China's great wall to foreign green tech

Protecting domestic firms from foreign competition in alternative energy against global warming.

By the Monitor's Editorial Board

When China's ruling Communist Party tells the energy industry in the world to "go green," the world can cheer. At last the largest emitter of heat-trapping gases is making a contribution toward curbs on global warming – short of actually setting a precedent for setting a price on emissions.

But the world should not cheer China as it tries to protect its domestic competitors from foreign competition.

Foreign makers of solar panels and wind turbines are now often excluded from government projects in renewable energies. A recent "buy Chinese" policy, for instance, in favor of local manufacturers.

In many other ways, China is putting up trade barriers in an attempt to dominate the renewable-energy technologies. The strategy is modeled on Japan's success after World War II, building its domestic car and electronic markets while building up competitors out of the domestic car and electronic markets while building up competitors out of the domestic market in those industries.

But with clean energy, China has a big role to play in solving a critical problem. But because much of this industry still relies on subsidies to be viable, technologies should be treated differently from other industries. Yes, the renewable-energy industry will likely be the next big jobs producer as China moves to reduce its carbon footprint. But because much of this industry still relies on subsidies to be viable, it will need the invisible hand of global competition and the exchange of technical know-how (not a pirating of patents) to become a truly competitive force for change.
And to reduce the use of coal and oil more quickly, every country, especially the best technology at the best price. Protectionism works against that shared goal.

Subsidies for renewables, while sometimes necessary to kick-start the market and create unexpected costs. A few European nations have subsidized industries at tremendous cost to consumers and taxpayers.

China must abandon its communist and mercantile approach to control other countries that are similarly tempted.

A global industry that sprang up to help solve a global problem should remain.

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