

Biden's Landmark Climate Bill Lures China's Clean Energy Giants



China's leading renewables firms are joining the rush to open factories in the US after Washington passed a landmark climate bill that supports local clean energy manufacturing.

Some of the nation's top solar panel makers are involved in setting up American plants, while the Chinese company that makes the world's largest wind turbine, Ming Yang Smart Energy Group Ltd., is exploring whether to establish production and research facilities there.

The building boom underscores how the US has rebuilt its credentials as a cleantech manufacturing hub after last year's Inflation Reduction Act. The bill, a signature achievement for

the Biden administration, includes \$374 billion in new climate-related spending. That's drawn the attention of China's world-leading renewables industry despite deepening tensions between the two governments.

"The US is working on low-carbon, green development, has plans, and has introduced many good policies and mechanisms – it is very attractive," Ming Yang Chairman Zhang Chuanwei said in an interview last week at the Boao Forum for Asia on the island of Hainan, an event dubbed as China's version of Davos.

The company hasn't announced any US plans yet, but three of its clean energy peers are in the process of building their presence there: JA Solar Technology Co. in Arizona, Longi Green Energy Technology Co. in Ohio, and Jinko Solar Co. in Florida.

Chinese solar firms dominate global panel production, but have been stymied from shipping to the US because of a series of trade disputes and allegations of human rights abuses, which China has denied. Some of the firms have moved to expand exports from plants in southeast Asia to navigate curbs on US trade.

Biden's climate policy is designed to boost domestic cleantech industries and reduce America's reliance on imports. The bill extends to encouraging foreign firms to set up shop in the US, sparking a wave of new factory announcements since it was passed in August. But Chinese companies have been reticent about publicizing their investments.

That's due to Washington's increasingly adversarial approach to Chinese firms, according to Li Junfeng, managing director of the China Energy Research Society, a government-affiliated think tank. He cited the scrutiny faced by battery maker Contemporary Amperex Technology Co. over its recent tie-up with Ford Motor Co., as well as the furor linked to national security concerns that has erupted over social-media

platform TikTok.

That's left Chinese companies fearing they won't get the same treatment as their South Korean or European counterparts, Li said.

"It isn't enough for the US to just introduce the IRA bill. It needs to give a clear expectation that companies will be treated equally," he said. "If one day it says that solar panels are also national security issues, we won't be able to talk reasonably anymore."

Cleantech is assuming a strategic importance as it becomes the world's biggest source of new energy. China's advantage means that governments elsewhere are trying to chip away at its dominance by carving out their own supply chains. But Beijing is fighting its corner, albeit in ways that could undercut the industry's pleas for fair treatment from US authorities.

The Chinese government has launched its own probe of the CATL-Ford deal, to ensure the battery giant's core technology isn't handed over to the US carmaker. It's also considering an export ban that would help maintain its substantial lead in solar manufacturing.

Li said the proposed solar ban is only a draft, and has met objections from some companies. China has spent over 20 years building the world's best solar industry, but it needs to balance local manufacturing capabilities with maintaining a robust global supply chain, he said.

China is scared of being cut off from key technologies, but other countries have the same fear, Li said. One answer is to "encourage Chinese companies to build factories abroad."

Trade Barriers

Trade barriers in countries such as the US and India are raising the cost of clean energy, Gao Jifan, chairman of

another Chinese firm, Trina Solar Co., told a panel at the Boao Forum. "We should build a mechanism that makes everybody feel safe, instead of building barriers," he said.

Clean energy equipment should be manufactured where the cost is lowest, and it should be traded around the globe without any obstacles, Gao said. Trina is also willing to build manufacturing capacity in the US, as well as Europe given the supportive policies there, he said.

Ming Yang's Zhang said the company could buy parts and equipment from local firms if it does decide to set up in America. And the nation's infamously hurricane-prone coastal areas will also benefit from deploying its turbines because they're designed to resist extreme winds.

"The US, like China, is a massive renewable energy market," he said. "We are willing to enter the US, and we hope that the US will create a fair, inclusive, and predictable environment."