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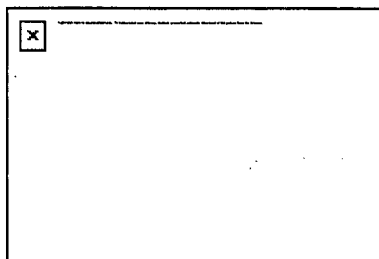
Solar Panel Maker Moves Work To China

Evergreen Solar plans to close its main American factory, in Devens, Mass., seen here in September, and lay off 800 workers.

By **KEITH BRADSHER**

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BEIJING — Aided by at least \$43 million in assistance from the government of Massachusetts and an innovative solar energy technology, Evergreen Solar emerged in the last three years as the third-largest maker of solar panels in the United States.



Matthew Cavanaugh for The New York Times

Michael El-Hillow, chief executive of Evergreen, said falling prices for panels led to the closing.

But now the company is closing its main American factory, laying off the 800 workers by the end of March and shifting production to a joint venture with a Chinese company in central China. Evergreen cited the much higher government support available in China.

The factory closing in Devens, Mass., which Evergreen announced earlier this week, has set off political recriminations and finger-pointing in Massachusetts. And it comes just as President Hu Jintao of China is scheduled for a state visit next week to Washington, where the agenda is likely to include tensions between the United States and China over trade and energy policy.

The Obama administration has been investigating whether China has violated the free trade rules of the World Trade Organization with its extensive subsidies to the manufacturers of solar panels and other clean energy products.

While a few types of government subsidies are permitted under international trade agreements, they are not supposed to give special advantages to exports — something that China's critics accuse it of doing. The Chinese government has strongly denied that any of its clean energy policies have violated W.T.O. rules.

Although solar energy still accounts for only a tiny fraction of American power production, declining prices and concerns about global warming give solar power a prominent place in United States plans for a clean energy future — even if critics say the federal government is still not doing enough to foster its adoption.

Beyond the issues of trade and jobs, solar power experts see broader implications. They say that after many years of relying on unstable governments in the Middle East for oil, the United States now looks likely to rely on China to tap energy from the sun.

Evergreen, in announcing its move to China, was unusually candid about its motives. Michael El-Hillow, the chief executive, said in a statement that his company had decided to close the Massachusetts factory in response to plunging prices for solar panels. World prices have fallen as much as two-thirds in the last three years — including a drop of 10 percent during last year's fourth quarter alone.

Chinese manufacturers, Mr. El-Hillow said in the statement, have been able to push prices down sharply because they receive considerable help from the Chinese government and state-owned banks, and because manufacturing costs are

generally lower in China.

"While the United States and other Western industrial economies are beneficiaries of rapidly declining installation costs of solar energy, we expect the United States will continue to be at a disadvantage from a manufacturing standpoint," he said.

Even though Evergreen opened its Devens plant, with all new equipment, only in 2008, it began talks with Chinese companies in early 2009. In September 2010, the company opened its factory in Wuhan, China, and will now rely on that operation.

An Evergreen spokesman said Mr. El-Hillow was not available to comment for this article.

Other solar panel manufacturers are also struggling in the United States. Solyndra, a Silicon Valley business, received a visit from President Obama in May and a \$535 million federal loan guarantee, only to say in November that it was shutting one of its two American plants and would delay expansion of the other.

First Solar, an American company, is one of the world's largest solar power vendors. But most of its products are made overseas.

Chinese solar panel manufacturers accounted for slightly over half the world's production last year. Their share of the American market has grown nearly sixfold in the last two years, to 23 percent in 2010 and is still rising fast, according to GTM Research, a renewable energy market analysis firm in Cambridge, Mass.

In addition to solar energy, China just passed the United States as the world's largest builder and installer of wind turbines.

The closing of the Evergreen factory has prompted finger-pointing in Massachusetts.

Ian A. Bowles, the former energy and environment chief for Gov. Deval L. Patrick, a Democrat who pushed for the solar panel factory to be located in Massachusetts, said the federal government had not helped the American industry enough or done enough to challenge Chinese government subsidies for its industry. Evergreen has received no federal money.

"The federal government has brought a knife to a gun fight," Mr. Bowles said. "Its support is completely out of proportion to the support displayed by China — and even to that in Europe."

Stephanie Mueller, the Energy Department press secretary, said the department was committed to supporting renewable energy. "Through our Loan Program Office we have offered conditional commitments for loan guarantees to 16 clean energy projects totaling nearly \$16.5 billion," she said. "We have finalized and closed half of those loan guarantees, and the program has ramped up significantly over the last year to move projects through the process quickly and efficiently while protecting taxpayer interests."

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