

Why the EU's investigation into solar panel imports from China does not harm Europe's climate goals

One online campaign alleges that the <u>EU's launch of an investigation into imports of solar panels</u> from China means that the European Commission is going against EU green energy objectives.

The EU is leading the fight against climate change with a world class renewable energy industry. We can only improve the world's climate if we develop renewable energy and we can only do so if we have a healthy and innovative industry in the renewable energy sector.

Dumping products on worldwide markets – including those in the renewable energy sector such as solar panels - below their true production value can harm industry, jobs, innovation and as a result the environment. Dumping is illegal under global trade rules and the European Commission is legally obliged to investigate such allegations under certain conditions.

The European Commission has only opened an investigation to gather all the facts, from all the players. This is a strictly legal undertaking with any future decision based on the facts alone.

Here are the facts.

- The development of renewable energy is one of Europe's success stories. Europe has invested more than 100 billion euros in renewable energy in 2011; has created 300,000 new jobs in that sector over the last 5 years; and 13% of the EU's energy consumption is already renewables.
- Making sure there is a level playing field for Europe's renewable energy industry is essential to our renewable energy targets. Potentially unfair trade in solar panels does not help the environment: a market that faces dumped imports will drive local producers out of business and could discourage EU producers from developing cutting edge technologies in the renewable energy sector. As well as the very significant loss of jobs, dumping and other unfair trade practices can ultimately lead to less competition and eventually price increases. We do not know yet if that is the case here, but that's what the investigation is designed to find out.
- This is an investigation no decision has yet been taken. We have had a complaint by an EU industry which feels it is put at a competitive disadvantage because of unfair trading practices by Chinese firms. It is our legal duty to investigate this complaint: we have taken no position so far.
 - The investigation into imports of solar panels will last up to 15 months. The EU
 Member States will have the final say on whether to impose definitive measures and

they will do so on the basis of facts which are gathered by the Commission during the investigation process. The <u>rules for this process</u> are laid down in detail in EU and WTO law.

- Throughout this investigation, all interested parties have the right to provide comments to the Commission and participate in hearings to make their views and arguments heard. This also includes those stakeholders who raised concerns about the opening of this investigation. The Commission takes account of all comments received.
- Anti-dumping investigations are not protectionist; they are legal procedures which have to
 follow international rules, set at the World Trade Organisation (WTO). All WTO members,
 including the EU and China, must abide by very strict rules laid down in the WTO Agreement
 on Anti-Dumping. Any abuse of anti-dumping investigations for purely political ends (such as
 protectionism or retaliation) could be challenged in the competent courts and in the WTO
 dispute settlement system.
- Starting an investigation into potentially dumped imports does not equate to starting a trade war. An anti-dumping investigation is a normal practice in international trade relations and all WTO members have the right to use Trade Defence instruments under certain strict conditions. Both the FU and China are users of the instruments.
 - Globally the EU is a modest user of all trade defence instruments (126 measures in force in the EU in June 2011 compared to 303 in USA and 206 in India) covering less than 0.5% of all imports.
- China is EU's strategic partner and we have regular dialogues with China in which we address our trade relations and energy, such as the EU-China Joint Committee, the Energy Dialogue with the National Energy Administration and the Research and Development Dialogue. The next major meeting will be the EU-China Summit on 20th September.

Further information on the EU's investigation on anti-dumping investigation on solar panel imports from China.

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