



**NATUUR
& MILIEU**



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Position paper on the proposed punitive import tariffs on Chinese solar panels

WWF International, Dutch environmental group Natuur & Milieu, E3G and Change Partnership support the strong opinion of now 18 Member State governments and request immediate withdrawal by the Commission of the proposed import duties ranging from 37 to 68% for solar photovoltaic (PV) elements from China. We strongly urge the Commission to embark on amicable dialogue with China to solve this dispute and avert the specter of wider trade conflict.

We are strongly convinced, together with a much larger group of companies, as well as a two third majority of governments in Europe that this rude action is fully undeserved. The Solar Trade Association (STA) and the Alliance for Affordable Solar Energy (ASAFE), combining almost 500 member companies, benefit from the present trade relation between EU and China and oppose the import tariffs strongly. The last thing we need is a trade war with China on clean technologies.

Our underpinning arguments are laid down as follows:

1. Loss of up to 242.000 green jobs in times of crisis

Prognos, an international economic consultancy, has concluded that up to 242.000 net jobs are at stake if the Commission decides to impose a 60% import duty.¹ These jobs are in three fields: 1) the raw materials industry that delivers to China; 2) high-end equipment and R&D jobs; and 3) the resellers and installers of solar systems. This is much needed green employment in the European Union in times of crisis. For comparison, the jobs perceivably at stake by the companies behind the trade complaint to the EU amount to less than 9,000 according to STA. That needs to be compared with a present European value chain for PV that maintains almost 300,000 people employed in the EU. It is also worthwhile to note that the Chinese government calculated that such punitive tariffs will negatively affect about 400,000 Chinese jobs in one way or the other and undermine a low-carbon development in this important country for global climate protection.

2. The renewable energy target at stake

¹ The impact of anti- dumping and countervailing measures on imports of solar modules, cells and wafers from China on EU employment and value added, Prognos (Germany) February 2013

The European Union has set itself a mandatory target for a 20% renewable energy by 2020. The proposed import duties might mean a doubling of the price of solar PV panels which puts additional strain on government support schemes. This move by the Commission questions the continued pathway to a clean and renewable energy economy in Europe. Solar renewable energy is the fastest growing energy source and has one of the largest clean energy potentials in the EU in the near-term future, and increasingly popular with consumers. Solar is indispensable for the EU to gain support from its population for renewable energy and to transition to a green economy which does not rely on fossil energy imports alone. Artificially curbing this trend puts achieving the 2020 renewable energy target at risk and endangers the development of a necessary more ambitious 2030 renewable energy target. Furthermore, it weakens the pace of energy diversification.

3. Fossil fuel subsidies

It is absurd in times of enhanced carbon emissions and climate change and while the huge global subsidies to fossil fuels of about \$US 1.9 trillion annually remain unchecked as documented by IMF's Energy Subsidy Report (January 2013) ²to pick on a clean power source that has potential to be a major supplier of non-carbon energy in the future and helping the world – and Europe – to stay below 2 degree warming eventually.

4. China is ambitious at home

The Chinese government had and still is been accused to only invest in (and subsidize) solar panels for export. Although Chinese manufacturers are fit for export as well and presently hold a majority share, they focus increasingly on the domestic market. Fact is that China has one of the most ambitious targets for domestic PV installations. Literally coming from nowhere, less than a year ago the government's agreed objective was 21 Gigawatt (GW) PV capacity by 2015 domestically, this target has recently increased to 35 GW. This is one third of the present 102 GW installed globally³.

5. Decimation of a consolidating market

The solar PV market has been expanding rapidly in the European Union the past decade since demand has grown dramatically due to government support schemes. On top of this, prices of solar equipment have dropped, partly because of imports of high-quality equipment from China. Import tariffs do much more harm than good. They undermine the rapid growth of PV in many European countries. Because of the current crisis, the market is likely to consolidate with a few larger global players soon. This is true for any industrial product gaining higher market share. However, the solar PV manufacturing market is still in its early stages. Imposing import duties, even provisional ones, mean a blow too large for a not yet stable market. This will shake the entire solar industry and its supply chain in the European Union and set back the industry by numerous years.

We therefore urge decision makers to stop this process of imposing punitive import tariffs for solar panels before it is too late. A trade dispute with China should be resolved in much more amicable way, and not at the expense of cleaning up the energy system both in Europe and China. Alongside working to reduce trade tensions through dialogue we also urge the Commission to focus its energy on developing a positive agenda to growing mutually beneficial trade in energy efficiency and renewable energy goods and services between the EU and China. At a time of economic crisis concrete actions to grow EU-China low carbon markets would lower costs, create employment and generate momentum for greater mutual ambition in tackling climate change in advance of negotiations over the 2015 climate change agreement.

² IMF, Energy Subsidy Reform Report, January 2013

www.imf.org/external/np/pp/eng/2013/012813.pdf

³ EPIA, [Global market outlook Photovoltaics, May 2013](#)