



The Daily Dish

The Climate-trade Policy Collision

DOUGLAS HOLTZ-EAKIN | MAY 8, 2023

On May 3, the Senate followed the precedent of the House and passed a resolution under the Congressional Review Act (CRA) to reverse President Biden's rule pausing for two years the antidumping and countervailing duties on solar products from Cambodia, Malaysia, Thailand, and Vietnam (CMTV countries). These imports were discovered to be intended to circumvent tariffs on the same solar products from China.

Imposing the tariffs would make solar products more expensive, which is at odds with the administration's climate agenda. As noted by Tori Smith in her [analysis](#) of the CRA resolution, President Biden is expected to veto the resolution, thus prioritizing the climate agenda and shielding products from the tariffs until 2024. The episode is illuminating regarding the conflict between climate and trade policies, and tensions between Congress and the administration on policy.

The background is that the Department of Commerce "initiated an [investigation](#) into imports of solar cells, modules, laminates, and panels (solar products) from CMTV countries in April 2022, following a petition from Auxin Solar, a small California-based solar panel manufacturer. The petition claimed that imports from these four countries were circumventing antidumping and countervailing duties on solar products from China, which have been in place since 2012. In December 2022, the DOC issued a preliminary decision in this case, finding that companies in the CMTV countries were evading the duties and subjected these imports to [tariffs](#) of up to 250 percent, retroactively and for future imports."

As it turns out, 250 percent is a pretty big tariff, so in June 2022 President Biden issued an [executive order](#) to delay the imposition for two years, explicitly noting that it was "to promote the expansion of domestic solar manufacturing capacity, including our capacity to manufacture modules and other inputs in the solar supply chain." A [final rule](#) implementing the delay went into effect in November. It was this rule that the CRA resolution overturned.

Is there any way to avoid perpetual conflict? Smith argues that: "A cohesive, market-driven strategy to carry out both federal climate policy as well as trade policy is sorely needed." Amen. She has specific suggestions, but the key observation is to harness market forces to achieve policy goals, instead of reflexive reliance on the government.