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US Must Boost Solar Industry To Protect Human Rights, Jobs

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A recent *New York Times* article[1] lamented a "dilemma" facing the Biden administration on solar power, due to recent revelations that many solar panels are made using polysilicon from the Xinjiang province of China.

But this is not really a dilemma for the Biden administration at all. Instead, it's an important opportunity to do what should have been done 10 years ago: promote American solar manufacturing over dumped and artificially cheap Chinese products.

The concern over Chinese manufacturing in the Xinjiang province has grown, as China's repression of the Uighur population becomes more well known. Human rights groups charge that China has detained more than one million Uighurs in so-called reeducation camps, using Uighurs as forced labor and subjecting them to other human rights abuses.

In turn, U.S. Customs and Border Protection has cracked down on Chinese imports of cotton, tomatoes and other products where there is evidence of production in Xinjiang using forced labor.[2] Importantly, the province produces a large share of the polysilicon needed to manufacture solar cells and panels.

These concerns merely underscore why any supply chains running through Xinjiang are problematic and detrimental to U.S. interests. Fortunately, there's no reason why U.S. companies can't shift and reshore in order to lead the next generation of solar manufacturing, research and development, and innovation.

Authors

Timothy C. Brightbill
Partner
202.719.3138
tbrightbill@wiley.law

Practice Areas

International Trade
Strategic Competition & Supply Chain

As a result of important trade actions taken against dumped and subsidized Chinese solar imports, as well as their global subsidiaries, a growing number of U.S. companies are now making solar panels in the U.S., including in Georgia, Alabama, Ohio, Minnesota, Texas and California. More startups are on the way.

These trade solutions remain a critically important part of strengthening U.S. solar. Without these remedies, China would already have a global monopoly on solar manufacturing, as it does in so many other industries.

Now, the Biden administration is properly focused on incentives for domestic manufacturing and reshoring of supply chains. This would be particularly valuable for solar and other renewable energy technology.

Today, China dominates not only in solar cell and module manufacturing, but also in the various other components that are essential to deploying solar power: everything from toughened glass to aluminum frames, from mounting systems to junction boxes and batteries for electricity storage. Again, there is no reason why American companies cannot grow and thrive in these sectors.

The U.S. Senate Finance Committee recently promised legislation^[3] to expand manufacturing in critical industries, including solar. Although the legislation has not been announced, it may include a bill that Sen. Jon Ossoff, D-Ga., introduced on June 21, establishing a tax credit for U.S. solar manufacturers to spur domestic production.

Long-term tax credits aimed at the entire supply chain would be the most effective strategy. Such policy would encourage domestic investment in new solar manufacturing, which would in turn drive down the costs of solar, help to deliver on the administration's ambitious climate goals and add quality manufacturing jobs to the U.S. economy, rather than sending those jobs abroad.

Similarly, it is improper – and potentially dangerous, given their advanced technology – for Chinese solar panels to be installed on, or to power, American military bases or veterans housing. For years, however, this has occurred, due to a huge loophole in the Buy American Act.

The provisions of the act only apply to the purchase of solar equipment – when in fact the federal government rarely buys equipment itself, but rather buys solar energy through power purchase agreements with other companies.

This loophole means that the federal government ends up using mostly Chinese and other foreign-made products to meet its renewable energy targets. Buy American should be extended to solar power purchase agreements, so that solar power used by the federal government can directly support U.S. solar manufacturers.

To win this competition with China and regain our leadership role in this sector, America will need to use every tool in the toolbox. Taking these steps is not only morally correct, but consistent with our international trade obligations. World Trade Organization rules permit such actions when necessary to protect human life and health, public morals and the environment. All are true in the case of the solar manufacturing sector, as well as renewable energy as a whole.

Congress and the Biden administration should address these issues forcefully. We all want a green planet, but no one wants to use solar energy that is the product of forced labor and human rights abuses. Let's take steps to make America the leader in solar manufacturing again.

Timothy C. Brightbill is a partner at Wiley Rein LLP and an adjunct professor at Georgetown University Law Center.

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[1] <https://www.nytimes.com/2021/04/20/business/economy/china-biden-solar-panels.html>.

[2] <https://www.cbp.gov/newsroom/national-media-release/cbp-issues-region-wide-withhold-release-order-products-made-slave>.

[3] <https://www.finance.senate.gov/chairmans-news/wyden-stabenow-bennet-preparing-legislation-to-incentivize-domestic-manufacturing?source=email>.

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