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## **European Commission confirms massive illegal subsidies to Chinese solar manufacturers**

Today, following more than nine months of investigating Chinese government subsidies to its domestic solar panel manufacturers, the European Commission has reached definitive findings and announced that Chinese solar manufacturers receive various government subsidies amounting up to 11.5% of their sales turnover.

The list of Chinese subsidies examined by the European Commission fills many pages. The list includes subsidies for discounted raw materials, discounted electricity, marketing subsidies and State Bank financing, and these have created huge overcapacity and supported otherwise non-competitive companies.

Milan Nitzschke, President of EU ProSun said: “Chinese solar manufacturers which should have been declared bankrupt long ago have been bankrolled by state subsidies. Chinese subsidies have led to a Chinese takeover of the European solar market, resulting in numerous closures of European companies and factories, as well as thousands of job losses.”

Nitzschke commented: “The European Commission investigation has again confirmed that the Chinese government gives massive subsidies to local solar manufacturers which violate the international trade principles China agreed to when it joined the World Trade Organization. As about 90% of Chinese solar production is exported the subsidies are de facto export subsidies and can be addressed under WTO and EU law.”

European production costs are lower than in China. The only reason that Chinese prices are lower is because of illegal state subsidies, and widespread dumping as proven by the EU and US investigations. Nitzschke concluded “We note that the recent undertaking offer accepted by the EU does not address these subsidies, and there is nothing in the text that would commit the Chinese government to stop continuing to subsidize its solar manufacturers. We therefore call on the EU to impose countervailing duties to counter the effect of these illegal subsidies and motivate China to stop these trade distorting practices.”

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