

# THE SHEPHERD OF THE HILLS GAZETTE

## US Tariff Extension On Solar Products Hurts New Energy Trade: China

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February 7, 2022

### Highlight :

- Former President Donald Trump imposed the tariffs on solar imports in 2018, using authority under section 201 of a 1974 trade law.
- The levies started at 30% and declined to 15%. What has complicated issues is an unexpected surge in manufacturing costs in China.

The Biden administration in the US has extended Trump-era tariffs on imported solar products for four years but made changes to exempt many more products from the levies, such as the more modern bifacial panels, which are key for Biden's climate agenda because they are the most efficient and will be increasingly used in large utility-scale energy projects.

China had earlier requested the World Trade Organization (WTO) to set up a dispute panel to judge whether the tariffs violated international trade rules. Ruling in favor of the US, WTO rejected China's claims in September 2021. Without Biden extending them, these Trump-era tariffs were due to expire on Sunday, Feb 6.

In response to the development, China's commerce ministry said, "A US extension of tariffs on solar products distorts international trade and hinders the development of clean, low-emission energy."

Former President Donald Trump imposed the tariffs on solar imports in 2018, using authority under section 201 of a 1974 trade law. The levies started at 30% and declined to 15%. Issued as part of Trump's "trade war" against China, the tariffs were reportedly meant to defend US workers and businesses from unfair competition and were in addition to existing anti-dumping and countervailing duties on Chinese solar cells and panels.

However, the Solar Energy Industry Association (SEIA) in the US estimates that, although the manufacturers requesting the solar safeguards promised to create 45,000 American jobs, they actually lost 6,000 jobs since the safeguard was implemented, while the industry as a whole (including downstream installers) "missed out on more than 62,000 jobs, \$19 billion in private sector investment and more than 10 gigawatts of solar deployment." The blow has been harder than expected because panel costs bucked a long term trend to increase in 2021, sending many

calculations astray, and making the imposition of domestic tariffs particularly ill-timed, in many cases.

“Every dollar spent on tariffs means less dollars put toward creating jobs and opportunity in communities,” said George Hershman, the chief executive of SOLV Energy, the nation’s largest utility-scale solar installer. “The bifacial exclusion will help us greenlight projects and deploy more solar capacity across the country.”

Additionally, while Biden aims to make solar panel installation more accessible to consumers, many believe the tariffs to be an undermining force in this endeavor by hiking costs. Some estimates find the tariffs have increased the cost of installation between 2 and 4 percent (depending on the year as the rates decrease) for the average American homeowner. For now, this looks like a price the US admin seems willing to pay, to cut dependence on Chinese imports and nurture a domestic manufacturing base again.

“These percentages may seem small, but solar panels, though decreasing in price, are still not cheap, and the tariffs have increased costs to Americans by more than \$600 per installation,” states American libertarian think tank CATO institute, adding, “Lowering the prices of solar products by eliminating the tariffs would help Biden achieve his climate goals—something that climate activists and US solar companies not demanding protection have repeatedly made clear.”

The US government insisted on extending the section 201 measures despite strong opposition from related parties at home and abroad, and they not only do not help the healthy development of the domestic US industry, but also distort the normal order of international trade in photovoltaics as a new energy product, China’s Ministry of Commerce said in its statement.

Driven by growing protectionism abroad as well as rising domestic demand, China’s solar manufacturers have increasingly focused on the home market. China’s solar capacity rose by a record 54.9 gigawatts (GW) last year to 306.6 GW. It aims to total wind and solar power capacity to a combined 1,200 GW by the end of the decade from 635 GW at the end of last year.