

Trump Imposes 30 Percent Tariff on Solar Imports

Environment & Energy Alert

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On Monday, January 22, President Donald Trump issued a highly anticipated decision in the Section 201 safeguard investigation of crystalline silicon photovoltaic cells and modules. The president's decision will result in a 30 percent tariff on imports of solar energy cells and panels in the first year. The tariff level will gradually drop over the next three years to a 15 percent tariff. The first 2.5 gigawatts of unassembled solar cells imported each year will be tariff free.

These tariffs are lower than those requested by Suniva and SolarWorld Americas, two domestic producers of solar equipment, in their petitions under Section 201 of the Trade Act of 1974 and are not restricted to China. Predictions of the impact of these safeguard protections on the solar industry vary.

In the first phase of its investigation, the International Trade Commission (ITC) concluded that U.S. producers of these solar products have been injured by increased imports but could not agree on appropriate remedies. In its November 13, 2017, report, however, the ITC included a number of recommendations, including a combination of increased tariffs, import quotas, import license fees and domestic industry supports.

The U.S. Trade Representative Office held a hearing in this matter on December 6, 2017. This unusual case has attracted significant attention. Some believe that the safeguard protections will stifle competition in the domestic production of these products and predict dire consequences, including significant loss of domestic jobs. Environmental groups claim that the protections will thwart the shift to clean energy.

Imports of solar cells and modules have nearly doubled during the pendency of the ITC investigation. Additionally, a supplemental report issued by the ITC found that the Chinese "took advantage of the existence of programs implemented by the U.S. government to encourage renewable energy consumption" and that the United States could not have foreseen that market shift. Many expect that a challenge to this decision will be filed at the World Trade Organization.