

Oppose the Auxin CRA

H.J.Res.39/S.J.Res.15



ACP urges Members of Congress to oppose the Auxin CRA

The 24-month transition period will serve as a temporary bridge to allow for solar projects to continue as we onshore solar manufacturing.

Key Takeaways

- 1 The CRA Would Stall Solar Deployment:** Current demand for solar products far exceeds domestic solar production capacity, which is completely sold out for the next 2-3 years. Many solar projects across the country could be cancelled or delayed if the Auxin CRA is enacted.
- 2 Temporary Transition Period Needed:** The Auxin Preliminary Determination introduced a completely new “rule of origin” that fundamentally changed a 10-year precedent solar companies had been complying with. Those companies need a temporary transition period to come into compliance with the new rule.
- 3 Tariffs Would Be Imposed Retroactively:** Tariffs of up to 254% totaling an estimated \$2.3 billion could be retroactively imposed on companies going back to April 1, 2022 — based on a rule that wasn’t written until December 8, 2022 and won’t be finalized until May 2023. Over 100 companies could be impacted.

Background

The Commerce Department's Preliminary Determination in the Auxin Solar Investigation changed a 10-year precedent regarding the rules that determine whether tariffs should be imposed on imported solar panels. A 24-month waiver was granted to allow companies time to come into compliance with the new rules. Resolutions were introduced in both the House (H.J.Res.39) and Senate (S.J.Res.15) that would rescind this temporary waiver and cause devastating impacts to the solar industry.

Passing the Auxin CRA Would Mean the Retroactive Imposition of Tariffs, Causing Significant Market Disruption and Undermining an Orderly Compliance Process

Unlike the revocation of most federal rules, enacting the Auxin CRA will result in tariffs being collected retroactively back to April 1, 2022. Any cargo that entered the country after that date could suddenly be subject to tariffs as high as 254%. This retroactive application of tariffs totaling an estimated \$2.3 billion would undercut the terms of many existing contracts, giving rise to unintended consequences like increased litigation, stalled deployment and higher costs for consumers.

Domestic Solar Manufacturing is Booming, but the Auxin CRA Would Destroy That Momentum

In just the last six months, over 25 new solar manufacturing facilities have been announced. These plants will increase domestic solar module production an estimated 500%. U.S. solar companies have also announced a consortium to spend over \$6 billion on solar modules to support the expansion of the domestic solar supply chain and purchase over 6 GW of domestic crystalline silicon solar modules annually.

We Can't Afford to Halt U.S. Solar Development While Manufacturing is Onshored

Retroactive tariffs (**up to 254%**) totaling an estimated \$2.3 billion would be severely disruptive to the solar industry. That amount could fund building 1,700 MW of solar power. A typical 100 MW utility scale solar project would face **\$62.5 million** in retroactive duty exposure. In a survey of 700 solar companies, **83% experienced delays or cancellations during the first month of the Auxin investigation.**

Economic Impact of Tariffs

Imposing an estimated \$2.3 billion in retroactive tariffs will result in:

- **The loss of 30,000 American jobs**, including 4,000 manufacturing jobs.
- **Increased energy prices** across the country for electricity consumers.

Solar Importers Weren't Skirting the Rules, They Just Need a Temporary Transition Period to Comply with the New Rules

Solar importers were abiding by the Department of Commerce's 10-year-old precedent that considered the cell manufacturing location the point of origin for cells and modules. The newly announced "wafer-forward" rule in the recent Auxin Preliminary Determination fundamentally re-wrote that longstanding precedent, and solar companies now need a reasonable period of time to come into compliance with the completely new "wafer-forward" standard.

Current Demand for Solar Products Far Exceeds Existing Domestic Production Capacity

Panels imported from Malaysia, Vietnam, Thailand and Cambodia account for more than **80% of CSPV panel imports** and supply **over ½ of current U.S. demand**. Domestically produced solar panels are completely sold out for the next 2-3 years.

Re-Shoring the Solar Supply Chain Has Already Begun, But Won't Be Completed Overnight

The exodus of global solar manufacturing to Asia and Europe took decades. While expanding our domestic solar manufacturing base is well underway, it will take several years before that new domestic manufacturing capacity comes to market at scale. Imposing retroactive tariffs on law-abiding companies before that new domestic manufacturing capacity comes online would decimate the U.S. solar industry.

Support the U.S. Solar Industry - Oppose the Auxin CRA



Credit: AES