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Chinese Solar Tariffs Moving Forward

By Melissa C. Lott | October 11, 2012 |

Yesterday, the U.S. Department of Commerce released its final ruling on a new set of tariffs on Chinese solar panel imports. According to their announcement, most Chinese firms that sell solar cells or panels in the U.S. could face tariffs between 34% and 47%. But, some tariffs could top 250%.

This ruling comes as the latest step in the saga that began when solar panel maker, Solyndra, announced that it would be filing for bankruptcy in September 2011. Prior to this announcement, the company had received \$535 million in federal loan guarantees from the U.S. Department of Energy. Upon investigation, it became apparent that the company's failure was likely not due to failures in the company's technology.

Three months later, after formal complaints were filed by U.S. solar manufacturers, the U.S. Trade Commission issued a final unanimous finding, where they concluded that "there is a reasonable indication that a U.S. industry is materially injured by reason of imports of crystalline silicon photovoltaic cells and modules from China that are allegedly subsidized and sold in the United States at less than fair value." This finding led to an investigation from the U.S. Department of Commerce into the extent of the Chinese subsidies.

In March, the U.S. Department of Commerce said that the U.S. would impose increased tariffs on solar panels imported from China. Yesterday, the Commerce Department finalized these numbers. In their announcement, they said that tariffs would be imposed in a manner meant to counteract Chinese subsidies on its solar firms.

These “anti-dumping duties” have received support from much of the U.S. solar industry. For example, the Coalition for Affordable Solar Energy believes that these tariffs “will be one step in restoring fair competition to the U.S. marketplace.”

However, there are concerns in this industry that tariffs could discourage domestic solar adoption. According to Jigar Shah, President of the Coalition for Affordable Solar Energy:

“We are gratified that the scope of today’s decision is limited only to solar cells made in China and that the Department [of Commerce] did not significantly increase the tariff from its preliminary decision...at the same time, we remain concerned about the growing global trade war, which will only hurt American solar industry jobs, growth and consumers.”

Shah’s concerns regarding the potential for a growing trade war have also been echoed by international trade attorney Scott Lincicome, author of a Cato Institute paper on U.S. subsidy and countervailing duties. According to Mr. Lincicome:

“Commerce’s announcement will likely raise already-high tensions between the US and China over subsidies and trade in green goods...it will inevitable lead to the rhetorical rebuke from Beijing and a reminder that China is challenging US anti-subsidy policy at the World Trade Organization and in US courts.”

Now that the Commerce Department has issued its final ruling, the U.S. International Trade Commission will make its final determination on if subsidized Chinese solar cells did “threaten material injury to the domestic industry.” This determination is expected to be a straightforward one, due to the previous unanimous ruling from the Commission that led to the Commerce Department’s investigation. This decision will be announced on or before November 23, 2012.

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