

Fears over China's Muslim forced labor loom over EU solar power

Panels include components produced in the Chinese region of Xinjiang, where there are concerns about forced labor camps for Muslim minorities, including Uighurs.



A solar panel plant in western France. In Europe, industry players said the potential use of forced labor to produce material included in solar panels imported into the EU was an open secret | Loic Venance/AFP via Getty Images

BY AITOR HERNÁNDEZ-MORALES, KARL MATHIESEN, STUART LAU AND GIORGIO LEALI

FEBRUARY 10, 2021 | 7:23 PM CET | 8 MINUTES READ

Nearly every solar power panel sold in the European Union has its origins in China's oppressed Xinjiang region.

The solar industry and Brussels lawmakers argue Europe's renewable energy push should not come at a human cost amid long-standing international concern over reports China has detained 1 million people with Muslim backgrounds in camps in Xinjiang and is putting them to work.

"Everybody knows what's going on in China, and when facilities are based there you have to accept that there's a high possibility that forced labor will be used," said Milan Nitzschke, president of EU ProSun, an alliance of solar businesses seeking to promote sustainable, solar manufacturing based in the EU.

While the U.S. has already rolled out sanctions against products such as cotton and tomatoes originating from Xinjiang, the European Commission has avoided confronting China with any trade measures.

It has fallen to lawmakers in the European Parliament to try to push Brussels to implement trade bans, on all industries including solar panels, if companies are implicated in human rights abuses.

"Import bans need to complement as a last resort if forced labor is involved in the production, like in Xinjiang," said Green MEP Anna Cavazzini.

Suspicious about every panel

For the past decade Beijing has been carrying out a campaign to detain and "reeducate" the Muslim-majority population of the Xinjiang region.

Human rights groups have alerted that state-run reeducation centers double as forced labor camps, with detained people obliged to work in low-skilled, labor-intensive sectors such as cotton picking. But recent reports out of the region suggest the Xinjiang government has also been focusing on "upskilling" the workforce and putting them to work in more specialized sectors.

That's of particular concern to the global solar industry given Xinjiang's outsized role in the production of polysilicon, a material used to make photovoltaic (PV) cells.

"Nearly every silicon-based solar module — at least 95 percent of the market — is likely to have some Xinjiang silicon in," said Jenny Chase, head of solar analysis at BloombergNEF.

Industry analyst Johannes Bernreuter added that last year roughly 45 percent of the global supply of solar-grade polysilicon came from the region.

Raw polysilicon is transported to factories — usually outside Xinjiang — and melted into cylinders, known as ingots. Because it's blended with polysilicon produced in other regions, it's difficult to trace material that could potentially come from forced labor camps in Xinjiang, Chase and Bernreuter said.

For any single solar panel "the mathematical probability is relatively high" it has some material produced in the province, said Bernreuter.

An open secret

Beijing insists the camps — which it calls "vocational training facilities" — are simply "helping people of all ethnic groups secure stable employment" and argues that this is "entirely different from forced labor."

The China Photovoltaic Industry Association said accusations of forced labor in Xinjiang were "the lie of the century fabricated by several institutions and people from Western countries."

In Europe, industry players said the potential use of forced labor to produce material included in solar panels imported into the EU was an open secret.

Industry group SolarPower Europe said it was investigating the situation in Xinjiang with its membership and looking at different options to ensure no forced labor was used in the PV manufacturing process.

"We cannot accept that such practices take place in the solar PV sector, which is a leader in sustainability and a key enabler of the energy transition," said SolarPower Europe CEO Walburga Hemetsberger.

The group said its members were using supply chain management guidelines, certifications and standards to ensure that forced labor was not used, and that it was evaluating how to encourage best practices across the industry.

Distancing measures

If the EU's solar sector wants to distance itself from solar components manufactured under questionable circumstances in Xinjiang, it would have several ways of doing so.

Bloomberg NEF's Chase said one option would be to continue accepting components made with polysilicon from China, but insisting that material produced in Xinjiang be exempted from the mix blended in factories.

"There's plenty of non-Xinjiang polysilicon," Chase said — around a quarter of the global market in 2021 is expected to come from the U.S. and the EU. But she said enforcing the exclusion would be complicated and likely make little difference for the plight of any workers.

Xinjiang polysilicon would simply shift to the domestic market and customers in the EU and the U.S. "will pay an almost unnoticeable amount more for modules," said Chase. "Honestly, it is unlikely to be a big deal for solar, but good news for companies that make silicon outside Xinjiang."

Perhaps unsurprisingly, European manufacturers believe the answer is repatriating the industry back to the EU and using tariffs if necessary.

"Solar components can be produced in Europe," EU ProSun's Nitzschke said. "The companies making them were here until 2012 but they went bankrupt when the tariffs used to address Chinese overproduction and public financing were removed, allowing their companies to undercut us in terms of price."

Nitzschke argued the EU should revise its trade deals and ensure that the same standards on human rights and forced labor that apply in Europe be extended to imported products. "We can't have a level playing field if there's ethical leakage, and you could prevent it by applying tariffs to products that don't meet our standards."

SolarPower Europe's Hemetsberger said she didn't favor trade tariffs due to their often counterproductive effect on European solar growth. "The best way of ensuring that imported goods abide by strict human rights protocols and ethical standards is improving the level of transparency of the global value chain so that EU-based suppliers can make informed decisions."

The European Commission has said the EU's solar capacity needs to grow five-fold by 2030 to meet its climate targets. Hemetsberger said there was a "solar manufacturing renaissance" underway in Europe.

"Nearly all areas of the supply chain can be produced in Europe," said Gunter Erfurt, CEO of Meyer Burger, a Swiss-German solar module production company that aims to reestablish solar's industrial supply chain on the Continent, pointing out that solar-grade polysilicon is already produced at several sites in Germany.

"I have a lot of respect for the Chinese strategy because 10 years ago they understood what Europe is still struggling to grasp: that solar is the future," he said. "EU leaders speak of batteries, electric mobility, hydrogen ...But where is the electricity to produce those things supposed to come from? We are already the technological frontrunners, what we need now is financing to bring production back."

Growing pressure on Brussels

Solar panels are yet another example of goods made with forced labor entering the EU market, raising criticisms from lawmakers and NGOs.

Joerg Wuttke, president of the EU Chamber of Commerce in China, expects the EU to step up scrutiny of imports from Xinjiang, including solar power panels.

"The pressure is piling on the Commission and member states that they have to use unilateral means to send China a message, such as screening of imported products," said Wuttke.

Brussels is taking its time when it comes to tackling goods made with forced labor.



▲ A Meyer Burger engineer working on solar cells at a company site in Germany | Detlev Müller/Meyer Burger

The Commission is working on a new tool — due diligence legislation — which would make EU companies accountable if their suppliers breach labor and climate laws. But MEPs would like the Commission to go even further to tackle serious situations such as the one in Xinjiang. Last month, the European Parliament's legal affairs committee called on the Commission to introduce an import ban for "products related to severe human rights violations."

"The EU due diligence legislation has a key role to play in that as it will help ensure that human rights are respected throughout our supply chains," said MEP Cavazzini. She backs an import ban if suppliers are shown to be involved in human rights abuses.

The Commission is set to come up with its supply chain responsibility proposal by June after a public consultation ended this week.

According to Justice Commissioner Didier Reynders, who is in charge of the file, new rules are likely to focus on so-called Tier 1 suppliers and to make reference to the International Labor Organization's core conventions, which China committed to ratify under the new investment deal concluded with the EU.

"Expanding the use of renewables is of utmost importance in order to stop the climate crisis. But it cannot come at the cost of human rights," said Cavazzini.