Section 201 Solar Tariffs

SEIA Solar Energy Industries Association®

In January 2018, The Trump Administration Placed Tariffs on Imported Solar Cells and Modules. Here's What It Means.

On Jan. 23, President Trump signed a proclamation that placed tariffs on imported solar cells and modules for a period of four years. This decision came on the heels of a nearly 9-month case before the U.S. International Trade Commission (ITC) after two solar manufacturers, Suniva and SolarWorld, filed a petition seeking tariffs. The final tariff will have significant negative impacts on the entire solar industry, from manufacturing and distribution to installation and finance.

23,000 U.S. jobs
could be lost as a result of these tariffs

Quick Facts

- The effective date of the tariffs is **February 7, 2018**.
- The tariff level was **set at 30%, with a 5% declining rate per year** over the four year term of the tariff (see table below).
- The proclamation included a **2.5 gigawatt exemption for cells** per year, which does not include any sub-quotas for individual countries.
- The only countries excluded from the tariff are those that the U.S. government deems "GSP-Eligible" developing nations. However, The Phillippines and Thailand are not excluded, even though they are GSP-Eligible.

	Year 1	Year 2	Year 3	Year 4
Safeguard Tariff on Modules and Cells	30%	25%	20%	15%
Cells Exempted from Tariff	2.5 gigawatts	2.5 gigawatts	2.5 gigawatts	2.5 gigawatts

The full Section 201 solar tariff schedule, as distributed by the U.S. Trade Representative

Timeline and review

Based on the Section 201 statute, the tariff is subject to a mid-term review, which in the case of the solar tariff, would take place in January 2020. The ITC would likely begin the process of collecting information in Summer of 2019, in advance of delivering a report to the President.

In every other safeguard case established in the United States, a foreign country has filed a challenge with the World Trade Organization (WTO). The U.S. has never won one of these cases.

What this case means for the U.S. solar industry

The historic growth of solar energy in the U.S. has shown that increases in deployment depend on falling costs. Across all market segments, solar is competing with other low-cost fuel sources such as wind and natural gas. At such thin margins, even the slightest increase in the price of modules can mean that homowners, utilities and businesses will choose an alternative for their power generation.

That's why these tariffs will be damaging to the entire U.S. industry. With hardware costs increased as a result of import fees, many projects may not pencil out. This translates to losses in jobs and economic investment, and a missed opportunity to grow the U.S. economy.

As for U.S. solar manufacturing, it is unlikely that these tariffs will significantly change the landscape. Based on the timeline for getting a manufacturing facility financed, developed and certified, and due to the tariff being placed on cells as well as assembled modules, companies that had not already been planning to establish a U.S. manufacturing presence will be unlikely to benefit from these tariffs.

As a result, the U.S. will continue to import 80%-90% of our solar cells and modules at a higher cost due to the tariff, potentially putting solar out of reach for many homeowners, making some utility-scale projects uneconomical, and driving up prices for ratepayers.

Where we go from here

Over the next two years leading up to the mid-term review, we will demonstrate the effect these tariffs are having on the solar industry and the U.S. economy. SEIA will continue educating the Trump administration on the significant drawbacks associated with tariffs while we work to maintain solar's role as a dominant source of new energy development.

Our strategic efforts will be focused on:

- Ensuring that existing markets remain open and robust, while opening new ones.
- Continuing to defend federal and state tax incentives for solar.
- Reforming electricity markets to enable solar use at the highest values.
- Adapting and thriving as new technologies, such as energy storage, enter the landscape.

> **"These tariffs translate to losses in jobs and economic investment, and a missed opportunity to grow the U.S. economy."**

For more information about SEIA's work on trade issues and to get involved, contact: membership@seia.org

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