

EU Starts investigation into Chinese Solar Panels

Written by Sarfaraz Khan

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The European Union has decided to initiate anti-dumping investigations into Chinese solar panels. This comes after a complaint was filed by a group of 25 unidentified European solar companies, called **EU ProSun**, led by Germany's **SolarWorld AG** against Chinese solar panel manufacturers such as **Suntech Power Holdings Co., Ltd. (ADR) (NYSE:STP)**, **Yingli Green Energy Hold. Co. Ltd. (ADR) (NYSE:YGE)**, **LDK Solar Co., Ltd (ADR) (NYSE:LDK)** and **Trina Solar Limited (ADR) (NYSE:TSL)**

. The four are often referred to as tier-1 Chinese solar panel manufacturers on account of their dominance in the industry, which EU ProSun claims has pushed several European competitors into bankruptcy by practicing price dumping and obtaining government subsidies.

The investigations will decide whether the Chinese solar firms were dumping their products in Europe and if it was damaging the continent's solar industry. Once completed, the commission may impose penalties, but it may decide otherwise if it finds that such an action would damage the continent's long-term economic interest. The EU does around 20 anti-dumping investigations each year, with half of them resulting in penalties, but so far, this is the biggest trade probe in their history.

China exported \$26.5B of solar panels, equipment and systems last year to Europe, but the global solar industry is a complex value chain whereby each region is dependent on another. This is evident in China's \$7.5B solar import of raw materials and equipment from Europe.

China, on the other hand, has denied these allegations and "deeply regrets" the EU's decision. It has also warned that any penalties may create further problems. The country's Ministry of Commerce "regrets" that the probe was started "despite repeated calls by China to solve the trade dispute on photovoltaic products via consultations and cooperation."

The local media in China has cited a warning from an unidentified official from China's Commerce Ministry on Wednesday that the country may retaliate with trade restrictions on the wines and polysilicon imported from Europe.

Analysts have identified that unlike the US action, the EU case would focus only on "price

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dumping” charges, not on “anti-subsidy.” The length of the probe is also much longer than that of the US. Final decisions on penalties will be taken by the end of 2013, while preliminary tariffs could be imposed on May, i.e., nine months from now.

SolarWorld had filed a similar complaint in the US, which resulted in an up to 250% tariff on Chinese solar panel imports. Following that, China also started investigations into a complaint filed by Chinese firms alleging that US and South Korean companies were dumping polysilicon, primary raw material for manufacturing solar panels, into their country. The Chinese government had announced earlier that they would release the findings in 2013, but now the preliminary results into the probe will be released in November, about eight months ahead of schedule.

The German Chancellor Angela Merkel [on a recent visit to China](#) said she hopes that the dispute will be resolved amicably through discussions, rather than through an investigation.