# China Rejects U.S. Ruling In Solar Dumping Case

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BEIJING (AP) — China's government on Friday rejected a U.S. antidumping ruling against its makers of solar power equipment and Chinese manufacturers warned possible higher tariffs might hurt efforts to promote clean energy.

The conflict has worsened U.S.-Chinese trade tensions. The two governments have pledged to cooperate in developing renewable energy but accuse each other of violating free-trade pledges by subsidizing their own manufacturers.

"The U.S. ruling is unfair, and the Chinese side expresses its extreme dissatisfaction," said a Commerce Ministry spokesman, Shen Danyang, in a statement.

Shen warned the ruling might harm clean energy cooperation but gave no indication how Beijing might respond. Some American companies that oppose the trade probe have warned China might retaliate against U.S. suppliers.

Thursday's preliminary ruling by the Commerce Department said Chinese producers sold solar cells and panels below fair price and hurt American producers. If that is upheld, tariffs averaging 31 percent could be imposed on Chinese solar-panel imports.

Three major Chinese manufacturers — Yingli Green Energy Holdings Ltd., Suntech Power Holdings Co. and Trina Solar Ltd. — rejected accusations they were selling goods at improperly low prices.

Foreign competitors complain Chinese manufacturers get improper government support in the form of low-cost access to land, bank loans and other resources. Beijing acknowledges giving research grants and tax breaks but says those are in line with its free-trade commitments and practices by other governments.

"We will challenge with data all of those assumptions," said Trina's chief commercial officer, Mark Kingsley. In an interview, he said China's subsidies are lower than those provided by Germany and some other countries.

Kingsley said Trina's exports to the United States are unlikely to be affected if Washington raises tariffs. He said any solar cells or other parts affected by the duties can be replaced by components from other countries.

"We already have developed third-country component supply that allows to ship as normal to the U.S.," he said.

Chinese producers also warned that higher U.S. tariffs might raise the cost of solar equipment and hamper efforts to promote renewable energy.

"Tariffs are disruptive and destructive for the entire solar industry," said Yingli's chairman, Miao Liangsheng, in a statement.

The Commerce Department launched its investigation in November following complaints by a group of U.S. producers led by Oregon-based SolarWorld Industries America Inc., a unit of Germany's SolarWorld AG.

The complaints were amplified by the bankruptcy of solar-panel maker Solyndra LLC after the California-based company received a $528 million U.S. government loan. Solyndra cited Chinese competition as one reason behind its failure.

Beijing responded by launching its own probe last November into whether U.S. government support for producers of wind, solar and other renewable energy technology is an improper trade barrier.

The dispute highlights tensions over whether China's heavily regulated economy should be treated as a free market. Beijing has pressed the United States and Europe to officially grant such status, which would make it harder to bring some dumping and other complaints, but none of its major trading partners has yet agreed.

With China treated as a non-market economy, U.S. regulators looked at other countries to decide what production costs for Chinese solar equipment manufacturers would be and estimate how much government support they received.

Shen, the Commerce Ministry spokesman, criticized that approach and said it resulted in an unfairly high comparison price.

"This is not consistent with China's development status, does not conform to the facts of China as a market economy and highlights the tendency of trade protectionism in the United States," Shen said.

Chinese solar equipment manufacturers warned earlier that sanctions could result in a loss of American jobs because U.S. companies are both buyers of Chinese products and suppliers of materials. They said Chinese manufacturers spend some $2 billion a year to buy materials such as polysilicon from U.S. suppliers.

Kingsley said Trina buys silicon from Michigan and manufacturing equipment from New Hampshire, plastic and glass from Japan and South Korea and other components from suppliers elsewhere in Asia.

"These products, by design, are incredibly international," he said. "The vast majority of this value chain is not in China."

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