



# The Berkshire Eagle

## **Our Opinion: Unintended consequences of solar panel tariff**

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The arcane world of international trade policy might seem light-years removed from the Berkshires, but moves like President Trump's levying of a 30-percent import tariff on solar panels will have a direct effect on local jobs and energy costs. On Monday, Mr. Trump followed the advice of the U.S. International Trade Commission to impose the solar panel tariff. (Eagle, January 23). The protection for panel manufacturers was made at the request of two foreign-owned American subsidiaries, which argued that cheap Chinese-made panels were flooding the market and harming their business.

Using a tariff as a blunt weapon clearly holds appeal for a leader of the president's temperament. "Politicians like to say they're going to bat for a particular group of people and like to look tough," Daniel Ikenson, a trade policy analyst at the Cato Institute told The Washington Post. "What's harder to see is there are costs...and they are real." The last time the U.S. slapped tariffs on Chinese panels, that country's manufacturers circumvented them by assembling the components in other countries. Simultaneously, they levied their own retaliatory tariffs on U.S.-produced raw materials used to make them, costing thousands of American jobs.

Then, of course, there are political promises to fulfill. The relatively low cost of the Chinese-made panels has made solar energy competitive with fossil fuel generation — an industry that Mr. Trump promised he would not only protect, but revivify. "The Trump administration wants to hinder solar," Christopher Kilfoyle, president of Berkshire Photovoltaic Services in North Adams told The Eagle. "His concerns for the coal industry influenced [the tariff decision] more than any desire to punish the Chinese."

Mr. Kilfoyle's company is not specifically affected, because the high-end products he installs are made in the United States and therefore excluded from the tariff. Also, a provision in the new policy makes the first 2.5 megawatts of imported product tariff-free. "Generally, it's not a good thing for the solar industry," he said. "Jobs will be lost, and prices will be increased for large solar projects." He predicts the tariffs could result in a 10 percent contraction by his industry. The Solar Energy Industries Association, a trade group, estimates that Mr. Trump's action will cause the loss of approximately 23,000 solar-related jobs, while claiming that only 2,000 Americans are actually involved with making solar panels and cells.

Those related jobs include installation, making of racks, inverters and tracking machines and driving trucks delivering products — in other words, those that employ residents of Berkshire County, where the renewable energy business is booming. Moreover, Mr. Kilfoyle indicated that large-scale commercial developers that make deals with towns to lower their electric bills tend to use the lesser-quality panels produced in large quantities by the Chinese because it increases profit margins. As the up-front cost of installation increases, the benefits enjoyed by the towns will diminish if not disappear.

The idea that tariffs are an effective way to slap back at countries that aren't "playing fair" — as well as protect moribund industries like coal mining — is simplistic, and overlooks the fact that they are, in effect, a consumer tax. They should only be applied after a great deal of thought has been devoted to the complexity of their consequences. Clearly, no such consideration was given in this case.