

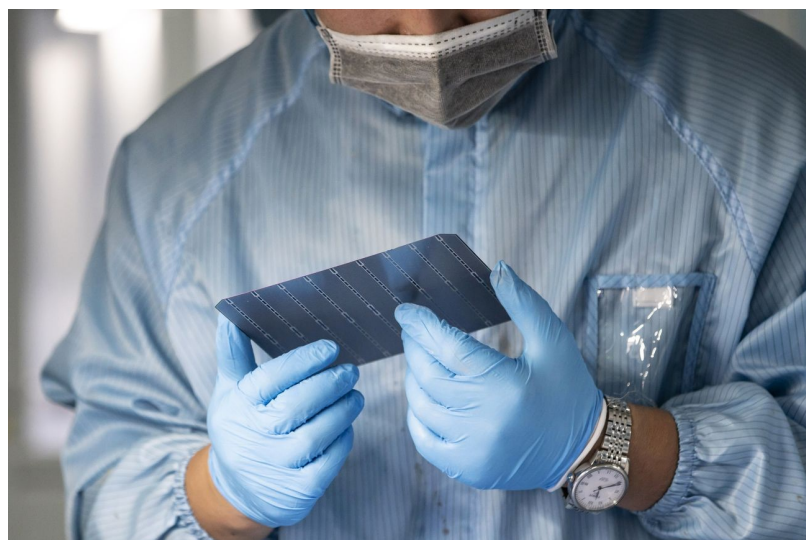
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U.S. Solar Shipments Are Hit by Import Ban on China's Xinjiang Region

U.S. customs has detained shipments from some of the biggest solar-panel producers, as authorities enforce a new law targeting goods made with forced labor in China



By *Phred Dvorak* [Follow](#) and *Katherine Blunt* [Follow](#)

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The U.S. solar industry is confronting fresh disruptions as U.S. officials crack down on human-rights abuses in China's Xinjiang region, which produces almost half the world's supply of a crucial component in solar panels.

Several Chinese solar-panel suppliers, among the world's largest, have had shipments to the U.S. detained or sent back during the past several weeks as customs agents enforce a new law, industry executives and analysts say.

The extent of the disruption is still hard to gauge: The Uyghur Forced Labor Prevention Act, or UFLPA, went into effect at the end of June, and importers, suppliers and customs agents are still feeling their way on what it will take to get goods into the country, the industry executives and analysts say.

Companies must prove that imports weren't produced by forced labor, and the level of documentation required by authorities so far has caught many in the industry off guard, analysts say.

The industry has struggled in the past few years with a series of disruptions, from rising materials costs to the threat of new tariffs on major panel manufacturers. Lawmakers are trying to address some of those problems with tax incentives and other measures to support the solar industry included in the Inflation Reduction Act, which could pass Congress as soon as this week.

The latest delays arising from the UFLPA are a reminder that plenty of supply-chain problems still remain—particularly as the Biden administration tries to balance aims of being tough on China, which dominates solar manufacturing, with its ambitious renewables goal.

The White House didn't respond to requests for comment. A spokesperson for the U.S. Customs and Border Protection didn't comment on panel-import disruptions.

Lawyers, auditors and analysts have warned clients that delays are piling up. Top China-based solar-panel manufacturers Longi Green Energy Technology Co., Jinko Solar Co. and Trina Solar Co. are among those affected, people with knowledge of the events say. Longi has temporarily halted a panel factory in Vietnam that supplies the U.S. as a result, some of those people say.

It is likely to be six months before import challenges related to the new law are resolved, wrote Philip Shen, managing partner at boutique investment bank Roth Capital Partners LLC, in a research note on July 30. In a worst-case scenario, U.S. customers could see 10 gigawatts or more of supplies delayed, Mr. Shen wrote in an earlier note, equivalent to nearly half of what the U.S. installed last year.





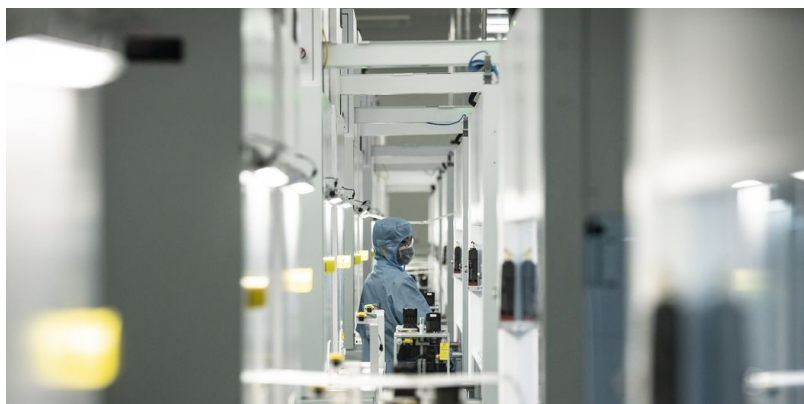
“There are a number of Chinese solar manufacturers that are scrambling right now,” said Mona Dajani, co-leader of Pillsbury Winthrop Shaw Pittman LLP’s energy practice. Ms. Dajani said she has managed to get some shipments released for clients.

Jinko is working with customs to have its shipments admitted under the UFLPA and hasn’t re-exported any, said a company spokesman. The company uses polysilicon from the U.S., Europe and a Sichuan, China-based supplier, and U.S. customs has previously admitted panels made from those materials, he said. Longi said it will disclose information according to listed-company requirements and will cooperate with authorities. Trina didn’t respond to requests for comment.

The UFLPA is the latest U.S. attempt to censure abuses in China’s northwestern region of Xinjiang, where human-rights groups say the government has forced hundreds of thousands of people from ethnic-minority groups such as the Uyghurs into internment camps as part of an assimilation campaign. The law assumes all goods from Xinjiang are made with forced labor and so can’t be imported unless suppliers can prove otherwise. Goods made with cotton, another big Xinjiang product, have been affected as well.

The Chinese government has said the UFLPA isn’t based on facts, and has consistently denied allegations of forced labor and abuses in Xinjiang.

Because Xinjiang plays such a big role in the global solar supply chain, weeding out those inputs is tough, experts say. Xinjiang harbors around 41% of the world’s manufacturing capacity for polysilicon, a critical ingredient for solar panels, according to Clean Energy Associates, which audits the solar supply chain.





The Biden administration in June 2021 implemented a withhold-release order against products containing material from other Chinese silicon manufacturers in response to forced-labor allegations, which led to the detention of some solar modules.

U.S. solar buyers and Chinese suppliers have been preparing for the new law for months, and were already providing documents to prove their panels didn't include tainted polysilicon. But customs officials are now asking for proof that a key ingredient of polysilicon, quartzite, wasn't mined in Xinjiang either. Quartzite miners aren't accustomed to providing this level of specificity to customers, said John Smirnow, general counsel for the Solar Energy Industries Association, a U.S. industry group, leaving companies scrambling for documentation.

Because the panels may have to sit in warehouses for months while companies negotiate with customs officials, some suppliers are choosing to take back the shipments and send them elsewhere, people close to the matter say. Many are also asking to change the terms of contracts to make buyers liable for costs and problems in shipping, they say.

All the uncertainties with supply are underscoring the need to have more solar manufacturing in the U.S., said David Carroll, head of renewables at the North American unit of French utility Engie SA. Panel costs for some projects have risen 30% to 40% due to the new law as well as other supply-chain issues, he said.

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