Under Pressure: Newly Proposed Tariffs Are Set to Further Disrupt Clean Energy Supply Chains

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The U.S. renewable energy industry is navigating a challenging period due to project delays, rising rates, tariffs, inflation and supply shortages.

These trends have been especially acute for solar. Supply chains for clean energy companies are dependent on very few countries for equipment components, making them highly vulnerable to disruptions and geopolitical pressures.

China continues to be the dominant global supplier of clean energy technologies, with manufacturing market share in solar and wind of approximately 90 percent and approximately 65 percent, respectively. China's aggressive growth of manufacturing capacity has led to oversupply, making China the lowest-cost producer and price setter of most components. Challenged by this concentrated supply chain and tight margins, companies have had limited flexibility in diversifying their supply base.

With the newly proposed tariffs by the incoming U.S. presidential administration and the potential associated costs, supply chains and margins face higher risks, exacerbating the pressure on the sector's profitability and liquidity. With tariffs on Chinese goods set to potentially balloon in Q1 2025, clean energy companies need to reassess their cost estimates and supplier options and potentially realign with end customers (offtakers) on costs and pricing.

For clean energy companies to overcome these challenges and realize the opportunities they present, they must take a proactive approach to existing pressures and new tariffs.

Learn more about actionable levers to strengthen your supply chain in the face of tariff challenges.

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