



THE SUSTAINABLE SOLAR ENERGY INITIATIVE

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EU ProSun calls on EU to investigate China's illegal solar subsidies which have fed massive overcapacity

EU ProSun today filed an official complaint with the European Commission over illegal subsidies to Chinese solar manufacturers. EU ProSun, the Sustainable Solar Energy Initiative for Europe, represents the majority of EU solar industrial production.

This request for an investigation of Chinese government support is distinct from the recently initiated investigation of dumped pricing practices engaged in by Chinese solar manufacturers. Both actions, government support for exports and producer dumping, are illegal under WTO rules and need to be addressed urgently by the EU authorities.

Milan Nitzschke, President of EU ProSun, said: "Chinese government subsidies are only available to Chinese companies. "Massive subsidies and state intervention under the direction of China's 5 year general and solar specific plans 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. Irrational overproduction on this scale cannot generate profits. Chinese subsidies shield manufacturers from insolvency, and are pumped into solar companies even if they are unprofitable. Meanwhile over 20 major European solar manufacturers have become insolvent in 2012 alone."

The US government recently determined that 12 categories of Chinese subsidies for its solar manufacturers were illegal, and that Chinese exporters have dumped solar cells in the USA at margins between 30% and 250%. The US Department of Energy estimates that the Chinese government has provided its solar manufacturers with more than €25 billion of subsidies including low interest loans, free land, and subsidised energy.

"EU ProSun has identified many forms of significant government subsidies to Chinese solar manufacturers. For instance, Chinese banks implement government policy by giving favourable terms to solar manufacturers or their customers, and, if the borrower cannot pay back the loan, that does not appear to cut off access to further funding or otherwise affect the continued operations of the solar manufacturers," said Nitzschke.

Credit lines amounting to €33 billion according to Bloomberg New Energy Finance (\$42.5 billion), were put at the disposal of twelve well-known Chinese PV companies since 2010. In accordance with China's 5-Year Plan, credit lines have been granted by the state banks at very favourable lending conditions and subsidised by funds from the central government. In addition, regional and local subsidies have been granted, such as repayment of interest, electricity costs, transaction costs for land, value-added tax as well as credit guarantees.

"EU ProSun recently alerted the European Commission to the fact that Chinese companies are selling solar products in Europe at 60 % to 80% below their full cost. Now we call on the EU to launch an investigation into China's illegal subsidies designed to take over European and global markets," concluded Nitzschke.

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