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DIRECTORATE-GENERAL FOR INTERNAL MARKET, INDUSTRY, ENTREPRENEURSHIP
AND SMES

Ecosystems IV: Mobility & Energy Intensive Industries

I.3 – Green and Circular Economy

Head of Unit

Brussels

GROW/EV/fm/I3(2023) 10676981

Žygimantas Vaičiūnas

Policy Director

European Solar Manufacturing

Council (ESMC)

Email: vaiciunas@esmc.solar

Dear Mr Vaičiūnas,

On behalf of Ms Angelika Gruber, I would like to thank you for your email of 3 October 2023 with the request to complement the European Wind Power Package with a Solar Manufacturing Package. The European Commission recognises the challenges that the European solar industrial sector faces and is making considerable efforts to support it.

In your letter you suggest a number of measures to be adopted in the ‘Solar Manufacturing Package’. While the Commission services examine more thoroughly your suggestions, let me share with you my first analysis.

You suggest a “safeguard off-take of European-produced PV products and components by legislative requirements reserving some part of the market for domestic products and that this could be initiated with a 10% target by 2026, which is subsequently increased every year toward the 2030 goal of 40%, as stipulated in the Net-Zero Industry Act”. This type of local-content requirements raises questions of WTO compliance and practical implementation. As you are no doubt aware, the Net-Zero Industry Act (NZIA) proposal is now with the co-legislators with the objective to come to an agreement on the proposal before the end of the parliamentary term. During this process of negotiations, we encourage the co-legislators to stay ambitious notably on the provisions for access to markets.

You also recommend to “ban PV products produced with forced labour in the EU market”. As you may know the European Union wants to put an end to the import and the marketing of products made with forced labour and for this reason the Commission adopted on 14 September 2022 a proposal for a regulation on prohibiting such products. While this regulatory proposal goes through the legislative process with the co-legislators, we strongly advise the industry to join forces and pay attention to the source of solar panels and put in place mechanisms that would ensure the absence of forced labour even before the EU proposal is voted through. This can include due diligence and monitoring of the supply chain, participation in industry schemes or outright refraining from importing the respective products, when in doubt.

I take note that your proposal is to develop a loan support program for PV manufacturing and solar deployment projects with a fixed interest rate. Measures like those ones fall under the remit of state aid. The Temporary Crisis and Transition Framework (TCTF) allows Member States to provide aids in the form of subsidized interest rates on new loans for investments in strategic sectors for the green transition. The InvestEU programme can also play a role in lowering the cost of capital for such projects and the EIB has recently committed to increase its support for net-zero technology manufacturing.

Finally, you also suggest the “swift emergency acquisition of European-made PV modules as an infrastructural support to Ukraine”. Please note that the Ukraine Energy Support Fund is subject to rules that are framed by international commitments at OECD level and bound to legislation from our partners and Member States. For this reason, we cannot condition access to EU funds to the acquisition of products originating from EU Member States.

Hoping that you find the above reflexions useful, I invite you to continue to provide us with your inputs and ideas, including through your valuable participation to the work of the European Solar PV Industry Alliance.

Yours sincerely,

(E-signed)

Stefano SORO