

## Critics attack US tariffs against Chinese solar manufacturers

By: Michael Bastasch – October 11<sup>th</sup>, 2012

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Critics have charged that the Commerce Department's final ruling on the controversial tariffs on Chinese-made solar cells will raise tensions with China and contribute to a growing global trade fight.

"Commerce's announcement will likely raise already-high tensions between the US and China over subsidies and trade in green goods," said Scott Lincicome, White & Case international trade attorney and author of a new Cato Institute paper on the global subsidies, in an emailed statement.

"[W]e remain concerned about the growing global trade war, which will only hurt American solar industry jobs, growth and consumers," Jigar Shah, president of Coalition for Affordable Solar Energy – which opposed the tariff – said in a statement.

The Commerce Department issued final determination of anti-dumping duties from just over 31 percent up to 250 percent percent on photovoltaic solar cells. Anti-subsidy duties of up to more than 15 percent were also recommended.

"It will inevitably lead to a rhetorical rebuke from Beijing and a reminder that China is challenging U.S. anti-subsidy policy at the World Trade Organization and in US courts," Lincicome added. "But it also could lead to a more forceful response from China in the form of a new trade remedies investigation or a WTO dispute against US green subsidies."

Lincicome's Cato Institute paper argues that the combination of growing U.S. subsidy programs and emerging foreign markets exposes more exports to anti-subsidy litigation at the World Trade Organization and retaliatory tariffs from foreign nations.

"Any such response, combined with the ongoing Chinese investigation of US polysilicon and the US investigation of Chinese wind towers, will ensure that bilateral tensions and global uncertainty regarding green energy subsidies will continue for the foreseeable future," Lincicome concluded.

Last year, a coalition of solar manufacturers led by German-based SolarWorld filed a complaint arguing that the Chinese government gave their manufacturers an unfair advantage, hurting U.S.-based manufacturers. SolarWorld has also filed complaints in Europe against imported Chinese solar panels.

In March, the Obama administration responded by slapping Chinese solar cells with anti-subsidy tariffs of up to nearly 5 percent. Then in May, anti-dumping duties of up to 250 percent were put on Chinese solar cells.

“Five years ago, we saw the industry really taking off in the United States, and we carefully planned how we would be a responsible leader in this growing market,” said Gordon Brinser, U.S. president of manufacturing at SolarWorld Americas in a International Trade Commission hearing last week.

“We made enormous investments in our facilities and devoted substantial resources to technological development,” Brinser continued. “However, far from benefiting from the growth in U.S. demand, SolarWorld has been severely harmed by unfairly traded Chinese imports.”

However, the tariffs have the solar industry split as manufacturers want the tariffs to shield them from foreign competition, while solar panel installers and polysilicon vendors oppose them.

“SolarWorld, which is a German company, is using the U.S. legal system to compensate for its own business mistakes and inability to compete,” said Kevin Lapidus, senior vice president for legal and government affairs at SunEdison, which is a member of CASE

“Trade barriers in the form of protective tariffs will not improve the economics of the U.S. solar industry or change the way the Chinese do business,” said Tom Gutierrez, CEO of GT Advanced Technologies, also a CASE member.