule. Because Taiwan's module industry is not significant, Taiwan's solar industry as a whole does not compete with SolarWorld.

Finally, as a cell industry, we were very surprised to see that the Staff Report showed that Taiwan was the largest source of subject imports. This grossly overstates Taiwan's presence in the US market. Although the Commission's data currently shows Chinese modules with Taiwanese cells as being Taiwanese subject merchandise under the "two out of three" rule, we do not consider these modules to be our modules. We are principally a cell producer and we supply cells at the highest price we can get from our customers. We certainly do not have control over how our customers set their pricing for their modules.

Although Chinese modules with Taiwanese cells are currently considered of Taiwan origin under the "two out of three" rule, these modules would become Chinese subject merchandise under the proposed clarification rule. If DOC accepts the clarification rule, the need to target Taiwan goes away.

Under the clarification rule, we believe the Commission's data would reflect a more accurate picture of the Taiwan industry's role in the US market. Taiwan had low volumes of cells that were shipped to the US. Taiwan had even smaller volumes of modules that were shipped directly to the US. Based on SolarBuzz figures, for 2013, Taiwan module imports accounted for only 2 percent of the US market. The remaining volume of indirect modules that were assembled in third-countries using Taiwan cells and exported to the United States is still small and insignificant. The Commission should recognize that Taiwan, as a cell producer, should not be cumulated together with China and that Taiwan considered alone is not causing any injury to the domestic industry. In fact, Taiwan's cells are in a position to help U.S. producers that cannot get high-efficiency cells from any other source.

Thank you.