

Rough trade: US takes steps to release China's grip on solar markets

By Nilima Choudhury

The United States and China are embroiled in what the New York Times has dubbed "the most politically charged trade case in many years".

Seven US-based crystalline silicon solar cell manufacturers have formed The Coalition for American Solar Manufacturing (CASM), led by SolarWorld and First Solar (the identities of the five remaining members are yet to be disclosed). The CASM has accused Chinese manufacturers of violating global trade laws with its "anti-competitive trade aggression".

In October, CASM filed petitions with the International Trade Commission (ITC) and the US Department of Commerce (DoC) calling on the government to apply high tariffs on Chinese solar cell manufacturers, claiming China is using the antidumping and countervailing trade laws to "protect" its own industries.



The CASM has also accused the Chinese government of deliberately keeping the Yuan low to gain a trade surplus. Part of SolarWorld's complaint is that the Chinese government has not been forthcoming about the extent of its subsidies. As a member of the World Trade Organization, China is expected to disclose its subsidies regularly so that other countries can decide how to respond and determine whether those subsidies unfairly enable certain companies to grab market shares.

China has rejected these claims and blames US restrictions on high-tech exports for fuelling the imbalance.

But the CASM also has its critics. The Coalition for Affordable Solar Energy (CASE), a group of 25 solar organizations, was formed a few weeks after the CASM's petition was filed to defend China's involvement with US trade, believing it to be important in order to continue competition and growth on an international level.

It has been difficult to identify official figures to deduce the extent of support for the CASM's actions. Recent polls have presented extreme results. A poll by PV Magazine showed that 76% of respondents opposed the filing of the petition, whereas a survey published by the Solar Energy Industries Association (SEIA) implies that

82% of the American public agree with CASM. The number of participants taking part in the surveys was not disclosed.

According to the SEIA, in the last 12 months, the US solar industry has grown by 69%. The solar industry is one of the fastest-growing industries in the US with more than 100,000 jobs across more than 5,000 companies. The US was also a net exporter of solar products in 2010 to the tune of US\$2 billion, one of the recipients being China, which spent more than US\$200 million.

According to the CASM, between 2008 and 2010, there has been a 310% 'surge' in Chinese exports to the US. They have brought neither technological nor cost advantage, says the coalition, which goes on to blame the Chinese for the 40 to 50% price drop in modules seen this year.

Below is a timeline of the events taking place in the dispute.

October 19

Petition written to the Department of Commerce and International Trade Commission by the Coalition for American Solar Manufacturing fronted by SolarWorld America, a subsidiary of Germany's SolarWorld, accusing the Chinese government of providing "massive" illegal subsidies to advance the exports of domestic Chinese crystalline silicon solar wafer, cell and module manufacturers, and dumping crystalline silicon solar cells into the US market.

October 20

US-based SEIA, which represents 1,000 members working in the PV industry, published a statement in part to offer their support to CASM but also to advise caution.

SEIA president Rhone Resch said, "As long as the US is able to compete on an even playing field, the combination of policy certainty, private investment and continued technological advances will keep the solar industry as one of the fastest-growing economic sectors in the country."

October 24

An unnamed official from China's Ministry of Commerce was quoted on Chinese national news site, Sohu, as saying that global economic recovery could be greatly hampered by the CASM's allegations: "The Chinese government hopes the United States will scrupulously abide by its promise to oppose trade protectionism, avoid adopting protectionist measures on Chinese solar cell products, jointly protect a free, open and fair international trade environment, and adopt more rational means of handling trade frictions." According to the official, China's policies do meet World Trade Organization rules.

In response, CASM spokesman Gordon



Brinser, president of SolarWorld, produced a statement: "The Chinese government's claims that our actions are improper and protectionist and that its illegal subsidies and massive dumping of solar product are helping the global economy and the environment, are absurd. China is one of the biggest trade protectionists in the world. In the solar industry, China is gutting manufacturing and jobs here in America and abroad while China's solar industry pollutes its own people."

"China is a heavy user of the antidumping and countervailing trade laws to protect its own industries. It is no coincidence that China has been named in the most antidumping and countervailing duty cases from countries all around the world: it is the worst violator of global trade laws.

"It is widely known that China's economic growth model is causing huge disruptions in the global economy.

"Worst of all, China's manipulation of its currency severely distorts global markets. China's predatory and illegal aggression is crippling the US industry. CASM is holding China accountable for its disregard of the very trade rules it has agreed to follow."

November 2

CNPV Solar Power became the next target of accusations levied at it from the CASM. A CNPV spokesman said: "We are currently reviewing the petition with our legal counsel and will be prepared to respond vigorously if an investigation is initiated. We reject any allegations in the petition with regard to CNPV's business conduct."

This followed CNPV's recent entering into an agreement with a US manufacturer in September, whereby CNPV signed a contract with Solar Solutions and Distribution for residential and commercial installations. However, at present, CNPV is in the process of reviewing the antidumping and countervailing duties petition in the US against Chinese competitors.

Other China-based exporters of PV products include JinkoSolar Holding and Suntech. Jinko was implicated due to a recent fluoride wastewater leak at its Haining, China plant. The company responded to the claims stating that the company intends to carry on its



Gordon Brinser, president of SolarWorld and CASM spokesman.

manufacturing practices as normal while the ITC and DoC decide how to respond.

A spokesman from Suntech said that it will continue to build on its existing relationships with US companies but pointed out that: “[a]nyone can file one of these actions; having filed an action is in no way a validation from the US government as to the merits of the action.”

November 2

The Chinese Renewable Energy Industries Association, China Photovoltaic Society, Industrial Commission of China Renewable Energy Academy and the China Photovoltaic Industry Alliance issued a joint statement regarding the CASM’s petition.

Junfeng Li, Deputy Director General/ Professor, Energy Research Institute, National Development and Reform Commission of the People’s Republic of China (PRC) and secretary general of Chinese Renewable Energy Industries Association (CREIA) published a statement, the main points of which were as follows:

- I. To actively expand the PV energy market is still the universal understanding, and the PV energy market is continuing its growth.
- II. It is a law of market economy that certain companies and technologies will lag behind and be eliminated from the market.
- III. Chinese PV companies are globalized, making great contributions to the development of the global PV industry.
- IV. The development of the Chinese PV industry has driven the development of the US PV industry and promoted employment in the US
- V. Launching the Investigations will harm US public interest and global welfare.
- VI. We hope the Chinese and US companies could be open with each other and cooperate; we request the US Government consider not to initiate the Investigation petition.

November 8

The CASM advised that it had welcomed 75 additional employers, who had officially registered their support for the group. Additionally, CASM announced that it has gained the support of the largest union in the US – the United Steelworkers (USW), which boasts over 850,000 active members.

Leo Gerard, international president of the United Steelworkers, said, “Unfortunately, China continues to operate in a manner that is utterly inconsistent with its WTO obligations, which comes at the expense of developing our nation’s clean energy sector and creating and sustaining clean energy jobs for American workers. We urge you to vigorously apply and enforce our trade laws in these solar cases so that American workers and domestic industries can have a fair chance to compete in the US market.”

“Manufacturing is the fuel that drives our economic engine,” said Gordon Brinser, US president of SolarWorld, the spokesman of CASM and the named petitioner in the case. “Members of the Steelworkers Union understand that the key to American economic growth is healthy competition. Their support for US trade actions that keep quality, high-paying jobs in America and allow American companies to compete fairly in the global marketplace is greatly appreciated.”

November 8

In response to the petitions by CASM, a competing group was set up. Representing 25 organizations and more than 9,200 jobs in the US solar industry, Jigar Shah, head of the Carbon War Room and founder of Sun Edison, created the Coalition for Affordable Solar Energy (CASE) to defend the solar industry competition and growth in the US and globally.

According to CASE, “Global competition is making affordable solar energy a reality in America and around the world. SolarWorld’s action to block or dramatically curtail solar cell imports from China places that goal at risk. Protectionism harms the future of solar energy in America and negatively impacts consumers, ratepayers and over 100,000 American solar jobs. The coalition is committed to growing a domestic solar industry, promoting innovation, and making solar an affordable option for all Americans.”

Shah added, “There’s been overwhelming opposition throughout the US solar industry to SolarWorld’s short-sighted trade petition.”

November 9

The US DoC announced it would initiate an intensive, year-long investigation into whether Chinese imports are threatening the American solar industry and plans to release its preliminary findings early next year.

Gordon Brinser commented, “We are pleased that the facts have begun to speak for themselves. China’s plans for the US market have been clear from its excessive and illegal subsidization of its export-heavy industry, its ever-escalating drive to dump product at artificially low prices on the US marketplace and its contrived public-affairs tactics, including a new coalition for Chinese importers that purports to serve the interests of American consumers.”

November 12-13

APEC Leaders’ Meeting – Hawaii

President Barack Obama hosted this year’s Asia-Pacific Economic Cooperation in Hawaii, and told reporters, “We’re going to continue to be firm that China operates by the same rules as everyone else. We don’t want them taking advantage of the United States.”

Chinese President Hu Jintao responded, “China’s foreign exchange policy is a responsible one.” He said China will “continue reforming its exchange rate mechanism”, stating that America’s trade deficit and unemployment are not caused by the Yuan exchange rate and that a large appreciation in the currency would not solve US problems.

November 16

The CASE calls for peace. Founder Jigar Shah said, “Let’s put an end to this. There are no winners in a trade war. Every day we fight amongst ourselves, we lose credibility. The only people slapping hands right now are solar industry critics.

“A US – China solar trade war could obstruct global solar trade and negatively impact many US exporters of solar products,” added Shah.

In reply, the CASM has asked the CASE why it is “defending China’s anti-competitive, unsustainable trade aggression?” The CASE is yet to offer an official response.

And now we wait for the International Trade Commission to reach its decision next year.

All information contained within this feature is taken from the PV-Tech.org website and is correct at time of press.

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