

Biden to Pause New Solar Tariffs as White House Aims to Encourage Adoption

By Ana Swanson, David Gelles and Jim Tankersley

阅读简体中文版 閱讀繁體中文版

WASHINGTON — **The Biden administration on Monday announced a two-year pause on imposing any new tariffs on the solar industry, a decision that follows an outcry from importers who have complained the levies are threatening broader adoption of solar energy in the United States.**

The move is a victory for domestic solar installers, who said the tariffs would put at risk the Biden administration's goal of significantly cutting carbon emissions by the end of the decade by reducing the flow of products into the United States. But it goes against the wishes of some American solar manufacturers and their defenders, who have been pushing the administration to erect tougher barriers on cheap imports to help revive the domestic industry.

It was the latest example of President Biden's being caught between competing impulses when it comes to trying to steer the United States away from planet-warming fossil fuels, as he has pledged to do. By limiting tariffs, Mr. Biden will ensure a sufficient and cheap supply of solar panels at a time of high inflation and attempt to put stalled solar projects back on track. But the decision will postpone other White House efforts that might have punished Chinese companies for trade violations and lessened Beijing's role in global supply chains.

To counteract complaints by the domestic solar industry, the administration said that Mr. Biden would attempt to speed U.S. manufacturing of solar components, including by invoking the authorities of the Defense Production Act, which gives the president expanded powers and funding to direct the activities of private businesses.

The prospect of additional tariffs stemmed from an ongoing investigation by the Commerce Department, which is looking into whether Chinese solar firms — which are already subject to tariffs — tried to get around those levies by moving their operations out of China and into Southeast Asia.

Auxin Solar, a small manufacturer of solar panels based in California, had requested the inquiry, which is examining imports from Vietnam, Malaysia, Thailand and Cambodia.

In 2020, 89 percent of the solar modules used in the United States were imported, with Southeast Asian countries accounting for the bulk of the shipments.

If the Commerce Department determines that the factories were set up to circumvent U.S. tariffs, the administration could retroactively impose tariffs on shipments to the United States. But under the tariff “pause” that Mr. Biden ordered on Monday, such levies could not be imposed for the next two years.

The decision is the latest turn in a long game of whack-a-mole the U.S. government has played against low-priced imports in the solar industry.

While U.S. companies were some of the first to introduce solar technology, China came to dominate global solar manufacturing in recent decades by subsidizing production and creating a vibrant domestic market for solar installation. In 2011, the United States imposed duties on Chinese products to counteract subsidies and unfairly low prices. U.S. installers then started buying more products from Taiwan, but in 2015 the United States imposed duties on Taiwan as well.

Trade experts said that pausing the tariffs could undercut trade laws aimed at protecting American workers by allowing companies in China to continue flooding the United States with cheap imports.

On Monday, Auxin’s chief executive, Mamun Rashid, said President Biden was interfering with the investigation.

“By taking this unprecedented — and potentially illegal — action, he has opened the door wide for Chinese-funded special interests to defeat the fair application of U.S. trade law,” Mr. Rashid said in a statement.

To pause the tariffs, a Biden administration official said the administration was invoking a section of the 1930 Tariff Act, which allows the president to suspend certain import duties to address an emergency. Commerce Department officials said their investigation would continue and that any tariffs that resulted from their findings would begin after the 24-month pause expired.

“The president’s emergency declaration ensures America’s families have access to reliable and clean electricity while also ensuring we have the ability to hold our trading partners accountable to their commitments,” Gina Raimondo, the Commerce secretary, said in a release.

The possibility of tariffs has touched off an ugly battle in recent months over the future of the U.S. solar industry.

American solar companies have said that the prospect of more — and retroactive — tariffs was already having a chilling effect on imports. Groups such as the Solar Energy Industries Association, whose members include several Chinese manufacturers with U.S. operations, have been lobbying the White House against the tariffs and on Monday welcomed news that the administration would pause any new levies.

“Today’s actions protect existing solar jobs, will lead to increased employment in the solar industry and foster a robust solar manufacturing base here at home,” Abigail Ross Hopper, the president and chief executive of S.E.I.A., said in an emailed statement.

“During the two-year tariff suspension window,” she said, “the U.S. solar industry can return to rapid deployment while the Defense Production Act helps grow American solar manufacturing.”

Companies that rely on imported products — and U.S. officials who are prioritizing the transition to solar energy — have been complaining that the Commerce Department inquiry has injected uncertainty into future pricing for the solar market, slowing the transition away from fossil fuels. NextEra Energy, one of the largest renewable energy companies in the country, had said it expected to delay the installation of between two and three gigawatts worth of solar and storage construction — enough to power more than a million homes.

“The last couple of months we have had to pause all construction efforts,” said Scott Buckley, president of Green Lantern Solar, a solar installer based in Vermont. Mr. Buckley said his company had been forced to put about 10 projects on hold, which would have resulted in the installation of about 50 acres of solar panels.

Mr. Buckley said there was no easy solution to the country’s reliance on imported products in the short term and that the White House’s actions on Monday would allow companies like his to resume installations this year.

But domestic solar producers and U.S. labor unions have said that the recent surge in imports from Chinese companies doing their manufacturing in Southeast Asia clearly violates U.S. trade law, which forbids companies to try to avoid U.S. tariffs by moving production or assembly of a product to another country.

The domestic producers have accused importers — who have close commercial ties with China — of exaggerating their industry’s hardships to try to sway the Biden administration and preserve profit margins that stem from unfairly priced imports.

“If you have a supply chain that depends on dumped and subsidized imports, then you’ve got a problem with your supply chain,” said Scott Paul, the president of the Alliance for American Manufacturing.

“We’re getting dependent on hostile countries without sufficient domestic production to ensure against price hikes and supply shocks,” said Michael Stumo, chief executive of Coalition for a Prosperous America, a nonprofit group that promotes domestic manufacturing. “Whether it’s medicine, or PPE, or solar panels, you’ve got to have domestic production.”

Some critics also said the legal rationale for the White House's moves was specious, arguing that the administration was effectively declaring a state of emergency because of the consequences of its own trade laws.

Scott Lincicome, a trade policy expert at the Cato Institute, a libertarian think tank, said that the administration's actions seemed to be "quite the stretch of the statute."

The trade law provision that Mr. Biden invoked allows the president to "declare an emergency to exist by reason of a state of war, or otherwise," and during such a state of emergency to import "food, clothing, and medical, surgical, and other supplies for use in emergency relief work" duty free.

He said critics of U.S. tariffs had long proposed a "public interest" test that would allow levies to be lifted to mitigate broader economic harm, but Congress had never approved such an action.

In a letter late last month, Senators Sherrod Brown of Ohio and Bob Casey of Pennsylvania, both Democrats, complained that solar importers had spent "millions of dollars on advertising and lobbying to urge political interference in the trade enforcement process." Biden administration officials had previously said that the Commerce Department's inquiry was immune to political interference, describing it as "quasi-judicial" and "apolitical."

Solar tariffs have been a source of contention for decades, but they have taken on renewed importance in recent years as the consequences of climate change became more apparent. Chinese companies have expanded internationally, allowing them to continue to ship products to the United States, while American companies have struggled to compete.

The global solar industry's dependence on China has complicated the Biden administration's efforts to ban products linked with forced labor in Xinjiang, the northwest region where U.S. officials say Chinese authorities have detained more than one million Uyghurs and other minorities. Xinjiang is a major producer of polysilicon, the raw material for solar panels.

Solar importers complained that a ban last year on solar raw materials made with forced labor by Hoshine Silicon Industry temporarily halted billions of dollars of American projects, as companies struggled to produce documentation to customs officials to prove that neither they nor their suppliers were obtaining material from Hoshine.

After the Russia invasion of Ukraine in February, high gasoline prices have also impeded a broader desire to push the country away from oil and left Mr. Biden asking oil-producing nations in the Middle East and beyond to ramp up production.

White House officials said Monday that Mr. Biden would sign a suite of directives meant to increase the domestic development of low-emission energy technologies. He is set to make it easier for domestic suppliers to sell solar systems to the federal government. And he will order the Department of Energy to use the Defense Production Act to "rapidly expand

American manufacturing” of solar panel parts, building insulation, heat pumps, power grid infrastructure and fuel cells, the administration said in a fact sheet.

§1318. Emergencies (1930 Tariff Act)

Whenever the President shall by proclamation **declare an emergency to exist by reason of a state of war, or otherwise**, he may authorize the Secretary of the Treasury to extend during the continuance of such emergency the time herein prescribed for the performance of any act, and may authorize the Secretary of the Treasury to permit, under such regulations as the Secretary of the Treasury may prescribe, the importation free of duty of food, clothing, and medical, surgical, and other supplies for use in emergency relief work. The Secretary of the Treasury shall report to the Congress any action taken under the provisions of this section.

(June 17, 1930, ch. 497, title III, §318, 46 Stat. 696.)