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Illegal Solar Trade: New action against Chinese dumping

European companies accuse the Chinese solar industry of massive tax evasion amounting to hundreds of millions of euros in lost EU import duties. Solar modules and cells are being shipped from China to third countries and then imported into the EU to avoid tariffs, according to findings from the European solar industry initiative EU ProSun.

An official request has been lodged to the European Commission for an anti-circumvention investigation of imports of solar products from Taiwan and Malaysia. An investigation could result in anti-dumping and anti-subsidy duties on all solar imports from Taiwan and Malaysia, where the exporters from those countries cannot clearly demonstrate that the solar PV modules or cells in question were produced locally.

"Up to 30 percent of Chinese solar imports bypass EU import measures through fraudulent circumvention. European industry has already been devastated by illegal Chinese practices, and the EU and European governments have lost substantial tax revenues at a time of great need," said Milan Nitzschke, President of EU ProSun and spokesman for German company SolarWorld, which has formally filed the request.

Transshipments are not the only way Chinese companies defraud European customs authorities. In 2013, the EU and China agreed on a minimum import price for solar module and cell imports from China. If Chinese exports respect the minimum import price, there is no obligation to pay EU anti-dumping and anti-subsidy duties. However, this price is often observed only on paper. Instead, payments are refunded so the actual net price falls below the minimum price and undercuts competitors. The European Commission has now indicated plans to exclude three of the largest Chinese manufacturers from the minimum price arrangement based on their failure to comply with the arrangement. This will immediately lead to the application of anti-dumping and anti-subsidy duties on EU imports of their products.

Whether involved complicitly or unknowingly, importers and every European solar customer associated with such fraudulent deals run great risks. According to the international law firm Rödl & Partner, penalties for incorrect customs declarations, additional duty payments, seizures and even access to already installed solar modules are possible in such cases. Rödl & Partner together with EU ProSun has developed a checklist to evaluate price offers and minimize risks: www.prosun.org

EU measures against dumped and subsidised imports from China were initially put in place until the end of 2015. As the Commission announced on 25th April, this timeline can be extended. EU ProSun has now announced plans to apply for the extension of trade measures against China.

"Dumping harms everyone, the entire solar chain incurs losses which hinders innovation, and customers are only offered subsidized cheap goods instead of product variety and quality," says Nitzschke. "The U.S. has shown us how to take effective action against dumping where new anti-dumping measures were taken in early 2015. Furthermore, the solar market in America is booming, to the point where the number of new installations of solar power systems in the U.S. has overtaken Europe."