

US SHADOW ON CHINA CAN BE SUNSHINE FOR INDIAN COMPANIES

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US tariffs on Chinese cells set to open global market to India, Taiwan, Korea

**June 11, 2014:** Indian manufacturers of solar cells and modules have a reason to cheer. A move by the US Government earlier this month offers them scope to look at exporting to the US. Washington's action has, basically, made Chinese products landing in the US more expensive.

### Tariffs on Chinese products

In 2012, the US Department of Commerce imposed tariffs on Chinese-made cells and ingots (poly silicon ingots are cut into wafers, stitched as cells which are strung together as modules that trap sunlight).

This resulted in Chinese manufacturers moving cell manufacturing to Taiwan, but they continued to make modules in China.

On June 3, the Department of Commerce 'plugged the loophole' by imposing duties on modules, rather than only on cells and ingots.

These are "preliminary" and a "final determination" will be made later in the year, but the duties come into force immediately.

Indian manufacturers are not exactly clapping their hands, but they do see an opening into the lucrative US market.

### Equal chances

"Any policy that helps bring about a level-playing field, whether in India or abroad, will help Indian manufacturers," observes Rahul Budhwar, Vice-President - Manufacturing and Business Development, Tata Power Solar.

After the US first brought in protective duties against the Chinese in 2012, “we have seen an increase in demand for our cells and modules, both in domestic and international markets, and hope to build a strong position in these markets,” Budhwar told *BusinessLine*.

“It would certainly help Indian products to be better received in the US market,” notes Gyanesh Chaudhary, Director of Kolkata-headquartered Vikram Solar.

“We are surely there to create a dent in the supply chain,” Chaudhary said. (Both Tata Power Solar and Vikram are manufacturers of solar cells and modules.)

### **China’s loss, Taiwan’s gain?**

Others are not so sure. Aashish Agarwal, a research analyst with Headway Solar, a Gurgaon-based solar consultancy, says that although the US has plugged loopholes for Chinese manufacturers, “this may not bring an opportunity to the Indian manufacturers, but instead, will benefit manufacturers from Taiwan and Korea.

Some feel that there could be an opportunity for Indian companies to make these products for the Chinese.

Such contract manufacturing arrangements already exist – for example, the Chinese company ReneSola gets some modules manufactured by Websol of India.

Agarwal believes that contract manufacturing may give some short-term business, but in the long term the contractors will want to keep key pieces of the supply chain with themselves.

There is a flipside to the US move, feel some industry observers.

What if the Chinese manufacturers are unable to sell in the US and dump their products in India?