To the President of European Parliament Roberta Metsola
To the President of the European Commission Ursula von der Leyen
To the Executive Vice-Presidents of the European Commission Margrethe Vestager, Valdis Dombrovskis, Maroš Šefčovič
To the Commissioners Thierry Breton, Kadri Simson
To the Spanish Presidency of the Council of the European Union – President of the Government of Spain Pedro Sánchez

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THE FUTURE OF THE EUROPEAN SOLAR INDUSTRY AND A RESILIENT EUROPEAN ENERGY SUPPLY IS IN REAL DANGER — IMMEDIATE ACTIONS NEEDED TO AVERT A WAVE OF BANKRUPTCIES IN THE EUROPEAN PV MANUFACTURING INDUSTRY

Dear Excellencies,

Through this correspondence, we, the signatories of the letter — representatives of the European solar manufacturing industry — wish to draw attention to an exceedingly detrimental situation currently confronting us which is the unsustainably ultra-low prices of PV modules supplied from China to Europe. **In recent months the prices of PV modules have dropped by more than 35% to 0.15 €/W. The existing European PV glass and modules manufacturing companies have limited chances for selling the production in such circumstances, and consequently during the next months there is an imminent risk that many European manufacturing companies will face substantial difficulties, in some cases even insolvency, if no decisive actions are taken.**

While the European Commission and the Member States have made official commitments and taken strides in launching policy frameworks and supportive measures to foster a European PV manufacturing industry renaissance, **the actual impact of these initiatives are at risk of being in vain by an intentional and purposeful attack by Chinese PV manufacturers.** Regrettably, the present scenario casts doubt upon the feasibility of the European Solar PV Industry Alliance's objectives and the efficacy of the Net-Zero Industry Act in fortifying the EU's PV supply chain resilience. **With the window of opportunity fast closing, the foundational pillars of the future solar industry will diminish in the coming months, unless robust, resolute and consistent intervention is promptly orchestrated by the EU and its Member States.** Ensuring swift and strategic action is imperative to avert a wave of bankruptcies or migration among current European PV manufacturing companies.

In the past months, the foundation for the renaissance of the European PV manufacturing industry has deteriorated dramatically. European expenditures on solar PV import have surged, escalating from from about €6 billion in 2016 to over €25 billion last year. Notably, in European ports, mainly in Rotterdam, **there currently exist a substantial storage of Chinese PV modules which currently cover twice the entirety of Europe's annual demand.** Chinese-made PV modules are currently piling in European warehouses, with an estimated 40 GW_{dc} of stored capacity at the start of 2023 — a volume equivalent to 2022's entire continent-wide annual installed volume. Despite the large inventory at the start of the year, imports have continued to rise in the six first month of 2023, further exacerbating the situation. Consequently, **in 2023 the imports are on track to set a new record at 120 GW, surpassing the expected installations in 2023 of just over 60 GW.** This severely impacts current European PV manufacturers, their future plans for scale-up capacities, and the plans of potential new European PV manufacturers to establish production facilities in the EU. **In early 2023, Chinese companies, having production costs estimated at about 0.20 €/W based on declared numbers, have now taken a dumping stance in the European market. They are offering European customers a series of 2-year contracts, with prices consistently undercutting 0.15 €/W. These offers are contingent upon minimum yearly orders of 2 MW and come with a stipulation of exclusivity.**

As a consequence of the aggressive actions of the Chinese suppliers, European PV modules production dropped extensively and currently European PV module manufacturers have more than 500 MW of their produced modules in stock — above 30 % on the annual manufacturing capacity on average — as they are unable to sell their European made products at prices that cover their costs. Consequently, they have been forced to reduce or shut down production and reduce staff working in European facilities. An illustrative situation that underscores the pressing challenges faced by the European PV industry pertains to the state of Ingot and Wafer production. Norwegian Crystal, a notable ingot producer, filed for bankruptcy on August 21st and shortly thereafter, NorSun AS, driven by the significant price collapse in Europe, announced on September 7th that they would temporarily halt production at the Årdal plant and institute temporary layoffs for their employees until the year's end. **Consequently, Europe currently finds itself almost without ingot and wafer production for the PV industry.**

European manufacturers currently face a stark dilemma: either continue to halt production and risk a controlled exit or bankruptcy towards the end of the year when inventories of the companies have to be de-valued based on the market conditions, or for those able to, migrate to the US or other regions of the world that support the renaissance of their own PV industry, and would warmly welcome the know-how and expertise of the European companies. In contrast to the exodus of the European solar industry in 2012, which was accompanied by numerous bankruptcies, European PV manufacturers can today find a safe harbor primarily in the US and are warmly welcomed there. The US extends a hospitable embrace through initiatives like the Inflation Reduction Act, reinforced by stringent import regulations and anti-dumping tariffs. These measures establish an environment of assured investment and a predictable market, providing PV manufacturers a robust foundation to thrive upon.

The undersigned companies therefore ask the European Commission and the Member States for immediate EU level and government protection.

1. **Immediate exclusion from the European market of solar modules produced with forced labor.** We cannot compete with and will not turn a blind eye to modern slavery. Large volumes of unethical produced PV modules — originally bound for the US market but prevented to enter by the existing Uyghur Forced Labor Prevention Act (UFLPA) — are now being dumped in Europe which lack processes to stop modules manufactured with forced labor.
2. **Swift emergency acquisition of European PV manufacturers' PV module inventories in response to the forced price decline caused by Chinese unjust trade practices.** These PV modules, for example, could be procured through the refinement of competitive bidding process within the *Temporary Crisis and Transition Framework* (TCTF) or elaborating the *Ukraine Facility* framework for Ukraine aid and rebuild, and/or eventually as well for energy aid for Africa. An expedited emergency measure aimed at protecting European PV module producers during this pivotal period will effectively tackle this issue and is critical for the survival of many European manufacturing companies.
3. **Encouragement for European PV installers and project developers to incorporate a minimum share of European production along the entire PV value chain for European PV deployment.** This will secure a stable market for European manufacturers in the medium term. A prerequisite for this is a clear definition of what a European solar PV module is. This must be developed and implemented within the framework of the currently ongoing negotiations of the Net-Zero Industry Act Articles 19 and 20. The inclusion of non-financial criteria (NFC) in PV auctions should also be included as reward the environmental and social benefits of European PV modules is a key tool for levelling the playing field with Chinese modules. In particular, a coherent framework for rating the social responsibility performance along PV value chains is a prerequisite for closing the cost gap with Chinese competition. The European PV manufacturing industry urgently requires assurance regarding the uptake of domestic production, commencing no later than 2026. This could be initiated with a 10% target, that is subsequently increased every year toward the 2030 goal of 40%, as stipulated in the NZIA. However, the current version of NZIA lacks the necessary yearly benchmarks, concrete mechanisms, or a mandatory framework, which is crucial for securing future investments in the sector. In addition, the introduction of a Net-Bonus system (resilience criteria and ESG criteria) within the NZIA framework, that will support all parts of the European value chain should be seriously considered.

These are the examples of concrete initial minimal measures, requiring prompt formulations by the European Commission and the Member States. Alternatively, should alternative measures arise, they too warrant consideration. **Our earnest plea implores the EU to transform the lofty declarations of 2022 and 2023 into immediate, resolute actions. Failure to do so will regrettably lead us, and the citizens of the European Union, to conclude that the revival of the European solar PV industry lacks genuine commitment. Inaction will jeopardize the implementation of Green Deal goals, undermine the potential realization of the Net-Zero Industry Act, particularly within the PV sector, and the European Solar PV Industry Alliance will be condemned.** Presently, Europe confronts an existential crisis — a perilous trajectory toward complete reliance on China for this pivotal technology of the European energy transformation. The urgency of the situation necessitates steadfast action to avert such a scenario and safeguard Europe's self-reliance in the solar PV industry.

Yours sincerely,

European cell and/or module manufacturers

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