BEFORE THE UNITED STATES INTERNATIONAL TRADE COMMISSION
WASHINGTON, D.C.

CRYSTALLINE SILICON PHOTOVOLTAIC CELLS AND MODULES FROM CHINA
INV. NOS. 701-TA-481 AND 731-TA-1190 (REVIEW)

TESTIMONY OF
JONATHAN T. STOEL
PARTNER, HOGAN LOVELLS US LLP

Good afternoon, Chairman Johanson, Commissioners, and Staff. For the record this is once again Jonathan Stoel of Hogan Lovells.

This afternoon we have a strong panel of witnesses. First we will have Vincent Ambrose from Canadian Solar. Next will be representatives of four major U.S. solar developers, Michael Arndt from Recurrent Energy, Hamilton Davis from Southern Current, Virinder Singh from EDF, and Hewitt Strange from Cypress Creek. These developers will be followed by my Partner, Craig Lewis, of Hogan Lovells, and then our last witness will be our economist, Jim Dougan of ECS.

Before turning over the rostrum to our distinguished industry witnesses, I want to set the table by focusing the Commission on five key facts.

Fact Number 1. China's solar energy market is by far the world's most important solar market and has grown substantially since the Commission's original investigations. China accounted for nearly 35 percent of the growth in global installed capacity from 2009 to 2017. China's demand for CSPV products reached a record of 53 GW in 2017, or more than half of global demand. In other words, the only question for the foreseeable future is whether Chinese demand will plateau at a high level (such as 35 to 40 GW annually), will return to its 2017 peak of more than 50 GW, or will leap even further. Regardless, it is not in dispute that the China market has been and will remain for the foreseeable future the principal focus of the Chinese industry manufacturing solar products. This fact was recently reaffirmed in early November when President Xi met with the National Energy Administration (NEA)—a development omitted entirely from Petitioner's prehearing brief.

Fact Number 2. Demand in Asia for CSPV products outside of China also has skyrocketed since the Commission's original investigations. In fact, since 2009 demand in Asia exclusive of China has accounted for more than 20 percent of the global growth in solar installations. To focus the Commission on just one Asian market, India has now surpassed the United States to become the second largest market for solar products. Moreover, due to India's 2022 renewable energy target, Indian demand is expected to continue growing at a rapid pace. Fast-growing Asian markets such as India, which was the second largest customer for Chinese producers in 2017, are expected to remain the secondary focus of the Chinese industry for the foreseeable future.

Fact Number 3. In September 2018, the European Commission terminated its trade restraints on Chinese solar products. This fact, which is never mentioned in Petitioner's prehearing brief, means that Europe's market for solar products – which remains one of the world's largest – is now open to Chinese exports for the first time since the end of 2013. Moreover, according to SolarPower Europe, European demand for CSPV products is expected to "surge" in the foreseeable future.

Fact Number 4. Solar product imports from China have played a declining role in the U.S. market since 2015. As you will hear from all of our witnesses, the volume of Chinese solar exports to the United States is miniscule today. In 2018 year to date, imports from China accounted for **less than two (2) percent** of total U.S. imports. With burgeoning demand for solar products in China and in other more attractive markets than the United States, it is evident that Chinese producers will remain focused elsewhere and not on the U.S. market.

Fact Number 5. Even if the antidumping and countervailing duty (AD/CVD) orders under review are revoked, the U.S. industry will remain heavily protected by trade measures for the foreseeable future. In fact, as I explained this morning, four separate restraints on imports will remain in place if the Commission were to revoke the AD/CVD orders: (1) the 30% *ad valorem* Section 201 safeguard tariff on all U.S. imports; (2) the 25% *ad valorem* Section 301 tariff on imports from China (it is surprising that Petitioner's brief doesn't even mention the Section 301 tariff); (3) the AD/CVD orders on solar modules assembled in China and comprising third-country cells; and (4) the AD order on solar products from Taiwan.

This is important because, as documented in the Prehearing Report and in our prehearing brief, U.S. solar module manufacturers are opening new production facilities and expanding their existing operations. These manufacturers are well positioned to take advantage of strengthening U.S. demand in 2019 and 2020. Moreover, as you have already heard this morning, SolarWorld has been acquired by SunPower, which has publicly announced its plans to provide a "deep pocket" to the operation of SolarWorld's Oregon manufacturing facility. On the other hand, for the foreseeable future Chinese exports will face major headwinds – specifically, a combined 55% *ad valorem* tariff due to the Section 201 and Section 301 measures – even if the AD/CVD orders under review are revoked.

I ask that you keep these key facts in mind as I turn it over to our industry witnesses.