Over the last three years, China has grown from manufacturing 6 GW worth of crystalline silicon solar cells to between 27.4 and 36 GW, according to some industry estimates.

In that same span, China’s share of the global solar market has soared from less than 10% to 60%.

That hot growth, says a group of US solar companies, can be primarily attributed to egregiously unfair competitive practices fostered by the Chinese government: subsidies to manufacturers that are illegal under World Trade Organization rules and the “dumping” of solar products in the US at below-market costs.

The Coalition for American Solar Manufacturing, led by Oregon-based SolarWorld, is set to argue in a case before the Commerce Department’s International Trade Commission that China’s trade policies have crippled US solar manufacturers, unfairly stealing market share and causing thousands of layoffs. CASM will ask the ITC to uphold antidumping duties of up to 250% on Chinese solar products, in order to give US manufacturers a more level playing field.

“The evidence is clear by any and all factors that the dumped and subsidized imports have injured the US industry, and in fact, the level of injury and amount of harm is really stunning,” said Tim Brightbill, a lead attorney for CASM. “They’ve captured an amazing amount of market share at the direct expense of the US. It’s critically important that these duties stay in effect.”

But not everybody in the US solar industry agrees. A rival group, the Coalition for Affordable Solar Energy, which represents primarily solar installers that buy panels, says the duties will stall growing US demand for solar power and spark a trade war that would ultimately hurt consumers.

CASM will also testify at Wednesday’s hearing and urge that the tariffs be overturned, citing the growth of the US solar industry, which is expected to install a record 3.2 GW of solar power, representing $12 billion in investments, this year.

Cheaper solar panels, which CASE attributes to market forces and not to unfair Chinese trade policies, are what is enabling that growth, said Kevin Lapidus, a senior vice president of legal and government affairs with CASE member SunEdison.

“SolarWorld’s contention that this case will help the industry is not true,” he said. “Our goal as an industry is to bring solar energy to grid parity, reducing the price between solar generation and electricity generated from fossil fuels. That’s how the industry will grow.”

The ITC, at Wednesday’s hearing, will determine whether there is sufficient justification for the US to continue imposing the antidumping duties that Commerce decreed earlier this year.

In May, following a formal complaint filed by CASM that led to a still-ongoing investigation by Commerce, the Obama administration announced preliminary antidumping duties on Chinese solar cell and panel imports ranging from 31% to 249.96%.

Commerce in March also announced tariffs ranging from 2.9% to 4.73% on Chinese solar products to counteract China’s subsidies for its domestic manufacturers.

Commerce is scheduled to wrap up its investigation on October 10. The European Union, in a similar investigation, also is considering antidumping duties and tariffs against Chinese solar products.

China, for its part, has filed a WTO complaint against the US, challenging the tariffs and attributing the low prices of its products to advancements in its manufacturing processes and soft pricing of raw materials. The country is also investigating whether US manufacturers of polysilicon, a key material used to make solar panels, are selling their product below cost.

The US is the main supplier of polysilicon, exporting about $873 million worth to China last year.

Lapidus agreed with China’s position and said prices for Chinese solar products have dropped because of ramp-ups in production and drops in the price of polysilicon.
“Solar panels are commodities,” Yuan said. “There is little technology difference among German, Japanese, Chinese or American solar panels for silicon-based solar panels today. Grape Solar and my peers will just buy from low-cost countries.”

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“Not only have modules come down, but also inverters, trackers and balance of system components,” he said. “You have a trend, which actually mirrors quite well any high-tech industry, where the industry evolves, the volumes increase, your unit economic costs come down, and therefore the cost components across the industry come down. That’s economies of scale.”

But CASM’s Brightbill said the dramatic 50% price drop in Chinese modules over the past year are “well beyond any changes in raw materials cost.”

Simple economics would dictate that if consumer demand for solar is growing, as it is in the US, then prices for modules would rise, he said. “Normally, prices don’t crash 50%,” he said. “The solar market is a strong one. Demand is up 100% each of the last two years. So the problem isn’t demand. It’s that China came in and took all that demand by selling at 30% to 250% below cost levels.”

As a result, more than a dozen US companies in the last two years have shut down, gone bankrupt or had significant layoffs, Brightbill said. That includes the now-infamous Solyndra, the California solar panel maker that went bankrupt despite a $535 million taxpayer-backed loan guarantee. Solyndra blamed its demise on an inability to compete against cheap Chinese solar panels flooding the US market.

Overall, the US solar manufacturing industry lost $170 million last year, according to CASM.

But Ocean Yuan, the founder and CEO of Oregon-based Grape Solar, which sells solar kits through Costco and Home Depot, said that even if the tariffs are upheld and Chinese solar panels become more expensive as a result, solar installers will just gravitate towards the cheapest panels, perhaps from low-cost manufacturers in Taiwan or South Korea.

Or Chinese companies will set up factories in Malaysia, Taiwan, Eastern Europe and other countries to get around the tariffs, he said.

SolarWorld and other US manufacturers of polysilicon crystalline solar panels cannot compete against foreign manufacturers because they lack economies of scale, he said.