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Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled Into Modules, from the People's Republic of China

Sunset Review Hearing

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Good Morning. I am John Boken, CEO of SolarWorld Americas, Inc. For the last decade, SolarWorld has been the largest solar manufacturer in North America, with more than 40 years of experience in the industry. While this is my first time before the Commission, SolarWorld has appeared here before, seeking relief from dumped and subsidized solar imports from China and other countries. I appreciate the opportunity to be here today to explain why the antidumping and countervailing duty orders on solar cells and modules from China remain absolutely critical for the U.S. solar industry.

I should start by noting that I am not a solar industry expert. My experience is in restructuring and turning around companies in a variety of industries. I was hired as an adviser to SolarWorld in October 2017, which was right around the time that this Commission recommended relief for the domestic industry in the solar safeguards case. I then became a board member of SolarWorld in January 2018, and became CEO effective May 14 of this year.

I have worked on more than 75 corporate restructurings throughout my career, in a variety of industries. I have certainly seen my share of troubled companies and distressed industries. However, I can say with certainty that I have never seen a situation where imports from China and other countries have had such a significant negative impact on an entire domestic industry as they have had in this industry – solar cells and modules.

These should be boom times for the domestic solar industry. The United States is installing solar energy at an impressive rate. We are in the midst of a solar, green technology revolution. SolarWorld prepared very carefully for this explosion in demand, spending tens of millions of dollars to expand and upgrade its production facilities, and was poised to take advantage of the growth in the U.S. market. I understand that several Commissioners, and many members of the Staff, have had the opportunity to tour our facilities in Hillsboro, Oregon as part of prior investigations, and have seen these investments in action. Among other steps, we added a new 72-cell module production line, built an extensive installer network, and invested in cutting-edge monocrystalline capability – the exact kind of solar cells that the market is strongly demanding. To assure consumers that solar power is an intelligent investment, SolarWorld was the first company in the industry to offer a 25-year, and then a 30-year, warranty on our products. We have done everything possible to establish ourselves as the industry leader in the United States.

But – at least until trade relief was imposed – we were unable to reap the benefits of our investments because of unfairly traded imports. For example, I mentioned the new investment in the Hillsboro facility to produce 72-cell modules. Even with demand in the U.S. surging, we were never able to operate this production line at anywhere near full capacity. Import volumes have been too high and prices are simply too low for us to compete. The import surge resulted from the severe global overcapacity in solar manufacturing, principally centered in China and heavily subsidized by the Chinese government. Chinese overcapacity and the surge in U.S. imports led to a total collapse in U.S. solar prices in recent years. Solar prices have become totally decoupled from raw material costs, as producers in China tried frantically to keep all this capacity in production.

SolarWorld struggled to compete for years with unfair imports, especially those from Chinese producers. The company's former corporate parent – SolarWorld AG in Germany – had to file for insolvency as a result of these market pressures. Even one of the oldest and most respected solar producers in the world could not compete with the Chinese government and a global race to the bottom. But these trade remedy orders – as well as another set of orders in the Solar II case and recent safeguard duties – were instrumental in SolarWorld Americas' survival. Without these orders, the volumes of Chinese imports would have been significantly higher, and their prices would have been substantially lower. And now, with the discipline of the orders in place, the manufacturing assets of SolarWorld were acquired in October (less than two months ago) and are now known as SunPower Manufacturing Oregon – who you will also hear from today. SunPower is in the process of upgrading the Hillsboro, Oregon facility, and is transferring production equipment from Mexico to the United States. I am extremely encouraged by the level of activity and investment going on right now – as we speak. With continuing trade relief, this acquisition will allow Sunpower Manufacturing Oregon to continue manufacturing solar products in the United States. I can tell you that while it will not be easy, these domestic solar manufacturing operations have a real opportunity not just to survive but to re-emerge as an industry and global leader.

A variety of other companies have also recently announced investments in new U.S. solar cell and module manufacturing facilities. For example, new module production facilities are being planned in Alabama, Florida and Georgia, as well as capacity expansions in Texas and a shuttered plant restarting in Minnesota. We are seeing the beginning of a real recovery for this important, 21^{st} century industry. But if these orders were revoked, Chinese solar imports would likely overtake the U.S. market once again, and any chance for industry recovery would be destroyed.

Indeed, while recovery is on the horizon, the domestic industry remains highly vulnerable to injury if the orders are revoked. While the orders have allowed SolarWorld Americas to get through this difficult period, the Hillsboro manufacturing operations remain in a precarious state. Without the orders, there will be nothing to stop Chinese producers from sending higher volumes of dumped and subsidized solar products to the United States. While Chinese cell and module producers have massive excess capacities, the Chinese government is reducing installation incentives and slowing solar demand in China. At the same time, the U.S. solar market is one of the most attractive markets in the world. If the antidumping and countervailing duty orders were revoked, it is highly likely that Chinese producers would immediately increase their shipments here, and U.S. imports from China would skyrocket. Given current market conditions, any increase in Chinese solar imports would immediately impact the Hillsboro operations and quickly devastate the industry once again.

The solar safeguard duties imposed this February, while helpful and also extremely important for the domestic industry, are not sufficient alone to prevent a renewed surge in Chinese solar imports. The safeguard tariffs are in place for a limited amount of time and will decrease by five percentage points each year. The first 2.5 gigawatts of solar cells annually are completely exempt from the tariffs. In other words, the only trade relief that we have on solar cells is the antidumping and countervailing duty cases. While the safeguard remedies are helpful, they do not give our industry the same level of relief as the antidumping and countervailing duty orders under review. These orders are fundamental aspects of the trade relief benefiting U.S. solar producers.

As a result, on behalf of SolarWorld Americas, I urge the Commission to leave in place the antidumping and countervailing duty orders on solar cells and modules from China. Together, we can help ensure the recovery of the U.S. solar manufacturing industry.