October 27, 2017

Open Letter to President Trump: Avoid Trade Restrictions on Solar Panels

Dear President Trump,

On behalf of the undersigned organizations, representing millions of Americans, we urge you to reject any trade restrictions in Inv. No. TA-201-075 (Safeguard). If trade restrictions are imposed, the cost of solar products in the United States could double,[1] endangering tens of thousands of good paying domestic jobs within the solar industry.

Suniva and SolarWorld, both bankrupt, foreign-owned solar firms, filed their petition under Section 201 of the Trade Act of 1974, claiming that an increase in solar imports has seriously injured them. A rarely used but powerful statute, Section 201 applies to "fairly traded" products from all countries and all companies, unlike antidumping or countervailing duty laws. In short, it's an extreme remedy with a troubling recent history.

The last time the United States imposed import restrictions under its safeguard power was in 2002, when then-President George W. Bush tried to implement stiffer tariffs on imported steel. The tariffs sparked a threat of retaliation by the European Union, caused up to 200,000 domestic

[1] Joe Ryan and Jennifer A. Dlouthy, "This Case Could Upend America's $29 Billion Solar Industry," Bloomberg, June 15, 2017. https://www.bloomberg.com/news/articles/2017-06-15/this-case-could-upend-america-s-29-billion-solar-industry

job losses and nearly $4 billion in lost wages,[2] and eventually were withdrawn after a successful challenge at the WTO.

Similar to steel tariffs in 2002, solar tariffs today would amount to nothing more than a crony capitalist giveaway to failing foreign-owned companies. They would be paid for by crippling an otherwise growing domestic solar industry (one whose preferential federal tax treatment has been correspondingly phasing down) and higher prices for energy consumers.

The petitioning companies made bad business decisions and have resorted to seeking protectionist measures that would hurt their competitors. While granting these companies import relief may preserve a minimal amount of jobs in their companies, tariffs or other trade restrictions would no doubt jeopardize far more domestic jobs than could possibly be saved. In fact, it is questionable whether the petitioners' requested relief would revive their companies at all.

Like government policies that pick winners and losers in the energy marketplace, we oppose trade measures that distort markets by artificially raising prices and that jeopardize thousands of good paying jobs while inviting retaliation from our trading partners. For these reasons, we urge the administration to reject all trade restrictions in this case.

Sincerely,

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[2] Dr. Joseph Francois and Laura M. Baughman, "The Unintended Consequences of U.S. Steel Import Tariffs: A Quantification of the Impact During 2002," Trade Partnership Worldwide, Feb. 4, 2003. http://www.tradepartnership.com/pdf_files/2002jobstudy.pdf

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