



UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, DC 20436

October 31, 2017

***Crystalline Silicon Photovoltaic Cells (Whether or Not Fully Assembled into Other Products),
TA-201-75 (Remedy Phase)***

Chairman Rhonda K. Schmidtlein recommends to the President the following actions:

With regard to CSPV cells, she recommends a tariff-rate quota (TRQ) with an in-quota tariff rate of 10 percent ad valorem and an in-quota volume level of 0.5 gigawatts. For U.S. imports of cells that exceed the 0.5 gigawatt volume level, she recommends a tariff rate of 30 percent ad valorem. Chairman Schmidtlein recommends that this tariff rate quota be implemented for four years and that the in-quota level be incrementally raised and the tariff rate incrementally reduced during the remedy period.

With regard to CSPV modules, she recommends an ad valorem tariff rate of 35 percent to be incrementally reduced during the 4 year remedy period.

Chairman Schmidtlein also recommends that the President initiate international negotiations to address the underlying cause of the increase in imports of CSPV products and alleviate the serious injury thereof.

Having made findings that U.S. imports from Australia, the CAFTA-DR countries, Colombia, Israel, Jordan, Panama, Peru, Singapore, and the beneficiary countries under the Caribbean Basin Economic Recovery Act were not a substantial cause of the serious injury

experienced by the domestic industry, Chairman Schmidlein recommends to the President that U.S. imports from these countries be excluded from the remedy.

Chairman Schmidlein's Recommended Remedy				
	Year 1	Year 2	Year 3	Year 4
Cells: Tariff-rate Quota				
In-Quota Tariff Rate	10%	9.5%	9.0%	8.5%
In Quota Volume Level	0.5 gigawatts	0.6 gigawatts	0.7 gigawatts	0.8 gigawatts
Out-of-Quota Tariff Rate	30%	29%	28%	27%
Modules: Tariff (Ad Valorem)	35%	34%	33%	32%

Crystalline Silicon Photovoltaic Cells (Whether or Not Partially or Fully Assembled into Other Products), Inv. No. TA-201-75

Statement on Remedy of Vice Chairman David S. Johanson and Commissioner Irving A. Williamson

Pursuant to section 202(e) of the Trade Act of 1974, we recommend that the President take the following actions, to address the serious injury that we have found to the domestic industry and to be most effective in facilitating the efforts of the domestic industry to make a positive adjustment to import competition.

We recommend that for a 4-year period the President impose

- (1) a tariff-rate quota on imports of crystalline silicon photovoltaic (CSPV) products in cell form, and
- (2) increased rates of duty on imports of CSPV products in module form.

For imports of CSPV products in cell form, we recommend an additional 30 percent ad valorem tariff on imports in excess of 1 gigawatt. In each subsequent year, we recommend that this tariff rate decrease by five percentage points and that the in-quota amount increase by 0.2 gigawatts. The rate of duty on in-quota CSPV products in cell form will remain unchanged.

For imports of CSPV products in module form, we recommend an additional 30 percent ad valorem tariff, to be phased down by five percentage points per year in each of the subsequent years.

Having made a negative finding with respect to imports from Canada under section 311(a) of the North American Free Trade Agreement Implementation Act, we recommend that such imports be excluded from the above tariff-rate quota and increased rates of duty.

Further, we recommend that the above tariff-rate quota and increased rates of duty not apply to imports from the following countries with which the United States has free trade agreements: Australia, Colombia, Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, Israel, Jordan, Nicaragua, Panama, Peru, and Singapore. We also recommend that the tariff-rate quota and increased rates of duty not apply to imports from the beneficiary countries under the Caribbean Basin Economic Recovery Act.

We recommend that the President direct the United States Department of Labor and the United States Department of Commerce to provide expedited consideration of any application for trade adjustment assistance for workers and/or firms that are affected by subject imports.

We recommend the President's consideration of the product exclusions requested by Respondents to which Petitioners have not objected and have indicated they would work to draft appropriate product-specific exclusions.

Finally, we recommend that the President also consider any appropriate funding mechanisms that may facilitate a positive adjustment to import competition.

Statement of Commissioner Meredith M. Broadbent on her remedy recommendations in the global safeguard investigation on *Crystalline Silicon Photovoltaic Cells, Whether or Not Partially or Fully Assembled into Other Products*

Pursuant to Section 202 of the Trade Act of 1974, I have determined that CSPV products subject to this investigation are being imported into the United States in such increased quantities as to be a substantial cause of serious injury to the domestic industry producing CSPV products. Therefore, I recommend that the President take the following actions to address the serious injury to the domestic industry and be most effective in facilitating the efforts of the domestic industry to make a positive adjustment to import competition.

Based on the information obtained in the investigation, I have found that the underlying cause of the increase in imports has been damaging global oversupply of CSPV products resulting from the subsidization of manufacturers in China in the context of targeted industrial policy programs. I believe the President intends to address China's non-market economic policies that have contributed to global oversupply as part of broader bilateral negotiations with the Government of China, and I support those efforts.

Over the five year period covered by this safeguard investigation, U.S. producers of CSPV products have suffered operating losses as a result of low market prices that have prevented the expansion of production capacity necessary to compete successfully with imports. Many U.S. producers have shut down facilities. My recommendations are intended to address the serious injury while seeking to avoid inflicting additional damage on the broader solar energy industry in the United States. The U.S. solar energy industry has been a relative success story in making progress toward grid parity with a carbon neutral source of power. The United States is recognized as a global leader in this broader sector and U.S. taxpayers and policy makers have chosen to support this success over many years.

Therefore, I recommend that the President impose a quantitative restriction on imports of CSPV products into the United States, including cells and modules, for a four year period, administered on a global basis. I recommend that the quantitative restriction be set at 8.9 gigawatts in the first year, and increase by 1.4 gigawatts each subsequent year.

These recommended quantities are consistent with the market share held by imports in 2016, adjusted to reflect projected changes in demand for photovoltaic products over the next four years. Therefore, they are set at levels that will not disrupt expected growth in CSPV demand but will help address the serious injury to the domestic industry by preventing further surges in imports.

In accordance with Section 1102 of the Trade Agreements Act of 1979 and the President's authority in section 203(a)(3)(F) of the Trade Act, I also recommend that the President administer these quantitative restrictions by selling import licenses at public auction at a minimum price of one cent per watt.

While U.S. firms and workers have been highly successful in the broader solar energy industry, I note that imports have accounted for nearly all CSPV products in the U.S. market for many years. U.S. producers of CSPV products have supplied very small quantities of these products. Therefore, any tariff,

tariff rate quota, or quantitative restriction that significantly limits global imports would lead to a substantial increase in prices, suppressing demand for CSPV products in the United States. Such a decline in demand would adversely affect the hundreds of thousands of U.S. workers employed in installing solar projects, manufacturing other equipment used in CSPV installations, and providing a range of services, including cutting-edge research and development, in support of this market.

I considered whether the two petitioners would likely be able to compete successfully with imports after a trade-restrictive action terminated. Neither petitioner provided an adjustment plan pursuant to section 202(a)(4) of the Trade Act. Although several domestic producers provided commitments regarding actions they intend to take, I am firmly of the view that damaging the domestic consumers, installers, and manufacturers supporting CSPV deployment is not an effective way to save domestic producers of CSPV products.

The sale of import licenses in the volumes that I have recommended will likely generate U.S. government revenue of at least \$89 million in the first year, and this revenue would increase by at least \$14 million each year thereafter. I recommend that the President, to the extent permitted by law, authorize the use of funds equal to the amount generated by import license auctions to provide development assistance to domestic CSPV product manufacturers for the duration of the remedy period, such as through authorized programs at the United States Department of Energy (DOE). DOE should build on its extensive experience, both good and bad, in supporting U.S. production.

Resources directed to the domestic industry should be devoted solely to investments in productive pursuits related to CSPV product manufacturing, such as the purchase and installation of production equipment, rehiring of production workers, and research and development in improved product technologies. These resources should be provided in such a combination as to most effectively facilitate efforts by the domestic industry to make a positive adjustment to import competition.

I also recommend that the President implement other appropriate adjustment measures, including the provision of trade adjustment assistance by the United States Department of Labor and the United States Department of Commerce to workers and firms affected by import competition.

Having made an affirmative finding with respect to imports from Mexico under section 311(a) of the NAFTA Implementation Act, I recommend that the President allocate no less than 720 megawatts to Mexico during the first year within the global quantitative restriction, which would expand by 115 megawatts each year. Having made a negative finding with respect to imports from Canada under section 311(a) of the NAFTA Implementation Act, I recommend that such imports be excluded from the quantitative restriction. Furthermore, I recommend that this quantitative restriction not apply to imports from Australia, the CAFTA-DR countries, Colombia, Israel, Jordan, Panama, Peru, Singapore, and the beneficiary countries under the Caribbean Basin Economic Recovery Act.

Pursuant to section 202 of the Trade Act, I am recommending to the President actions that I determine will have the best chance to address the serious injury and will be most effective in facilitating the efforts of the domestic industry to make a positive adjustment to import competition, while providing greater economic and social benefits than costs.