PV CELL TECH: *SECURE SUPPLY CHAIN MANAGEMENT AMID TRADE POLICY UNCERTAINTY*

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A NEW ERA OF INTERNATIONAL TRADE: "THE TURNBERRY ROUND"

Core Principle: The administration's trade policy is centered on "reciprocal tariffs," aiming to create a "level playing field" for American businesses

Baseline Tariff: An executive order has established a baseline 10% tariff on nearly all imports from countries without a specific trade agreement

Stated Goal: To reduce the U.S. trade deficit, protect domestic manufacturing, and generate revenue

Statistics: The average U.S. tariff rate has risen from approximately 2.5% at the beginning of the year to an estimated 18.6% as of August 2025

"Turnberry Round": Named for Trump's Turberry golf course where the EU and US agreed to a reciprocal trade deal

OPINION
GUEST ESSAY

Trump's Trade Representative: Why We Remade the Global Order

Aug. 7, 2025

"Under the neoliberal trade system led by the WTO, the United States lost its industry and jobs."

"We are now witnessing the Trump Round….This has laid the foundation of a new world trade order for the United States"

Our trading partners had never before shown such interest in opening their markets to the United States, aligning on matters of economic and national security, and rebalancing trade in a more sustainable direction.

SUMMARIZING THE NEW TARIFF REGIMES

IEEPA National Security "Fentanyl" Tariffs

10% plus 10%

35% on CA unless good qualifies for USMCA

25% on MX unless good qualifies for USMCA

IEEPA Universal National Security "Reciprocal" Tariffs

- "Liberation Day" duties up to 41% in effect from August 7th
- 90-day pause expired on August 7
- Does not apply to CA or MX while IEEPA Fentanyl tariffs apply
- CN subject to 10% for additional 90 days (at least)
- Special deals (15% for EU, Japan, UK)

301 China (cont'd)

- 25% on most products
- Certain products increased by Biden Administration to 50% and 100% continued

De Minimis Reform

Permanently ends US duty-free imports for under $800; all entries now must be "entered"

232 Sectoral National Security Tariffs

- ~~25%~~ 50% steel/aluminum and derivatives
- Wind turbines investigation
- 25% on certain autos and parts (unless EU/JP)
- Semiconductors investigation
- 10% lumber, 25% kitchen cabinets/furniture (+)
- Trucks and truck parts investigation (25%?)
- 50% tariffs on copper and derivatives
- Pharmaceuticals investigation (100%?)
- Critical minerals and derivatives investigation
- Polysilicon and derivatives investigation
- Commercial aircraft and jet engines

301 Shipbuilding and Cranes/Container Tariffs

- Chinese-owned vessels and operators subject to container port fee but specialty ships and non-Chinese exempt
- Proposed new tariffs/fees on containers, STC cranes, and other cargo equipment that could increase logistics costs

WE ARE LIBERATED: NEW TARIFFS EFFECTIVE AUGUST 7

- **What happened?** New "reciprocal tariff rates" on imports from over 60 U.S. trading partners, implemented for all entries from 12:01am August 7, 2025; most based on U.S. term sheets
- **Purpose:** The tariffs are intended to penalize countries with large trade surpluses and to address national security concerns
- **Key Rates & Affected Countries**:
  - European Union, Japan, South Korea: 15% tariff
  - Other ranging up to 19% with as yet defined agreements
  - India: 50% tariff (25% on Aug. 7; an additional 25% on Aug. 27 due to its continued purchase of Russian oil)
  - Brazil: 50% tariff (10% reciprocal rate + 40% additional)
- **Unaffected Countries:**
  - Canada – Ratcheted up to 35% under IEEPA "Fentanyl" tariffs
  - Mexico – Maintained 25% IEEPA "Fentanyl" tariffs
- **Transshipment Limits**: regardless of country-specific rate, 40% threat for evasion, rate-shopping; "transshipment" undefined at present
- **De minimis** no longer available (all imports needed to be "entered")
- **$30+ billion in tariffs** already collected

Country	April Announced Tariff	August Implemented Tariff
China*	34%	34% (now 10%)
EU*	20%	15%
India	27%	25% (now 50%)
Japan*	24%	15%
Korea*	25%	15%
Cambodia	49%	19%
Thailand	36%	19%
Taiwan	32%	20%

STATUS OF IEEPA LEGAL CHALLENGES

- **U.S. Court of Appeals for the Federal Circuit**
  - 7-4 decision affirming U.S. Court of International Trade finding IEEPA "Fentanyl" tariffs and IEEPA "Reciprocal" tariffs are unlawful
  - Majority found that tariff authority is reserved for Congress, unless explicitly delegated to President (a la Section 301, Section 232, Section 122); "regulate … imports" does not contemplate imposition of tariffs
  - Government petitioned for review by Supreme Court, status quo for now
  - Supreme Court expedited review with oral argument Nov. 5
- **D.C. District Court**
  - Finds that IEEPA does not include tariff authority at all
  - Appealed to Court of Appeals for D.C. Circuit (stayed)
- **Ninth Circuit** – US arguing to transfer to CIT
- **Post-litigation "fixes"** = Section 122 balance of payments power (limited in scope and duration); Section 338 (public interest); Congress could act with "ring fence" legislation

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IN ADDITION TO PRESIDENTIAL TARIFFS…

- **AD/CVD and Section 232 Volatility**
  - **Solar I (China) and "Biden Tariff Moratorium"** (still relevant)
    - Expanded to certain cells/modules originating in Southeast Asia from Chinese wafers or other Chinese inputs; U.S. CBP scrutinizing certifications and use claims
    - U.S. Court of International Trade found the moratorium unlawful because cells/modules are not "food, clothing, medical supplies"
  - **Solar IV (India, Indonesia, Laos):** ongoing investigation to determine extent of dumping/subsidization; follows Solar III (Malaysia, Vietnam, Thailand, and Cambodia)
  - **Retroactive duty assessment:** importing shipments under current low/no-tariff conditions can still be billed for substantial duties
  - **Polysilicon 232 Investigation:** ongoing; could be paired with semiconductors; could be next "safeguard"; more certifications
- **Uyghur Forced Labor Prevention Act (UFLPA)**
  - **Rebuttable presumption** that any goods made wholly or in part in China's Xinjiang region are produced with forced labor
  - **Traceability procedures**: Importers must provide detailed, verifiable documentation proving that all raw materials—from the original quartz mining through wafer, cell, and module production—originated outside the region
- **Foreign Entity of Concern (FEOC)**
  - Primarily target covered nations (China, Russia, Iran, North Korea) and **prohibited foreign entities** (PFE) (specified foreign entity)
  - Beginning in tax year 2026, projects face the **Material Assistance Cost Ratio** (MACR) rule, restricting the use of PFE-sourced components:
    - **Credit Denial:** Projects that exceed the MACR threshold will lose eligibility for key incentives (45Y/48E/45X credits and the Domestic Content bonus)
    - **Recapture Risk:** Tax credits are subject to a **10-year recapture period**, demanding sustained compliance monitoring post-installation.
    - **Solar Project Thresholds (MACR) Increasing** 2026: 40%+ non-PFE content; 2027: 45%+ non-PFE content; 2029: 55%+ non-PFE content

MITIGATION STRATEGIES REQUIRE SUPPLY CHAIN MANAGEMENT

- **Internal Compliance Audit**: Review internal processes and procedures concerning all component and sub-component sourcing to map tariff impacts and compliance requirements, including reviewing material assistance calculations
- **Deep Supplier Audits**: Conduct "audit-ready" due diligence on all component and sub-component suppliers, verifying ownership structures (FEOC) and locations (UFLPA)
- **Contractual Scrutiny**: Review all joint venture, licensing, and technology agreements to ensure no contract grants an SFE "effective control" over the production process or intellectual property
- **Securing Certifications**: Demand verifiable, independent certifications from suppliers confirming the status of their materials and components (e.g., through advanced blockchain traceability)

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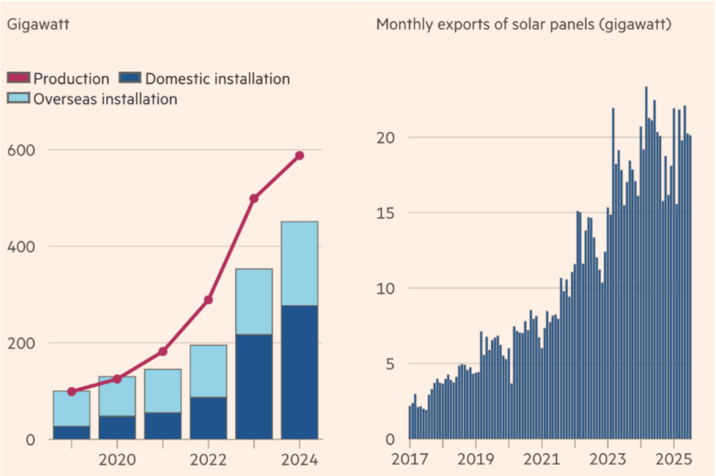
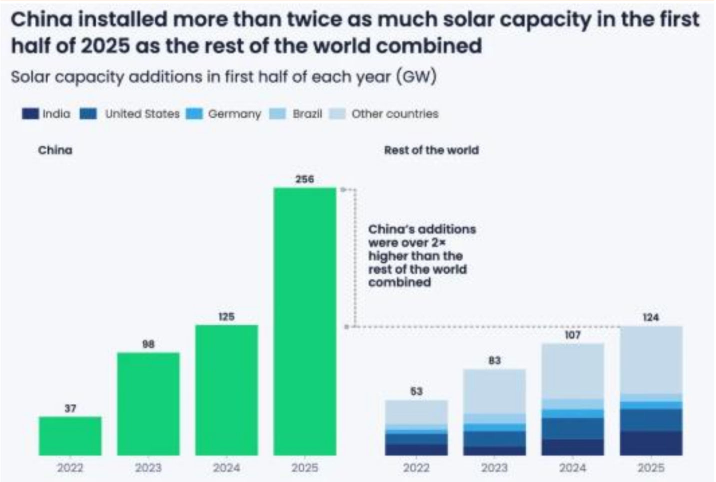
NEW IDEAS ON REGIONALIZATION

- China as "unfair trader" has created dominance in supply chain
  - Control of upstream manufacturing equipment
  - Ability to dictate developments in wafer technology
  - Impacts other upstream industries including polysilicon and rare earths
- China's overcapacity undermines price parity between domestic sources and import sources meaning that investments in domestic supply chain will be seriously constrained
- Existing tariffs incentivize declining prices (offshoring impact of tariffs)
- Existing regulatory regimes and compliance increase costs
- As prices continue declining, ROI is threatened; this stifles reshoring of the solar supply chain
- **Price support mechanisms:** imposition of global import price floors to avoid continued price erosion across all parts of the supply chain (established via Section 232 of Trade Expansion Act of 1962 or Section 301 of Trade Act of 1974)
- **Change domestic content adder** to make it more dynamic; fails to account for new technologies; safe harbor tables too rigid in application





TAKEAWAYS

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- **Extreme Concentration and Choke Points:** the U.S. market remains highly vulnerable due to the global market structure, which is overwhelmingly dominated by China
  - **Manufacturing Dependence:** China controls over 80% of all solar manufacturing stages globally
  - **Critical Choke Point:** The risk is highest in the **Upstream Manufacturing** stages, particularly **Ingots and Wafers**, where China's global share approaches 95%. This concentration creates significant risk of price volatility and supply interruption due to geopolitical tension or localized disruptions.
- **Geopolitical and Trade Policy Disruptions**
  - U.S. trade policies, designed to mitigate risk, introduce their own set of compliance and logistics challenges that disrupt the flow of trade
  - Requires securing documentation from all suppliers in the supply chain
  - Requires tracing and audit procedures in place and refined
- **Transition to Regionalization**
  - While a risk in the short term, the concentration and policy risks are forcing a strategic shift towards resilience
- The challenge is not just capacity, but **compliance** and **supply security** against a backdrop of deep foreign market concentration