European Solar Manufacturing Council AISBL
146 rue Royale | 1000 Brussels – Belgium

Date: October 24, 2023;
Contact: vaiciunas@esmc.solar

EU 'Wind Power Package' should be complemented by the 'Solar Manufacturing Package'

The European Commission President Ursula von der Leyen's words of State of the European Union speech on September 13th have been transmitted into concrete actions on October 24th by adopted 'Wind Power Package'. **On behalf of the European PV manufacturing industry, we are earnestly requesting the preparation and adoption of an European Solar Manufacturing Package.** In the EU, both these industries confront the same existential challenges and competitiveness issues, primarily stemming from unprecedented external supply pressures. They are also subjected to similar European manufacturing targets and comparable proposals aimed at enhancing their competitiveness. **Failing to seize the opportunity to adopt an 'European Solar Manufacturing Package' would result in the loss of a majority of the European PV manufacturing industry** despite the European Commission's diligent efforts on TCTF, REPowerEU, and the European Solar PV Industry Alliance.

As it has been already communicated in September, the current situation for the European PV manufacturers is critical. **Most of the European PV module producers (especially the biggest ones) are planning the decision (in the middle of November) to close production or reorient PV manufacturing to other regions. If a comprehensive 'European Solar Manufacturing Package' would be adopted without any delay, there is still a possibility to avert ~15–20 European PV module producers' bankruptcies.**

These below 5 key milestones must be adopted without delay in the 'European Solar Manufacturing Package':

1. **Safeguard off-take of European-produced PV products and components by legislative requirements reserving some part of the market for domestic products.** This could be initiated with a 10-15% target by 2025/2026, which is subsequently increased every year toward the 2030 goal of 40% or 40 GW. Safeguarding 10% of European PV manufacturing in 2025, 15% in 2026, 20% in 2027, 25% in 2028, 30% in 2029, and 40% in 2030 of the annual installation market would trigger investment trust for the committed volumes – accordingly, the respective percentages should be fixed by the EU legislative act.
2. **Ensure 'supply chain resilience' — extra points for European-produced PV modules should be incorporated, with particular emphasis on accommodating higher operational costs.** This can be achieved by introducing a Net-Bonus system taking into account both resilience criteria and ESG (Environmental, Social, and Governance) criteria. This system should include yearly benchmarks, well-defined mechanisms, and a mandatory implementation framework providing robust support to all segments of the European value chain in their procurement of PV modules, components, and systems.
3. **Ban PV products produced with forced labour in the EU market as quickly as possible.** One solution is to leverage the existing Uyghur Forced Labor Prevention Act (UFLPA) Entity List, even before the corresponding European regulation takes effect in the foreseen 18–24 months. This will enable addressing this pressing issue immediately and protect the integrity of our market.
4. **Develop a loan support program for PV manufacturing and solar deployment projects.** Fixing 3% interest rates for PV manufacturing investments as well as for large PV deployment projects would reduce capital costs and ensure fast deployment of large solar parks within the EU.
5. **Swift emergency acquisition of European-made PV modules as an infrastructural support to Ukraine.** In 2023, European PV module manufacturers have produced ~1000 MW of PV modules, of which at least 50% (~500 MW) is currently in stock and lacking sales prospects. The average buy-out price of the stocks would require €165 million. If merely 5% of the proposed annual Ukraine Reserve of €2.5 billion would be allocated towards the buy-out of European PV modules, that would amount to at least €500 million in 2024–2027, which would cover expenses for ~1500 MW European-produced PV modules.

In 2022, the EU trade deficit with China in PV components amounted to €25 billion. To address this trade deficit and secure EU strategic autonomy, a dedicated policy framework is essential. **This framework would not only boost EU PV manufacturing capacities but also mitigate the risk of overreliance on PV technologies imported from China, and safeguard the EU Green Deal targets in the longer term.**

As already communicated by the European Solar PV Industry Alliance, in case of the annual financial support between €4.7 billion and €6.4 billion (depending on electricity price), 30 GW of European PV manufacturing capacities would be delivered along the entire PV value chain — it is the commitment of the European PV manufacturing industry in case the five above-mentioned key milestones would be adopted within the European 'Solar Manufacturing Package'.