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ML Strategies' Energy & Environment Update: Week of 7/28/2014

July 29, 2014 | Blog | By David Leiter

VIEWPOINT TOPICS

- Energy & Sustainability

SERVICE AREAS

- Energy & Sustainability

For several years, solar arrays utilizing silicon photovoltaics have been central to driving the exponential growth of installed domestic solar capacity. However, an ongoing trade war spanning three continents and impacting the entire solar supply chain – from upstream polysilicon manufacturers to downstream installers - continues to present significant challenges as the growing number of tariffs imposed on imported solar components and systems may begin to dampen the solar industries' incredible momentum.

A series of anti-dumping (AD) and countervailing duty (CVD) cases brought primarily by SolarWorld in both U.S. and European courts beginning in 2012 against China, and now Taiwan, continues to demonstrate the company avails itself of every judicial forum with jurisdiction to address alleged illegal Chinese subsidies for its indigenous solar industries., The solar AD/CVD trade cases are complex, involving two separate, but related, causes of action alleging illegal governmental activities violating AD trade laws, and private sector activities violating CVD laws. Tariffs are imposed if such activity is proven. The mechanics of the case involve a two-step, quasi-adjudicatory process by Department of Commerce and the U.S. International Trade Commission (USITC).

On July 25th, the latest development in the escalating solar trade dispute unfolded when Commerce issued a preliminary decision in the AD portion of most recent case against Chinese module manufacturers, and for the first time, against imports from Taiwan. Commerce will immediately impose AD duties ranging from 26.33% to 58.87% percent for China and 27.59% to 44.18% for Taiwan. According to Commerce, 2013 imports of Chinese and Taiwanese photovoltaics in the scope of the case represented $1.5 billion and $656 million in economic activity respectively, representing roughly a 50% decline in Chinese module imports and a 50% increase in Taiwanese imports from 2012. According to GTM Research, 31% of 2013 U.S. module installations utilized Chinese imports, and represented more than 50% of the U.S. distributed generation installations. The GTM report also found that non-Chinese suppliers are likely to gain share as a result of the erosion of Chinese price advantage resulting from the imposition of trade tariffs in the U.S. market. Likely beneficiaries include REC, SolarWorld, Suniva, and LG Solar in the distributed solar market, and First Solar in the utility market.

The weekly *Energy & Environment Update* from ML Strategies provides an overview of what's happening on and off Capitol Hill and around the world that may impact energy and environmental policies and industry players. **Read the *Update* here**.

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