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# The Solar Power Market Is Under Threat--From One of Its Own

**A bankrupt manufacturer is asking for tariffs that would harm the whole industry.**

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In April, the American solar manufacturer Suniva filed a petition under Section 201 of the Trade Act of 1974, asking the U.S. International Trade Commission for new tariffs on solar cells and the establishment of a minimum price for solar modules imported into the United States. Last month, the commission announced it was proceeding with an investigation into the issue. But if the Trump administration grants these tariffs and minimum prices, it will have created an irony: an extraordinary intervention into the marketplace that could devastate, not protect, a thriving domestic industry.

The market for solar power in the United States is growing smartly these days: rapid advances in the efficacy of solar panels have led to a market where solar power can potentially be cost-effective for tens of millions of homeowners. As a result, there is now a robust industry for installing solar panels on houses, apartment buildings, and businesses, which employs hundreds of thousands of Americans. Today, in fact, over half of the quarter-million workers employed in the solar industry in some way install solar panels. That's more people than are employed in the coal industry these days.

However, there is a much smaller fraction of people work at producing solar panels—just 38,000 people, according to the Solar Foundation, a trade group for the industry. Higher tariffs on solar panels will slow down and possibly reverse the healthy job creation in this sub-sector of the economy, without any commensurate gains elsewhere.

It seems doubtful that more solar panel construction will commence in the United States, even with a massive tariff and minimum prices. One such production facility, Solar City's new giga-factory in upstate New York, does have the potential to be price-competitive with foreign producers. But that represents an enormous investment that few, if any other domestic solar producers can ever hope to replicate. The number of jobs there is still dwarfed by the installation sector's employment, anyway.

The higher price of solar panels that would result from a tariff would not only dampen the demand for producing them. It would also lower the demand for installing them, which is an important fact given Suniva's request for a rarely-used emergency trade protection. The company filed for bankruptcy last month, and blames its financial travails on "unfair" competition from Chinese and other producers.

There is just a bit of extra irony here. The company was founded in the United States by two Americans, and over the last few years it has received various subsidies for its research from the U.S. government. But in 2015, a Chinese solar energy conglomerate called Shunfeng took a majority stake in the company. Shunfeng has said it does not want the United States to impose new tariffs—since it would hurt the company's other businesses—and there is speculation that Suniva is proceeding with its attempt to obtain relief from the International Trade Commission because its creditors in bankruptcy are pushing it to do so.

It would be a shame if such an "accidental" complaint were to be successful: If the International Trade Commission grants the relief requested, it would double the price of solar panels, which would debilitate the rest of the solar industry. Many projects, including many of those currently under contract, may become unviable as a result.

President Trump's pledge to create more jobs for blue-collar workers is admirable, and politicians on both sides of the aisle seem to share this sentiment. But limiting the imports of solar panels via higher tariffs would do little to boost domestic production, and any jobs created in that industry would be a purely pyrrhic gain, swamped by the jobs lost in the solar panel installation industry. Most of these jobs happen to be, it should be noted, well-paying blue-collar jobs.

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