

China promises new support to solar development

December 3 2010, By JOE McDONALD , AP Business Writer

(AP) -- Beijing is promising new subsidies to develop China's solar power industry - policies already under fire from the United States as a possible trade violation.

The Finance Ministry announcement late Thursday came amid global talks in Cancun, Mexico, on controlling output of gases blamed for changing the climate. China and the United States are the world's biggest [greenhouse gas](#) emitters.

Beijing has rejected binding limits on emissions but is pressing for development of solar and [wind power](#) industries to reduce reliance on imported oil and gas and to profit from growing global clean power demand.

Government plans call for at least 15 percent of China's power to come from renewable sources by 2020.

Beijing will create 13 industry zones and pay up to half the price of equipment in [solar power](#) projects, the Finance Ministry said. It said other costs will be covered by a subsidy of 4 to 6 yuan (60 to 90 U.S. cents) per watt of generating capacity.

"China will invest more in construction projects with solar power applications," the ministry said on its website.

Environmentalists have welcomed China's promotion of clean power.

But foreign business and labor groups complain Beijing is violating free-trade commitments by giving its manufacturers improper subsidies and hampering access to its large, fast-growing market.

Thursday's announcement gave no indication whether foreign equipment would be eligible for subsidies but business groups say foreign wind turbine producers have been shut out of Chinese government-financed projects.

Washington is investigating a complaint by the United Steelworkers union that Beijing's policies violate World Trade Organization rules. The union says subsidized rent in industrial parks and other support to Chinese producers allows them to sell solar and wind equipment at unfairly low prices and is wiping out U.S. jobs.

The United States could file a WTO complaint if it concludes the union's allegations are true. A WTO ruling in Washington's favor would clear the way for sanctions on Chinese imports unless Beijing halted the practices.

The dispute is especially sensitive at a time when the [United States](#) hopes to reduce high unemployment by boosting technology exports.

[China](#) is home to major producers of solar power cells but most of their goods are sold abroad because they cost more than coal- or gas-fired generators. The government is trying to expand their domestic market by paying the difference in price.

In 2009, Beijing promised to pay up to 50 percent of the cost of solar power plants of more than 500 megawatts - the equivalent of a coal-fired plant - for two to three years and up to 70 percent in remote rural areas.

Thursday's statement appeared to extend that policy and might expand

its scale, because it set no size limit on projects that could receive subsidies.

More information: Chinese Ministry of Finance:
<http://www.mof.gov.cn>

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