




C-570-980  
Administrative Review  
POR: 01/01/2019 – 12/31/2019  
**Public Version**  
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September 10, 2021

**MEMORANDUM TO:** Melissa G. Skinner  
Senior Director  
AD/CVD Operations, Office VII

**FROM:** Robert Copyak   
Senior International Trade Compliance Analyst  
AD/CVD Operations, Office VII

**RE:** Countervailing Duty Administrative Review of Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled Into Modules From the People's Republic of China

**SUBJECT:** Initiation of Investigations of New Subsidy Programs and Uncreditworthiness

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## I. BACKGROUND

On February 4, 2021, the Department of Commerce (Commerce) published its initiation of the countervailing duty administrative review of crystalline silicon photovoltaic cells, whether or not assembled into modules (solar cells) from the People's Republic of China (China).<sup>1</sup> The period of review (POR) is January 1, 2019, through December 31, 2019.

On July 19, 2021, the American Alliance for Solar Manufacturing (the Alliance), which consists of domestic interested parties, timely submitted new subsidy allegations (NSA Submission).<sup>2</sup> On July 27, 2021, we received a request from mandatory respondent Shanghai JA Solar Technology Co., Ltd., JA Solar Technology Yangzhou Co., Ltd., JA Solar Co., Ltd. (a.k.a. JingAo Solar Co., Ltd.) and JA Solar (Xingtai) Co., Ltd. (collectively, JA Solar) for a one-week extension of the deadline to provide rebuttal new factual information regarding the information provided with the NSA Submission.<sup>3</sup>

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<sup>1</sup> See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 86 FR 8166 (February 4, 2021).

<sup>2</sup> See Alliance's Letter, "Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled into Modules from the People's Republic of China: New Subsidy Allegations," dated July 19, 2021 (NSA Submission).

<sup>3</sup> See JA Solar's Letter, "Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled into Modules from the People's Republic of China: Request for Extension of Time," dated July 27, 2021.



On July 27, 2021, the Alliance submitted uncreditworthiness allegations (Uncreditworthiness Allegations).<sup>4</sup> On August 11, 2021, Risen Energy Co., Ltd. (Risen), submitted rebuttal comments on these allegations (Rebuttal Comments).<sup>5</sup>

On July 28, 2021, we extended the deadline for interested parties to submit rebuttal new factual information in response to the NSA Submission to August 5, 2021.<sup>6</sup> We did not receive any submissions of rebuttal new factual information.

On August 18, 2021, we requested that the Alliance remove portions of the bracketing in their Uncreditworthiness Allegations and to resubmit them.<sup>7</sup> On August 18, 2021, we also requested that Risen remove portions of the bracketing of their Rebuttal Comments and to resubmit them.<sup>8</sup> On August 19, 2021, the Alliance requested an extension to resubmit their Uncreditworthiness Allegations.<sup>9</sup> On August 19, 2021, we granted the Alliance an extension of deadline until August 20, 2021.<sup>10</sup> On August 20, 2021, the Alliance resubmitted its Uncreditworthiness Allegations.<sup>11</sup>

## II. INITIATION STANDARD FOR INVESTIGATION OF NEW SUBSIDIES

Section 702(b)(1) of the Tariff Act of 1930, as amended (the Act), states that an interested party must allege the elements necessary for the imposition of the duty imposed by section 701(a) of the Act, and each allegation must be accompanied by information reasonably available to the Alliance supporting those allegations. Section 771(5)(B) of the Act states that a subsidy shall be deemed to exist if (1) there is a financial contribution by an “authority” or an “authority” entrusts or directs a private party to make a financial contribution to a person, and (2) a benefit is thereby conferred. To be countervailable, the subsidy must also be specific within the meaning of section 771(5A) of the Act.

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<sup>4</sup> See Alliance’s Letter, “Comments on Initial Section III Questionnaire Responses from JA Solar Technology Yangzhou Co. Ltd. and Risen Energy Co. Ltd.; and Uncreditworthiness Allegations,” dated July 27, 2021 (Uncreditworthiness Allegations).

<sup>5</sup> See Risen’s Letter, “Crystalline Silicon Photovoltaic Cells from the People’s Republic of China: Rebutal Comments Uncreditworthy Allegation,” dated August 11, 2021 (Rebutal Comments).

<sup>6</sup> See Memorandum, “Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled into Modules from the People’s Republic of China – Extension of Deadline for New Factual Information on the New Subsidy Allegations,” dated July 28, 2021.

<sup>7</sup> See Commerce’s Letter to the Alliance, “Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled into Module from the People’s Republic of China: Resubmission Request,” August 18, 2021.

<sup>8</sup> See Commerce’s Letter to Risen, “Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled into Module from the People’s Republic of China: Resubmission Request,” August 18, 2021.

<sup>9</sup> See Alliance’s Letter, “Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled into Modules from the People’s Republic of China: Request for an Extension of Time to Resubmit Uncreditworthiness Allegations Submission,” dated August 19, 2021.

<sup>10</sup> See Commerce Letter, “Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled into Modules from the People’s Republic of China – Extension of Deadline for Resubmission of Uncreditworthiness Allegations,” dated August 19, 2021

<sup>11</sup> See Alliance’s Letter, “Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled into Modules from the People’s Republic of China: Resubmission of Comments on Initial Section III Questionnaire Responses from JA Solar Technology Yangzhou Co., Ltd. and Risen Energy Co. Ltd.; and Resubmission of Uncreditworthiness Allegations,” dated August 20, 2021.

### III. THE ALLIANCE'S NEW SUBSIDY ALLEGATIONS

#### 1. Currency Undervaluation

**Allegation:** The Alliance alleges that the Government of China (GOC) undervalues its currency through intervention in the Chinese renminbi (RMB) – U.S. dollar (USD) exchange rate and thus subsidizes companies in China that receive more RMB in exchange for USD earned on their export than they otherwise would, absent the GOC's involvement. The Alliance cites as support an analysis performed by the U.S. Department of the Treasury (Treasury) for the *Twist Ties from China* investigation indicating that the GOC's actions on the exchange rate "had the effect of undervaluing RMB *vis-a-vis* the USD by about 5% in 2019."<sup>12</sup> The Alliance contends that Treasury also found that the GOC possessed "multiple tools for influencing the exchange rate" and "has offered limited transparency about how and for what purpose these tools are employed."<sup>13</sup> The Alliance also states that Treasury concluded that higher trade and account surpluses in 2019 were the results of fiscal and credit policy distortions that favor Chinese state-owned enterprises (SOEs) and industrial firms.<sup>14</sup>

**Financial Contribution:** The Alliance alleges that the GOC's currency undervaluation provides a financial contribution to Chinese exporters as: (1) a direct transfer of funds under section 771(5)(D)(i) of the Act, through the provision of RMB in exchange for U.S. dollars by Chinese state-owned commercial banks (SOCBs) or other state-controlled banks; and/or (2) through private entities entrusted or directed by the GOC, as per section 771(5)(B)(iii) of the Act, because they provide RMB to exporters for USD at rates that are controlled by the GOC.

**Benefit:** The Alliance alleges that the GOC's currency undervaluation conferred a countervailable benefit as defined in 19 CFR 351.528(b).<sup>15</sup>

**Specificity:** The Alliance alleges that the GOC's currency undervaluation is specific to a group of enterprises under section 771(5A)(D)(iii)(II) of the Act and 19 C.F.R. § 351.502(c) because enterprises in China that buy or sell goods internationally are collectively the predominant users of the net foreign exchange supply.<sup>16</sup> The Alliance estimates (based on analysis of International Monetary Fund Data) that this group accounts for 72.41 percent of all financial inflows, which includes currency inflow from exports of goods, exports of services, earned income from abroad, and financial account liabilities.<sup>17</sup>

**Support:** We examined the evidence provided to support the allegation on pages 2 through 10 of the NSA Submission, including all exhibits referenced therein. We relied on all information

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<sup>12</sup> See NSA Submission at 3 and Exhibit NSA-1 (containing Treasury's Letter (which is untitled) dated November 20, 2021); see also *Twist Ties from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Determination with Antidumping Duty Determination*, 85 FR 77167 (December 1, 2020) and accompanying Preliminary Decision Memorandum (PDM) at 23.

<sup>13</sup> See NSA Submission at 3 and Exhibit NSA-1.

<sup>14</sup> *Id.* at 4 and Exhibit NSA-1.

<sup>15</sup> See NSA Submission at 8.

<sup>16</sup> *Id.* at 9.

<sup>17</sup> See NSA Submission at 9-10 and Exhibit NSA-5.

submitted. Additionally, we note that Commerce also initiated an investigation on the same alleged program in *Chassis and Subassemblies from China*.<sup>18</sup>

**Recommendation:** The team recommends initiating on the allegation as described in the NSA Submission based on the support provided therein.

## 2. Provision of International Ocean Shipping Services for Less than Adequate Remuneration (LTAR)

*Description:* The Alliance alleges that the GOC subsidizes international ocean shipping as a way to develop a globally dominant shipping industry. The Alliance states that the GOC encourages consolidation of SOEs into massive conglomerates in logistical services, terminal operations, finance, equipment manufacturing, insurance, and ship repair.<sup>19</sup> The Alliance states that two of the largest of these, China Ocean Shipping Company Ltd. (COSCO) and China Merchants Group (CMG), are SOEs<sup>20</sup> and that the GOC has provided extensive support to these two companies, including direct cash transfers, equity infusions, low-cost loans, and low-cost leases.<sup>21</sup> The Alliance argues that subsidies to these shipping companies allow them to operate based on the GOC's strategic interests instead of commercial interests and, therefore, to provide international shipping services for LTAR.<sup>22</sup>

*Financial Contribution:* The Alliance alleges that the provision of international shipping services under this program constitutes a financial contribution within the meaning of section 771(5)(D)(iii) of the Act in the form of the direct provision of services. The Alliance alleges that COSCO (including its subsidiary Orient Overseas Container Line (OCCL)) and CMG are SOEs and, therefore, are government authorities within the meaning of section 771(5)(B) of the Act.<sup>23</sup> The Alliance provides articles indicating that JinkoSolar Holding Co., Ltd., a Chinese producer of subject merchandise, and COSCO have recently signed a strategic partnership and previously had an agreement for shipping and distribution.<sup>24</sup> The Alliance argues that this is evidence that Chinese producers of subject merchandise have received a financial contribution through SOEs under the provision of international ocean shipping services for LTAR program.<sup>25</sup>

*Benefit:* The Alliance alleges that the provision of international ocean shipping services for LTAR confers a benefit under section 771(5)(E)(iv) of the Act, equal to the difference between the price charged by the GOC-controlled shipping companies and the appropriate benchmark price under 19 CFR 351.511(a)(2).<sup>26</sup> The Alliance provides information indicating that SOEs

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<sup>18</sup> See *Certain Chassis and Subassemblies Thereof from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 86 FR 15186 (March 22, 2021) and accompanying IDM (*Chassis and Subassemblies from China*) at Comment 11.

<sup>19</sup> See NSA Submission at 10 and Exhibits NSA-6 -7.

<sup>20</sup> *Id.*

<sup>21</sup> See NSA Submission at 11-12 and Exhibit NSA-7.

<sup>22</sup> See NSA Submission at 12.

<sup>23</sup> *Id.* at 13.

<sup>24</sup> See NSA Submission at 13 and Exhibits NSA-13-14.

<sup>25</sup> See NSA Submission at 13.

<sup>26</sup> *Id.*

COSCO and CMG are among the world's largest suppliers of shipping services.<sup>27</sup> The Alliance argues that the fact that these two SOEs are among the largest shipping companies in the world is evidence that the GOC's involvement in the Chinese market distorts domestic Chinese prices. The Alliance states that the prices COSCO and CMG charge Chinese producers and exporters of subject merchandise are not available but notes that Commerce relied on world market prices in *Chassis* to preliminarily find that Chinese producers had benefited from International Ocean Shipping Services for LTAR consistent with 19 C.F.R. § 351.511(a)(2)(ii).<sup>28</sup>

*Specificity:* The Alliance alleges that the GOC provided subsidies under the program to the traded goods sector, which is a limited group of enterprises or industries pursuant to 19 CFR 351.502(c).<sup>29</sup> The Alliance alleges that this program is *de facto* specific under section 771(5A)(D)(iii)(I) of the Act because Chinese companies that buy and/or sell goods internationally are the only possible users of international ocean shipping services and therefore the actual recipients of the subsidy are limited in number.<sup>30</sup>

*Support:* We examined the evidence provided to support the allegation on pages 10 through 17 of the NSA Submission, including all referenced exhibits therein. We relied on all information submitted. Additionally, as noted in the NSA Submission, Commerce previously investigated this program in *Chassis and Subassemblies from China*<sup>31</sup> and has preliminarily found the program to be countervailable in *Mobile Access Equipment from China*.<sup>32</sup>

**Recommendation:** The team recommends initiating on the allegation as described in the NSA Submission based on the support provided therein as noted above.

### 3. Income Tax Concessions for Enterprises Engaged in Comprehensive Resource Utilization

*Description:* The Alliance alleges that Article 33 of the Law of the People's Republic of China on Enterprise Income Tax (EITL) allows enterprises to deduct income from "the production of products in line with state industrial policies through comprehensive use of resources" from their taxable income.<sup>33</sup> The Alliance argues that, in *Uncoated Paper from China*, the GOC explained that, under Article 33, an enterprise generating income from the use of materials listed in the Catalogue of Resources for Comprehensive Utilization by Enterprises Entitled to Preferential Income Tax Treatment (Catalogue of Resources) as its major raw material may use 10 percent of

<sup>27</sup> See NSA Submission at 13-14 and Exhibits NSA-11 -12.

<sup>28</sup> See NSA Submission at 15-16.

<sup>29</sup> *Id.* at 16.

<sup>30</sup> *Id.* at 16-17.

<sup>31</sup> *Id.* at 16 and *Chassis and Subassemblies from China* IDM at 14 and Comment 2.

<sup>32</sup> See *Certain Mobile Access Equipment and Subassemblies Thereof from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination*, 86 FR 41013 (July 30, 2021) and accompanying Preliminary Decision Memorandum (PDM) at 63-64.

<sup>33</sup> See NSA Submission at 17 (citing GOC's Letter, "Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled into Modules from the People's Republic of China, Case No: C-570-980: GOC's Initial Questionnaire Response," dated June 22, 2021 (GOC's IQR) at Exhibit B.2, Article 33).

that income to reduce its overall taxable income.<sup>34</sup> The Alliance provided excerpts from the Catalogue of Resources indicating that, under the “renewable resources” category, there are several resources which are used to produce subject merchandise, such as “battery, electronic and electrical products” and “photosensitive material.”<sup>35</sup> The Alliance notes that Commerce has previously found this program to be countervailable.<sup>36</sup>

*Financial Contribution:* The Alliance alleges that these preferential tax benefits provide a financial contribution in the form of revenue forgone by the GOC, pursuant to section 771(5)(D)(ii) of the Act.

*Benefit:* The Alliance alleges that this program provides a benefit to the recipient in the amount of income tax savings, pursuant to section 771(5)(E) of the Act and 19 CFR 351.509(a)(1).

*Specificity:* The Alliance alleges that the Catalogue of Resources specifies three categories of eligible raw materials: (1) symbiosis, associated mineral resources; (2) waste (liquid), waste gas and waste residue; and (3) renewable resources.<sup>37</sup> The Alliance therefore alleges that this program is *de jure* specific under section 771(5A)(D)(i) of the Act because the program is limited to enterprises that use raw materials under these three categories which would include producers of solar cells.

*Support:* We examined the evidence provided to support the allegation on pages 17 through 18 of the NSA Submission, including all referenced exhibits therein. We relied on all information submitted.

**Recommendation:** The team recommends initiating on the allegation as described in the NSA Submission based on the support provided therein as noted above.

#### 4. Income Tax Deductions/Credits for Purchases of Special Equipment

*Description:* The Alliance alleges that Article 34 of the EITL provides for a tax credit for “investment by enterprises on procurement of special facilities for environmental protection, energy and water conservation and safe production.”<sup>38</sup> The Alliance states that Article 100 of the Regulations on the Implementation of Enterprise Income Tax Law of the People’s Republic of China (Decree No. 512) indicates that a deduction of 10 percent of the cost of investments specified in Article 34 may be taken from taxable income for the current year and the deduction

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<sup>34</sup> See NSA Submission at 17 (citing *Certain Uncoated Paper from the People’s Republic of China, Final Affirmative Countervailing Duty Determination*, 81 FR 3110, (January 20, 2016) (*Uncoated Paper from China*) and accompanying Issues and Decision Memorandum (IDM) at 33.

<sup>35</sup> See NSA Submission at 17 and Exhibit NSA-16.

<sup>36</sup> See NSA Submission at 18 (citing *Uncoated Paper from China* IDM at 33-34).

<sup>37</sup> See NSA Submission at 18 and Exhibit NSA-16.

<sup>38</sup> See GOC’s IQR at Exhibit B-2, Article 34.



may be carried forward for five years.<sup>39</sup> The Alliance also notes that Commerce has previously found this program to be countervailable.<sup>40</sup>

*Financial Contribution:* The Alliance alleges that these preferential tax benefits provide a financial contribution under section 771(5)(D)(ii) in the form of revenue forgone by the GOC.

*Benefit:* The Alliance alleges that this program provides a benefit under section 771(5)(E) of the Act equal to the amount of the recipient's income tax savings.

*Specificity:* The Alliance alleges that the provision of tax deductions/credits under Article 34 of the EITL as further promulgated in Article 100 of Decree No. 512 is *de jure* specific under section 771(5A)(D)(i) of the Act because, under Article 34 of the EITL, the program is limited to enterprises that invest in special facilities for environmental protection, energy and water conservation, and safe production, which would include producers of solar cells.

*Support:* We examined the evidence provided to support the allegation on pages 19 through 20 of the NSA Submission, including all referenced exhibits therein. We relied on all information submitted.

**Recommendation:** The team recommends initiating on the allegation as described in the NSA Submission based on the support provided therein as noted above.

#### IV. UNCREDITWORTHINESS ALLEGATIONS

##### 1. CREDITWORTHINESS STANDARD

Under 19 CFR 351.505(a)(6)(i), the Commerce will normally initiate an investigation of creditworthiness if: (1) a domestic interested party makes a specific allegation of uncreditworthiness, and (2) the allegation is supported by information establishing a reasonable basis to believe or suspect that the respondent firm is uncreditworthy. According to 19 CFR 351.505(a)(4)(i), Commerce will generally consider a firm to be uncreditworthy if, "based on information available at the time of the government-provided loan, the firm could not have obtained long-term loans from conventional commercial sources."

Pursuant to 19 CFR 351.505(a)(4)(i)(A)-(D), Commerce normally examines: (1) the receipt by the firm of comparable commercial long-term loans; (2) present and past indicators of the firm's financial health, as reflected in various financial indicators calculated from the firm's financial statements and accounts; (3) recent past and present indicators of the firm's ability to meet its costs and fixed financial obligations with its cash flow; and (4) evidence of the firm's future financial position, such as market studies, country and industry economic forecasts, and project

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<sup>39</sup> See NSA Submission at 19 and Exhibit NSA-18.

<sup>40</sup> See NSA Submission at 19 (citing *Common Alloy Aluminum Sheet from the People's Republic of China: Preliminary Affirmative Countervailing Duty (CVD) Determination, Alignment of Final CVD Determination with Final Antidumping Duty Determination, and Preliminary CVD Determination of Critical Circumstances*, 83 FR 17651 (April 23, 2018) and accompanying PDM at 44, unchanged in *Countervailing Duty Investigation of Common Alloy Aluminum Sheet from the People's Republic of China: Final Affirmative Determination*, 83 FR 57427 (November 15, 2018).

and loan appraisals prepared prior to the agreement between the lender and the firm on the terms of the loan.<sup>41</sup> When there is evidence that the company received long-term commercial loans, unaccompanied by a government guarantee, during or prior to the period at issue, then Commerce would normally find the company is not uncreditworthy, in accordance with 19 CFR 351.505(a)(4)(ii). Lacking evidence of such loans, Commerce turns to the other factors enumerated under 19 CFR 351.505(a)(4)(i)(B)-(D) to further assess the firm's creditworthiness.

With regard to the other three factors, Commerce's recent practice has focused on whether the firm has adequate cash flow, cash on hand, and other current and liquid assets available to cover existing and upcoming short-term obligations. The regulations state that Commerce will determine creditworthiness on a case-by-case basis, examining various financial health indicators, including the firm's current and quick ratios, which indicate whether a firm has sufficient cash and other liquid assets on hand to cover short-term obligations without having to engage in additional borrowing.<sup>42</sup>

## 2. THE ALLIANCE'S UNCREDITWORTHINESS ALLEGATIONS

*Description:* The Alliance alleges uncreditworthiness regarding the following cross-owned companies of mandatory respondent JA Solar Technology Yangzhou Co., Ltd. (JA Solar):

- 1) JingoAo Solar Co., Ltd. (JingAo Solar) from 2017-2019,
- 2) JA Solar (Xingtai) Co., Ltd. in 2016,
- 3) Xingtai Jinglong Electronic Materials Co. Ltd. in 2017, and
- 4) Boatou JA Solar Technology Co., Ltd. (Boatou JA Solar) from 2018-2019.

The Alliance also alleges uncreditworthiness regarding mandatory respondent Risen Energy Co. Ltd. (Risen) and the following cross-owned companies:

- 5) Risen from 2017 -2018,
- 6) Ninghai Risen Energy Power Development Co., Ltd. (Ninghai Risen) in 2018,
- 7) Risen (Luoyang) New Energy Co., Ltd. (Risen Luoyang) in 2017,
- 8) Risen (Ningbo) Electric Power Development Co., Ltd. (Ningbo Risen) in 2017,
- 9) Risen Energy (Changzhou) Co., Ltd. (Risen Changzhou) in 2018, and
- 10) Zhejiang Twinsel in 2019.

The Alliance provided supporting information regarding each of the four factors described *supra* in the Creditworthiness Standard section.

### *Receipt of Comparable Commercial Long-term Loans*

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<sup>41</sup> See 19 CFR 351.505(a)(4)(i)(A)-(D).

<sup>42</sup> See *Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled into Modules, from the People's Republic of China: Final Affirmative Countervailing Duty Determination and Final Affirmative Critical Circumstances Determination*, 77 FR 63788 (October 17, 2012) (*Solar Cells from China*), and accompanying IDM at Comment 17.



The Alliance argues that Commerce’s conclusion in its Banks and Trust Companies Memorandum that “all banks and trust companies in China are authorities”<sup>43</sup> and Commerce’s conclusion in its Financial System Analysis Memorandum that “China’s financial sector remains fundamentally distorted such that interest rates within China cannot be used for benchmarking and discount rate purposes”<sup>44</sup> support a finding that the respondents did not receive comparable commercial loans under the standard in 19 CFR 351.505(a)(4)(i)(A).

### *Present and Past Indicators of a Firm’s Financial Health*

The Alliance argues that the respondents do not have adequate liquidity and solvency as indicated by their poor financial indicators.

#### JA Solar Companies

The Alliance alleges that the quick ratios, measuring whether a firm has sufficient liquid current assets that it could use quickly to cover liabilities, of the JA Solar companies were all below 1.0 and in some instances [ ] during the years in question.<sup>45</sup> The Alliance alleges that the current ratios of the JA Solar companies were all below 2.0 during the years in question and JingAo Solar’s ratio [ ] in 2018 and 2019.<sup>46</sup> The Alliance alleges that the debt-to-equity ratios of the JA Solar companies exceeded 1.0 during the years in question.<sup>47</sup> The Alliance argues that these quick ratios, current ratios (measuring the relationship between a firm’s current assets and current liabilities) and debt-to-equity ratios demonstrate that these companies were not creditworthy during the years listed above.

#### Risen Companies

The Alliance alleges that the quick ratios of the Risen companies were all below 1.0 during the years in question, except for Risen’s ratio in 2017 and Zhejiang Twinsel’s ratio in 2019.<sup>48</sup> The Alliance alleges that the current ratios of the Risen companies were all below 2.0 during the years in question and, except for Risen Changzhou’s ratio in 2017, all of the Risen companies ratios were [ ] during the years in question.<sup>49</sup> Regarding debt-to-equity ratios, the Alliance alleges that, except for Risen Luoyang’s 2017 ratio and Risen Changzhou’s 2018 ratio, the ratios of all of Risen companies exceeded 1.0 during the years in question.<sup>50</sup> The Alliance argues that these quick ratios, current ratios and debt-to-equity demonstrate that these companies were not creditworthy during the years listed above.

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<sup>43</sup> *Id.* at 15-16 (citing Memorandum, “Analysis of Banks and Trust Companies in China,” dated April 28, 2021, which contains Memorandum, “Analysis of Banks and Trust Companies in China as Public Bodies for Countervailing Duty (CVD) Purposes,” dated June 27, 2019, at 2).

<sup>44</sup> *Id.* at 15-16 (citing Memorandum, “Analysis of China’s Financial System,” dated April 28, 2021, which contains Memorandum, “Review of China’s Financial System for Countervailing Duty (CVD) Purposes,” dated July 21, 2017, at 2).

<sup>45</sup> See the Alliance’s Uncreditworthiness Allegations at 16-17 and Exhibit 1.

<sup>46</sup> *Id.* at 17 and Exhibit 1.

<sup>47</sup> *Id.*

<sup>48</sup> See the Alliance’s Uncreditworthiness Allegations at 18 and Exhibit 2.

<sup>49</sup> *Id.*

<sup>50</sup> *Id.*

*Present and Past Indicators of a Firm's Ability to Meet Costs and Fixed Financial Obligation with Its Cash Flow*

The Alliance alleges that the quick and current ratios of these companies indicate that they were not in a position to meet their costs and fixed financial obligations with their cash flow.

*Evidence of the Firm's Future Financial Position*

The Alliance stated that it is not aware of any industry reports of other data showing that short- or medium-term market conditions impacted the JA Solar and Risen companies' financial positions. The Alliance states that government support played a role in the companies's financial viability.

*Support:* We examined the evidence provided to support the allegation on pages 12-19 of the Uncreditworthiness Allegations Submission, including the exhibits referenced therein. We relied on all information submitted.

### **3. RISEN'S REBUTTAL COMMENTS**

Risen argues that the Alliance failed to demonstrate that the Risen companies meet the first criterion regarding receipt of comparable commercial long-term loans. Risen argues that the Risen companies are creditworthy because they received long-term commercial loans from sources that are not Chinese banks.<sup>51</sup>

Risen states that Risen, Risen Changzhou, and Risen Luoyang received long-term loans from financing companies that Risen claims are not part of the Chinese banking sector.<sup>52</sup> Risen argues that Risen received long-term loans from a privately-owned company and a foreign invested [ ] company.<sup>53</sup> Risen argues that Risen Changzhou also received long-term financing from a foreign-invested company and that, during the POR, both Risen Luoyang and Risen Changzhou only had outstanding long-term loans from financing companies.<sup>54</sup> Risen argues that, although some of the financing rental companies have state-ownership, the terms of the loans were negotiated in accordance with market principles and, therefore, they are commercial lending institutions that operate outside of the banking sector.<sup>55</sup>

Risen contends that all of the features of the loans from these commercial lending institutions are comparable to long-term loans. They are for two or more years, several of them have fixed rates, and they are denominated in Chinese yuan.

Risen has not provided any information on the record to corroborate its claims that the loans Risen, Risen Changzhou, and Risen Luoyang, received from financing companies constitute

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<sup>51</sup> See Risen's Rebuttal Comments at 2.

<sup>52</sup> *Id.*

<sup>53</sup> *Id.*

<sup>54</sup> *Id.* at 2-3.

<sup>55</sup> *Id.* at 3.

comparable commercial long-term loans that constitute dispositive evidence under 19 CFR 351.505(a)(4)(ii) that the companies are not uncreditworthy. Risen also has not provided any information to demonstrate that the lenders that provided this financing are not part of the Chinese banking sector. Risen has provided no information regarding the ownership of these lenders and no information to demonstrate that the loans were negotiated in accordance with market principles. No party provided rebuttal comments on the allegations with respect to JA Solar Companies.

#### **4. CREDITWORTHINESS RECOMMENDATION**

Based on the allegations and supporting information provided by the Alliance, such as the companies' debt-to-equity ratios and the quick and current ratios, we find that there is a reasonable basis to believe or suspect that the firms were uncreditworthy during the years in question, in accordance with 19 CFR 351.505(a)(6)(i). Therefore, we recommend initiating creditworthiness investigations on the following companies and time periods:

##### JA Solar Companies

1. JingoAo Solar Co., Ltd. (JingAo Solar) from 2017-2019
2. JA Solar (Xingtai) Co., Ltd. in 2016
3. Xingtai Jinglong Electronic Materials Co. Ltd. in 2017
4. Boatou JA Solar Technology Co., Ltd. (Boatou JA Solar) from 2018-2019

##### Risen Companies

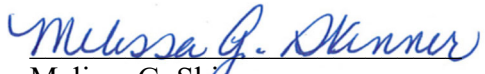
1. Risen from 2017-2018
2. Ninghai Risen Energy Power Development Co., Ltd. (Ninghai Risen) in 2018
3. Risen (Luoyang) New Energy Co., Ltd. (Risen Luoyang) in 2017
4. Risen (Ningbo) Electric Power Development Co., Ltd. (Ningbo Risen) in 2017
5. Risen Energy (Changzhou) Co., Ltd. (Risen Changzhou) in 2018
6. Zhejiang Twinsel in 2019

**RECOMMENDATION**

We recommend that you accept the above recommendations.

\_\_\_\_\_  
Agree

\_\_\_\_\_  
Disagree

  
Melissa G. Skinner  
Senior Office Director  
AD/CVD Operations, Office VII