



THE SUSTAINABLE SOLAR ENERGY INITIATIVE

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EU ProSun applauds launch of EU investigation into China's illegal solar subsidies

The European Commission formally accepted EU ProSun's anti-subsidy complaint against China filed on 25 September, and will launch an investigation today. EU ProSun represents the majority of EU solar industrial production. Milan Nitzschke, President of EU ProSun, said: "The European Commission has made a landmark decision today to scrutinize the many ways that central and local government bodies of the People's Republic of China dish out illegal subsidies to their solar manufacturers."

Today's decision follows the launch on 6 September of an EU investigation into destructive dumping by Chinese companies who are selling solar products far below their cost of production. Chinese solar companies are making enormous losses, but are not bankrupt because they are bankrolled by the state. China's biggest solar manufacturer Suntech lost over US\$1 billion in 2011 but even ramped up production in 2012. Another leading Chinese company LDK lost US\$254 million in the second quarter of this year alone, and was reported in the media as "Now Officially a Chinese State-Owned Solar Enterprise" following massive state intervention.

"It is significant that this ray of hope from Brussels for the survival of the European solar industry comes one day after the Obama administration sent a clear signal that the U.S. will no longer tolerate unfair solar competition from China. Following the mountain of evidence from the U.S. investigation that China is guilty of granting massive illegal subsidies, we are confident that the EU will quickly impose substantial countervailing duties of its own," said Nitzschke.

Yesterday the U.S. International Trade Commission (ITC) unanimous final finding was that illegally subsidized and dumped Chinese imports of crystalline silicon solar cells and panels have materially injured manufacturers. The [6-0] vote by the ITC will activate final anti-subsidy and anti-dumping duties on Chinese imports that the U.S. Department of Commerce issued in October, ranging from a combined rate of about 24 percent up to more than 250 percent, depending on the company. The decision is the final step in the trade case investigations, among the biggest brought by the U.S. against China, filed in October 2011.

Massive subsidies and state intervention have stimulated overcapacity more than 20 times total Chinese consumption and close to double total global demand. Hence, more than 90% of Chinese production had to be exported. Furthermore, EU ProSun estimates that Chinese companies are selling solar products in Europe at 50% below their full cost. Irrational overproduction and predatory pricing on this scale cannot generate profits.

"Chinese state banks have pumped cheap money into what should be bankrupt companies who have then flooded the EU market with dumped solar products. Just one state bank of many, the China Development Bank, gave €33 billion in cheap

credit lines to 12 Chinese solar companies since 2010. Chinese cities such as Wuxi have propped up lossmaking local solar manufacturers with billions of euros to keep them exporting to Europe. Our technologically advanced solar industry can compete with any free market company in the world but not the People's Republic of China. The EU must act now to stop illegal Chinese subsidies to save European jobs, and what remains of our manufacturing industry. Given the speed with which China is taking over the European solar market, we call on the EU to accelerate its investigation so that measures can be imposed at the earliest date possible," concluded Nitzschke.

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