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THE US' latest decision to impose higher tariffs on solar panel imports from South-East Asia (SE Asia) is expected to have minimal impact on Malaysia's domestic solar industry, as local players continue to source panels directly from China.

Solarvest Holdings Bhd ED and group CEO Davis Chong, who is also the president of the Malaysian Photovoltaic Industry Association (MPIA), said the latest trade measures are unlikely to disrupt the local market significantly as many Chinese-owned solar manufacturers have already scaled down their operations in the region.

"Previous rounds of tariffs have already driven many Chinese solar manufacturers to relocate away from SE Asia."

"With most factories either shutting down or moving their operations elsewhere, the latest US tariffs will not have a major impact on Malaysia's solar manufacturing landscape," he told *The Malaysian Reserve* (TMR).

Chong said local solar projects will remain unaffected because most engineering, procurement, construction and commissioning (EPC) contractors in Malaysia still procure solar panels directly from China.

"At Solarvest, we still source our solar panels directly from China, and we do not foresee major disruptions to our supply chain," he added.



Malaysia's solar product exports rose to RM37.4b in 2024

He noted that global oversupply remains an issue, with prices expected to stay low at just above 10 cent (44sen) per kilowatt.

Chong said the real impact would be on export-oriented manufacturing facilities in Malaysia, particularly those with Chinese ownership that were set up to serve the US and European markets.

"We estimate that more than 5,000 jobs could be affected in Malaysia, including assembly workers, technicians, engineers and logistics personnel," he added.

Despite this, he said Malaysia's renewable energy (RE) sector remains resilient, supported by strong domestic demand and long-term policy commitments under the National Energy Transition Roadmap (NETR).

"The NETR outlines the creation

of 300,000 green jobs by 2050, up from 30,000 in 2023. This presents new opportunities for workers displaced from the manufacturing segment to move into other parts of the solar value chain," he added.

Chong acknowledged that raw material suppliers serving export-focused manufacturers may face some disruptions, but Malaysia's upstream players remain well-positioned to tap into global demand.

"The challenges primarily affect Chinese-based manufacturing operations in Malaysia and do not reflect the broader outlook for solar deployment in the country," he said.

He added that government-backed programmes such as the Corporate Green Power Programme, Large Scale Solar 5

(LSS5), LSS5 Plus, LSS6 and the NETR will continue to drive local demand for solar energy.

Chong said concerns about panel shortages are unfounded due to ample global supply.

"There is significant overcapacity in China and high inventories in Europe. In 2023 alone, global cumulative photovoltaic (PV) capacity reached 1.6 terawatts (TW), with 446 gigawatts (GW) in new installations and around 150GW of modules in inventory," he added.

Malaysia's solar product exports rose to RM37.4 billion in 2024, with the US accounting for RM12.5 billion or 33.4% of the total, according to the Malaysia External Trade Development Corp (Matrade).

On Oct 1 last year, the US imposed a blanket 9% tariff on solar cell imports from Malaysia, which supplies 14% of total US solar cell imports.

Five companies were singled out for additional duties ranging from 3.4% to 123.94%, including China-backed JinkoSolar Holding Co Ltd (3.47%) and Baojia New Energy (123.94%).

The move came amid heightened trade tensions between Washington and Beijing.

In a subsequent measure, the US imposed an additional 8.59% in anti-dumping and countervailing duties on Malaysian solar products.

Although Malaysia faced the lowest rate among the four targeted countries, which included Thailand, Cambodia and Vietnam,

while some companies were hit with high duties for non-cooperation with investigations, these tariffs have disrupted the operations of several manufacturers in Malaysia.

Longi Green Technology Co, which operates three plants in Selangor and Sarawak, has reportedly halted its expansion plans. Risen Energy Co has scaled down production, while JA Solar Technology Co ceased operations in Malaysia in 2023.

Tera VA Sdn Bhd business development manager JP Leong said Malaysia's domestic solar projects will not be affected by the US tariffs.

"It will not affect the solar industry in Malaysia because our panels are from China manufacturers directly," he said.

Leong explained that solar panels manufactured in Malaysia and other SE Asian countries are mainly produced for export markets and are not commonly used in local projects.

"What will be affected is the manufacturing factories. They will either stop production, halt expansion or, in some cases, move their operations out of Malaysia entirely," he added.

Leong also addressed speculation that the local price of PV panels could fall due to the tariffs.

"Some people think the price for PV panels sold in Malaysia will get lower, but that is not the case as we are still getting our supply directly from China," he said.