

TECHNOLOGY

# Biden administration bars imports of solar panels linked to forced labor in China's Xinjiang region

The prohibition is likely to complicate the U.S. push toward more clean-energy generation

By Lily Kuo and Jeanne Whalen  
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Solar panels on the outskirts of Yumen, in China's Gansu province. (Qilai Shen/Bloomberg News)

The Biden administration banned the import of solar panels and other goods made with materials produced by a Chinese company that it accused of using forced laborers from China's Xinjiang region, a move likely to complicate the U.S. push toward clean energy.

U.S. Customs and Border Protection issued a withhold release order Thursday barring silicon-based products from the company, Hoshine Silicon, which operates from plants in Xinjiang that have been connected to coercive state labor programs targeting Uyghurs and other minorities, as The Post reported on Thursday.

The order could have widespread impact on the solar industry, which is dominated by Chinese suppliers that source materials from Hoshine, the world's largest producer of metallurgical-grade silicon, a key raw material in solar panels.

"Almost the complete solar industry is affected by Hoshine," said Johannes Bernreuter, a research analyst in Germany who studies the solar supply chain.

CBP officials confirmed at a news briefing that the ban applies to solar panels containing Hoshine materials. Alejandro Mayorkas, secretary of the Department of Homeland Security, which oversees CBP, suggested that the order could also apply to products beyond solar panels, though agency officials didn't immediately provide more detail on that.

"Silica is a raw material that is used to make components for solar panels, electronics and other goods," Mayorkas said. "This order was

issued because CBP has information reasonably indicating that Hoshine uses forced labor to produce its silica-based products."

CBP officials estimated that the United States has imported at least \$150 million in products made with Hoshine materials over the last 2½ years, as well as more than \$6 million of direct imports from the company. But they said those numbers are still "evolving" as they continue to search for products containing Hoshine materials.

The U.S.-based Solar Energy Industries Association (SEIA) said the United States imported more than \$8 billion in solar panels in 2020.

By banning only Hoshine imports, CBP stopped short of targeting Xinjiang producers of another key solar ingredient, polysilicon. Those producers have also been connected to coercive labor programs targeting Uyghurs.

In a note to investors, Height Securities described the ban "as a substantive but measured first shot across the bow" by the Biden administration, "which needs solar industry support" as it tries to balance rooting out forced labor in U.S. supply chains and an environmental agenda.

Mayorkas said the administration remains committed to renewable energy. "But, and this is very important, we're going to root out forced labor wherever it exists and we'll look for alternative products to achieve the environmental impacts that are a critical goal of this administration," he said.

The order, effective immediately, instructs CBP officers to detain all imports of silicon-based products made by Hoshine as well as goods made in whole or in part with the company's silicon-based materials.

Ana Hinojosa, head of CBP's forced labor team, said she couldn't quantify the percentage of solar-panel imports containing Hoshine materials. "Our initial assessment is that there has been some movement away from this particular manufacturer," she said.

But industry experts said enforcement could be a challenge given the complexity of the solar supply chain and Hoshine's dominance in the industry. Hoshine has produced metallurgical-grade silicon for at least eight of the world's largest polysilicon makers, according to the company's public statements and annual reports. Analysts say that together these firms account for nearly all of the world's supply of solar-grade polysilicon.

The move could also undermine U.S. hopes of cooperating with China on climate change, one of few areas of potential collaboration between the two countries increasingly at loggerheads over human rights and investigating the origin of the covid-19 pandemic.

Chinese Foreign Ministry Spokesman Zhao Lijian said Thursday before the ban was officially announced that Beijing "strongly condemns" the sanctions. Zhao said China would take "all necessary measures" to safeguard its interests.

SEIA, whose members include installers of solar panels, said it supported the administration's decision.

"The news of enforcement action on solar products coming from the Xinjiang Uyghur Autonomous Region (XUAR) is not unexpected and we fully support the Biden Administration's efforts to address any forced labor in the solar supply chain," said the group, which had previously urged its members to "move their supply chains out of" Xinjiang.

Metallurgical-grade silicon is produced by reacting silica, or quartz, with carbon in giant electric furnaces before being poured into molds, crushed and shipped to polysilicon makers in China and elsewhere. Polysilicon is then sold to ingot or wafer producers and later to factories making photovoltaic cells that go into solar power modules.

Industry experts say it would be safer for U.S. agents to assume all silicon products entering the United States from China contain at least some material sourced from Hoshine, whose metallurgical-grade silicon is used in a wide range of consumer products, including electronics, cars, chemicals and sealants.

"I believe that the Biden administration has acted on the overwhelming evidence that Hoshine is engaged in forced labor in the Uyghur Region," said Laura T. Murphy, a professor of human rights and contemporary slavery at Sheffield Hallam University in the United Kingdom and co-author of a recent report that examined Hoshine and forced labor in the solar supply chain. "They are completely aware that this WRO will affect a wide swathe of solar supply chains as well as other industries."

CBP officials said an agency investigation found two indicators of forced labor in Hoshine's production process — intimidation and threats toward workers, and restriction of their movement.

A Washington Post story Thursday showed how public documents, including Chinese government propaganda and company statements, detail Hoshine's participation in state-sponsored employment programs aimed at putting minorities in Xinjiang into factory jobs — measures that researchers and former residents say are a form of forced labor.

Chinese state media reports showed Hoshine has benefited from government labor programs, accepting workers who have little choice but to take the jobs, where they are subjected to ideological training. The company operates three plants in Xinjiang, where it described its hiring of minority workers as contributing to "ethnic unity" and "stability maintenance." Recruits hired through state-organized labor fairs were put through patriotism training and political assessments.

Chinese companies have flocked to Xinjiang for its cheap coal-fired electricity. Chinese polysilicon companies in Xinjiang produce almost half the world's solar-grade polysilicon used in panels sold in the United States and other markets.

"This will increase the pressure on polysilicon manufacturers to cut ties with Hoshine," Bernreuter said.

U.S. law prohibits the importation of goods produced with the help of forced labor. When CBP detains goods under a withhold release order, the importer has the opportunity to either export the goods or demonstrate that the goods were not made with forced labor.

The import ban was the most prominent of several measures the Biden administration took Thursday against China's solar-product suppliers. The Commerce Department also added several Chinese polysilicon producers to an export black list, which bars U.S. entities from exporting technology or other goods to the firms without first obtaining a government license.

The White House said the companies had accepted or utilized forced labor in Xinjiang and contributed to human rights abuses against Uyghurs and other minority groups in Xinjiang.

And the Department of Labor updated its list of goods produced by child labor or forced labor to include certain polysilicon from China.



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