

US manufacturing

## Chinese-backed solar factory stirs suspicions in rural Ohio

Local opponents raise fears over Beijing's influence as US aims to reshore supply chain

Amanda Chu in Pataskala, Ohio FEBRUARY 13 2024



Keep up with the latest news on Asia's biggest economy. [Explore the China Focus hub](#)



In the sleepy Midwestern town of Pataskala, Ohio, a 1mn sq ft factory built on former farmland is marked with a sign: Illuminate USA.

The utilitarian building is due to start production this month as one of the largest [solar panel](#) manufacturers in the US. At full capacity the \$600mn plant will employ more than 1,000 workers, giving a jolt to the economy of the rural community on the fringes of Columbus, the Ohio state capital.

The factory is an example of the kind of project that President Joe Biden is touting as he campaigns for re-election, bringing manufacturing onshore while turning the US into a leader in technologies required to [decarbonise energy systems](#).

“When a company like Illuminate USA comes into our area, it really makes people think, ‘Wow this is amazing, this is great. Not only are these good paying jobs, it’s a job that I can feel good about,’” said Angela Carnahan of Ohio Means Jobs, an employment office.

Not everyone is as excited. Illuminate USA is a joint venture between Invenergy, the largest private US renewables developer, and Longi, the world’s largest solar panel manufacturer. The latter partner has aroused local suspicions because it is based in [China](#).

“Pataskala is now infected with the cancer known as the Chinese Communist party,” Jerry Forns, a resident, said at a city council meeting in January. “Does anybody really think the CCP cares that this country was founded on Judeo-Christian principles?”



Council meeting last month in Pataskala, Ohio, where people expressed concerns about the Illuminate USA factory © M. McGarvey/FT



Angela Carnahan of Ohio Means Jobs © M. McGarvey/FT

The pushback against the project underscores US policymakers' conundrum as they seek to build a domestic supply chain for solar power — the fastest-growing source of new generation on the US power grid — in a country that lacks China's prowess in the technology. China produces more than three-quarters of all panels and an even higher share of its inputs like wafers, according to the International Energy Agency.

Kurt Wagner, Illuminate USA's chief financial officer, told the Financial Times that the partnership with Longi gives the US the opportunity to "really catch up on the technology".

"A company in China is going to provide us with the technology and help us really get a foothold on manufacturing here," he said.

## China's grip on solar supply chain expected to persist through the decade

Share of supply chain by component

■ China ■ Rest of the world

Source: [International Energy Agency](#)  
FT graphic: Amanda Chu / @amandalanhu

FINANCIAL TIMES

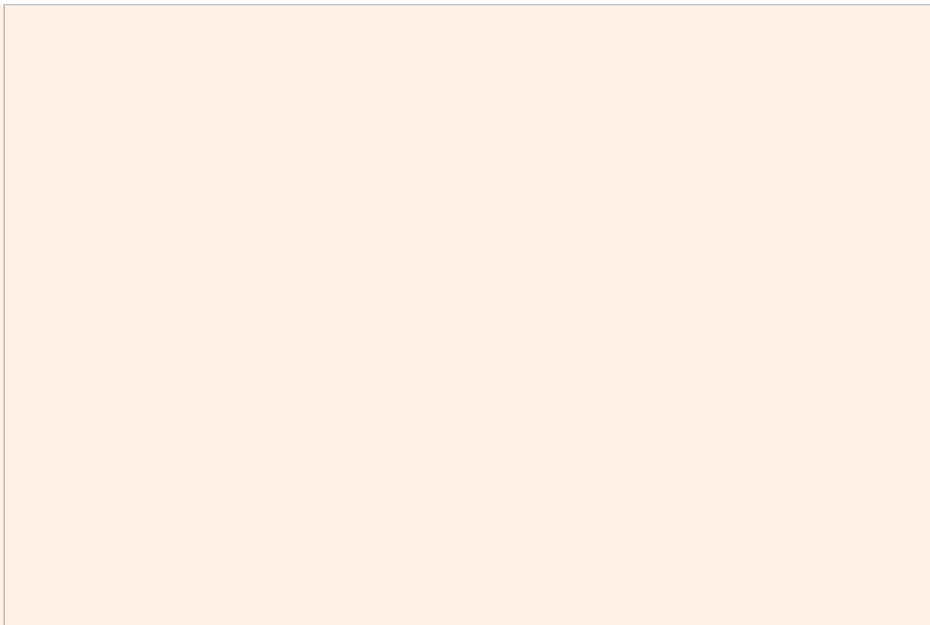
The [Inflation Reduction Act](#) signed by Biden in 2022 included billions of dollars of subsidies to produce clean energy technologies domestically and deploy them rapidly. The incentives support buying local, but foreign manufacturers can receive tax credits if they open US factories.

“The bottom line is these Chinese companies are among some of the best manufacturers in the world . . . Insulating US factories from Chinese suppliers is pretty much impossible at this point,” said Pol Lezcano, senior associate at consultancy BloombergNEF.

Longi is not alone: some of the largest Chinese solar panel manufacturers including Jinko Solar and Trina Solar have announced plans to build US factories as Washington reviews tariffs on solar components and prepares to impose fines on companies that have dodged duties by assembling solar products in south-east Asia, including on Vina Solar, a Longi subsidiary.

The county of Licking, which includes Pataskala, is at the forefront of efforts by the White House to [attract](#) more high-tech manufacturing to the US, with chipmaker Intel planning to build \$20bn worth of semiconductor factories there. The development has helped drive the unemployment rate down to a record low of 2.7 per cent.

As for the Illuminate USA plant, an opposition group called Not in Pataskala has warned against a “red menace” and adopted a logo with an X behind a hammer and sickle.



The Not in Pataskala group has warned against a 'red menace' © Maddie McGarvey/FT

State and local officials have reiterated that Illuminate USA is an American company and denied accusations of its ties to the Chinese government. Chicago-based Invenergy has the majority stake, owns the building and will be the anchor customer for the panels. The company received \$4mn in incentives from an Ohio economic development agency and a 15-year tax abatement on property improvements.

“They’ve got pitchforks and T-shirts and posters. They don’t want to listen to reason,” Pataskala mayor Mike Compton said of opponents to the factory. Illuminate USA marks the largest manufacturing investment in the rural town’s history.

Jim Murphy, president of Invenergy, said the factory was an “opportunity” to “supply a growing market” for US-made panels.

“Illuminate USA works on so many levels. It meets growing demand, bolsters US solar manufacturing knowhow, and creates hundreds of good paying American jobs,” Murphy said.

Other clean energy investments with ties to China have encountered a backlash, including two planned battery plants in Michigan and a wind farm in Texas. Concern has also spread to Washington: Republican senator Marco Rubio and representative Carol Miller introduced legislation in December that would bar tax credits from Chinese companies.

outside of the Illuminate USA solar panel factory

The interior of Illuminate USA's factory

illuminat USA solar panel factory will start production this month © Maddie McGarvey/FT

The interior of Illuminate USA's factory © Maddie McGarvey/FT

“Every American should pray that this bill passes through the House and Senate and is signed into law by the president,” Judy Kathmire, a Pataskala resident, said at the town council meeting.

Ashley Schapitl, a US Treasury spokesperson, said that foreign investment was “subject to strict safeguards to ensure national security”. Chinese companies only made up 15 per cent of all US solar manufacturing investment following the IRA’s passage, or 10 per cent excluding Longi’s investment in Illuminate USA, a senior administration official said.

The IRA was sparking a “renaissance in American manufacturing and a reversal of the really well-documented trend of the past decades of these jobs going overseas and going predominantly to Asia, and in China in particular,” said Kristina Costa, deputy assistant to the president for clean energy innovation and implementation.

Illuminate USA is opening as a global panel glut dents the profitability of solar manufacturers. China doubled its capacity last year and produces three times the global demand, the IEA estimated.

“Solar is likely to be the energy source of the 21st century. There’s a real battle to take control of this energy source,” said Michael Carr, head of Solar Energy Manufacturers for America, a US group seeking more trade protections. Sema, which does not include Chinese companies, worries that Chinese manufacturers in the US will undercut players by manipulating their well-established global supply chains.

## Workers in training at Illuminate USA

rnhart, an equipment engineer at the Illuminate USA factory © Maddie McGarvey/FT

Workers in training at Illuminate USA © Maddie McGarvey/FT

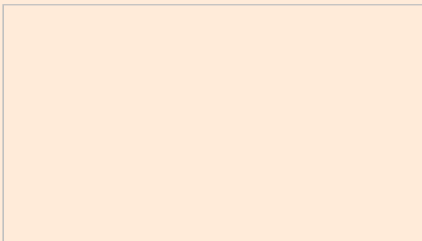
Most US solar factories have ties to China regardless of the nationality of their owners. While Illuminate USA's solar cells for panels are sourced from Malaysia and Vietnam, it will buy shipments of special tape that is only available so far in China.

“Manufacturers who are trying to get glass and frames and other components from outside of China are still relying on Chinese equipment,” said Elissa Pierce, a solar analyst at Wood Mackenzie.

Longi will supply eight production lines to Illuminate USA, rolling off 1,000 panels every hour that amount to five gigawatts of power generating capacity each year. The company sent about 60 contractors from China to Pataskala to train workers, and nearly two dozen Illuminate USA employees flew to Longi's factory in Jiangsu for five weeks in November to learn the trade.

“All we do is produce solar panels. There's no other agenda behind it,” said Justin Barnhart, 21, an equipment engineer at Illuminate USA, who was on the China trip. “[Longi] is helping us at the start because we don't really know what's going on.”

## Climate Capital



Where climate change meets business, markets and politics. [Explore the FT's coverage here.](#)

Are you curious about the FT's environmental sustainability commitments? [Find out more about our science-based targets here](#)







