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The Honorable Lisa R. Barton
Secretary to the Commission
U.S. International Trade Commission
500 E Street, SW
Room 112
Washington, DC 20436

Re: **Crystalline Silicon Photovoltaic Cells (Whether or Not Partially or Fully Assembled into Other Products): First Solar's Statement on Remedy Issues**

Dear Secretary Barton:

On behalf of First Solar, Inc., we submit the attached statement pertinent to the International Trade Commission's consideration of remedy in the above-referenced investigation, pursuant to the Commission's June 1, 2017, notice in this investigation.¹ Please contact us with any questions about this submission.

Respectfully submitted,



Robert T. Noyick
Patrick J. McLain
Stephanie E. Hartmann
Counsel to First Solar, Inc.

¹ See *Crystalline Silicon Photovoltaic Cells (Whether or Not Partially or Fully Assembled Into Other Products); Institution and Scheduling of Safeguard Investigation and Determination that the Investigation is Extraordinarily Complicated*, 82 Fed. Reg. 25,331 (Int'l Trade Comm. June 1, 2017).

PUBLIC CERTIFICATE OF SERVICE
TA-201-75
Crystalline Silicon Photovoltaic Cells and Modules

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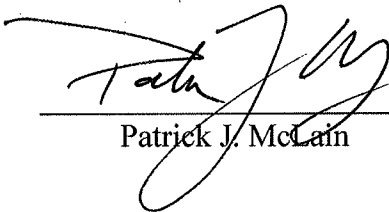
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October 10, 2017

The Honorable Lisa R. Barton
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500 E Street, SW
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Re: Crystalline Silicon Photovoltaic Cells Whether or Not Partially or Fully Assembled Into Other Products (Inv. No. TA-201-075)

Dear Secretary Barton:

On behalf of First Solar, Inc., I feel compelled to provide the U.S. International Trade Commission with information to inform its remedy recommendation in the global safeguard investigation of crystalline silicon photovoltaic (CSPV) cells. Some participants in this investigation have referenced First Solar for their own purposes, and I believe the Commission's work would benefit from our perspective.

Headquartered in Tempe, Arizona, First Solar is the world's largest producer of Cadmium Telluride (CdTe) thin film photovoltaic (PV) modules, a leading global PV project developer, EPC and O&M services provider, and a former producer of CSPV cells and modules. We manufacture CdTe thin film modules at plants in Perrysburg, Ohio—our lead facility for developing new products—and Kulim, Malaysia. In 2016, First Solar spent over \$2 billion in the United States on goods and services, including approximately \$250 million in commercial and community activities with over 200 Ohio businesses. Although we stopped producing CSPV cells and modules in 2016, I believe we still have useful insights to offer the Commission as it considers remedy issues. Below, I offer several observations, but my overarching point is that the Commission should reject the notion that the U.S. CSPV industry must be left to die so that the downstream solar industry may live. I firmly believe that the Commission can design an effective remedy that allows solar demand to continue to flourish.

First, I must address the notion that First Solar is somehow an example of why meaningful safeguard relief should be denied to U.S. CSPV producers. First Solar had a very challenging year in 2016, incurring an operating loss of \$502.59 million. We responded with a major



restructuring effort. Instead of an incremental transition from our current Series 4 thin film module to a planned Series 5, we decided to accelerate development of our more cost effective and innovative Series 6 thin film module that was in early stage R&D. This restructuring required that we shut down our ongoing Series 5 development and begin a phase down of existing Series 4 production to facilitate the extensive retooling for Series 6. We believe this approach is necessary to remain competitive, but it forced us to eliminate approximately 400 manufacturing jobs in our Perrysburg facility, as well as approximately 200 non-manufacturing jobs throughout the United States. We hope that some jobs can be restored as Series 6 enters production and ultimately that our Perrysburg facility and U.S. employment will grow, but we are not there yet.

While 2016 was difficult, it would have been much worse for First Solar if we had been reliant on CSPV technology rather than on CdTe thin film. Compared to CSPV modules, CdTe thin film modules have very different inputs and production processes and therefore a different manufacturing cost profile. It is therefore misleading to use First Solar's experience to cast U.S. CSPV producers in an unfavorable light, or to imply that the U.S. CSPV industry is beyond saving. The appropriate comparison is between U.S. and foreign CSPV producers, and the pertinent question is why the latter have continued to expand production capacity despite years of low or negative returns on investment. The answer, in my view, is that the major foreign CSPV producers are not subject to the same market and capital constraints that apply to U.S. CSPV producers. That is hardly the fault of U.S. CSPV producers. Indeed, the unfair competitive situation confronting the domestic CSPV industry underscores the need for a fair and effective remedy.

Second, the injury to U.S. CSPV producers cannot be remedied without addressing the CSPV imports that caused the harm. This should be obvious. However, we have been disappointed that some parties, including the Solar Energy Industries Association (SEIA), of which we are a member, have not engaged constructively on this issue. They first denied that CSPV imports had anything to do with the losses endured by the U.S. CSPV industry and now, after the Commission's injury ruling, propose that imports – the cause of the injury – be exempted from any remedy. That approach ignores the problem facing U.S. CSPV producers. For years, CSPV import prices have been anything but rational, falling much more rapidly than could be explained by cost improvements achieved on a commercial basis. The root cause of this phenomenon has been massive CSPV overcapacity, particularly in Asia, that is inconsistent with market-based investment behavior. U.S. CSPV producers will not get the breathing space they need unless CSPV import prices rise to rational levels and this overcapacity is addressed.



Third, an effective remedy on CSPV imports can indeed coexist with continued growth in U.S. solar demand and downstream businesses. It is simply not true that any meaningful remedy on imports will necessarily cause outsized reductions in demand. Large scale solar demand, for example, is driven today by the low levelized cost of energy (LCOE) from new solar plants. The impact of module cost on the LCOE of a solar plant has continued to decline in recent years, and today under 20% of the LCOE of a solar plant is attributable to the cost of the module. History further suggests that Respondents' fears of catastrophic demand destruction are exaggerated. Some of the same parties now predicting such a catastrophe for U.S. demand made similarly dire predictions regarding the prior CSPV trade cases, yet U.S. demand grew to record levels nonetheless.

In closing, I reaffirm my belief that it is possible to develop a fair and effective remedy that gives U.S. CSPV producers the relief they need without stifling solar's impressive growth. The PV industry has a bright future. American CSPV cell and module manufacturing should be a part of that future, particularly since manufacturing will generate good jobs and key innovations that would be missing if the U.S. economy confined itself to R&D and other PV businesses. The Commission can help achieve this goal with its remedy recommendation, and First Solar respectfully encourages it to do so.

Sincerely,

Mark Widmar
Chief Executive Officer
First Solar, Inc.