Panel: Chinese Imports Hurt U.S. Solar Industry

Josh Lederman, Associated Press

WASHINGTON (AP) — A federal trade panel found China responsible Wednesday for harming the U.S. solar panel industry, clearing the final hurdle for U.S. attempts to impose steep tariffs on Chinese solar companies.

The U.S. International Trade Commission voted unanimously that Chinese companies have materially injured U.S. manufacturers, affirming its 2011 vote that launched a yearlong inquiry into low-cost Chinese products that U.S manufacturers blame for putting them on the brink of collapse.

Chinese companies that export billions of dollars of solar products to the U.S. each year will face tariffs of up to nearly 250 percent. The Obama administration imposed those tariffs in October after finding that China's government is subsidizing companies that are flooding the U.S. market with low-cost products — a tactic known as "dumping." Wednesday's vote means that those tariffs, along with anti-subsidy fees of up to 16 percent, will stand.

The stiff penalties affirmed Wednesday will be good for five years. The U.S. government will then re-evaluate whether the tariffs are still necessary and at what levels.

"With this relief, combined with an aggressive domestic enforcement regime, there is hope that the United States can maintain a viable solar manufacturing base," said Gordon Brinser, president of Oregon-based SolarWorld Industries America Inc. and head of an alliance of American companies that implored the U.S. government to take action.

More than $3.1 billion in Chinese solar panels and cells were imported by the U.S. in 2011, the Commerce Department has said. That number doubled from 2010, a year in which China's government spent more than $30 billion to subsidize its solar industry, U.S. energy officials said.

Already tense trade relations with China have been exacerbated by the sweeping trade case, one of the largest the U.S. has pursued against the Asian superpower. The complaint has also caused a rift at home between manufacturers, who say unfair Chinese subsidies make it impossible for them to compete, and solar panel installers, who stand to gain when their customers have access to low-cost products.

A group of companies, including China-based Suntech Power Holdings Co., fought the complaint, arguing that U.S. companies are blaming China for their own failures — namely, poor business decisions such as failing to adapt their products to the needs of utility companies. The group's president, Jigar Shah, said he was disappointed by the resolution of what he called a distracting and politically charged

case.

"Unilateral tariffs and a trade war in today's interconnected global marketplace are unnecessary and detrimental to effective and efficient business competition," Shah said.

Both sides had claimed that victory for their opponent would cost thousands of American jobs. In the end, neither side got everything it wanted.

Supporters of the penalties warned that their effectiveness could be blunted by a loophole that the Commerce Department, in an October decision setting the exact tariff levels, declined to close. That loophole, according to U.S. manufacturers, allows Chinese companies that outsource a part of the production process to other countries to circumvent punitive tariffs.

Still unresolved was whether the ITC would deem that "critical circumstances" necessitated making the tariffs retroactive. An appeal is still possible to the U.S. Court of International Trade in New York. China's government could also potentially appeal the case to the World Trade Organization.

China's government has bristled at the complaint, noting that the U.S. long has pushed China to adopt green energy as a way to reduce pollution, and has launched its own disputes with both the U.S. and the EU over solar product subsidies.

Scrutiny of the U.S. solar industry has been magnified by Republican indignation over Solyndra Inc., a California-based solar panel maker that won a half-billion-dollar loan from the Obama administration and then went bankrupt. Solyndra is not involved in the trade case, but it cited Chinese competition as a prime reason it flopped.

The U.S. has sought to promote solar, wind and other renewable energy sources as a way to boost exports and create high-paying jobs in the technology sector. The U.S. and China are two of the world's largest markets for such technologies, but weak demand in Europe and elsewhere has left solar companies struggling to find buyers. Production far outpaces demand in China, and there are signs that China is working to promote consolidation within the industry.

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