Chinese firms exit Romania solar tender after EU probe

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The EU wants to build up its renewable energy to reduce greenhouse gas emmissions.

Two Chinese-owned solar panel manufacturers have withdrawn from a public procurement tender in Romania after the EU launched a foreign subsidies probe, Brussels said Monday.

Brussels is both seeking to ramp up Europe's renewable energy to reduce greenhouse gas emissions, while simultaneously moving away from excessive reliance on cheaper Chinese wind and solar technology.

More broadly, the EU wants to defend European industry against growing threats from China and the United States, and has launched multiple probes into Chinese firms over state subsidies.

The European Commission started an investigation in April into two consortiums suspected of receiving subsidies that Brussels feared undercut rivals in Europe.

After the Chinese-owned firms withdrew their bid, the commission said it would "close its in-depth investigation".

The probe was launched under new rules that came into force last year and seek to prevent foreign subsidies from undermining fair competition in the EU.

"We are massively investing in the installation of solar panels to decrease our carbon emissions and energy bills—but this should not come at the expense of our energy security, our industrial competitiveness and European jobs," the EU's internal market commissioner, Thierry Breton, said.

The new rules ensure "foreign companies which participate in the European economy do so by abiding to our rules on fair competition and transparency", he added.

But the China Chamber of Commerce to the EU slammed the rules "as a tool of economic coercion" which left the Chinese companies with "no commercially prudent options but to withdraw".

The CCCEU claimed the Chinese companies faced more scrutiny than other non-EU firms, and said the withdrawal "hampers" the EU's "green transformation efforts".

Rising trade tensions

One of the two consortiums targeted in the probe includes the Enevo group in Romania and a German subsidiary of Chinese parent company Longi Green Energy Technology.

Longi—the world's biggest solar panel manufacturer—said it remained "fully committed to working with its partners in Europe" to ensure the continent "can meet its ambitious renewable energy and climate goals."

The second consortium was made up of two subsidiaries both fully controlled by Chinese state-owned firm, Shanghai Electric group.

They had applied to design, construct and operate a photovoltaic park in Romania, partly financed by EU funds.

The estimated value of the contract was around 375 million euros ($405 million).

Europe relies heavily on foreign solar panels. More than 97 percent of the panels in Europe are imported, mainly from China, according to Brussels.

Other EU probes have been opened into Chinese subsidies for electric cars and trains, and wind turbines as trade tensions escalate between the two sides.

A fight over solar panels is nothing new for the EU.

In 2013, the EU imposed anti-dumping duties after European manufacturers said Chinese panel imports were undercutting their firms, though they were scrapped five years later.