



EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR ENERGY

Directorate C - Green Transition and Energy System Integration
The Director

Brussels,
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By email:
vaiciunas@esmc.solar

Dear Mr. Vaičiūnas,

Thank you for your email and the letter attached to it of 10 November to Mrs Juul Jørgensen, in which you sent an update on the situation of the European PV manufacturing industry and requested the adoption of a European Solar Manufacturing Package and of five key milestones. I have been asked to reply on her behalf.

We understand that the EU solar PV manufacturing sector finds itself in a very difficult situation due to the very low prices of imported panels seen since last summer. Since the adoption of the EU Solar Energy Strategy in May 2022, the European Commission has taken some major initiatives to strengthen its support to this sector, some of which are progressing well and bearing fruits. The situation has now aggravated, and the Commission stands ready to explore how to keep supporting the EU solar manufacturing industry, in dialogue with the ESMC and all key stakeholders, as well as through a strengthened engagement with the Member States.

In addition, the Commission is monitoring the PV market closely and remains ready to activate its trade defence tools pursuant to the EU trade defence legislation, should it receive evidence of imports under unfair and injurious conditions. We encourage the ESMC to get in touch with the Commission if a particular problem with PV modules is identified.

As a follow-up to the EU Solar Energy Strategy, last year the Commission launched the European Solar PV Industry Alliance, of which the ESMC is one of the Steering Committee members. We understand that the Alliance considers that the target of 30 GW of committed European manufacturing capacity by 2025 across the value chain is still achievable for parts of the value chain, such as modules and cells, if the announced projects come to fruition. However, the Commission is aware that the situation of the European PV manufacturing is deteriorating, as evidenced by recent developments, such as the REC solar announcement, which you have also shared with us.

The proposal for a Net-Zero Industry Act (NZIA), adopted in March 2023 and aimed at scaling up net-zero technology manufacturing in the EU, will enhance the market access

of solar PV equipment produced in the EU through the inclusion of sustainability and resilience criteria in public procurement and in auctions for the support of renewable energy. The ESMC may wish to consider sharing its input on this file with the co-legislators as the Act is currently being negotiated.

The new Temporary Crisis and Transition Framework (TCTF) for State Aid, which introduced new provisions for green investments in strategic sectors that are at risk of relocation to third countries, enables Member States to prevent that investments are diverted to the highest bidder outside Europe by matching the subsidies offered by third countries. Some Member States are already making use of these provisions in the TCTF. Last July, for example, the Commission approved a EUR 3 bn German scheme to support measures in sectors that are key to accelerate the green transition and reduce fuel dependency. This includes the manufacturing of solar panels, for which Germany has ambitious targets.

In terms of EU-funded opportunities for PV manufacturing projects, support is provided by the Innovation Fund and the NextGenerationEU programme. The Innovation Fund alone has already granted around EUR 400 mn to EU solar PV manufacturing projects since 2021. A new call for proposals was launched on 23 November, with EUR 1.4 bn available to strengthen Europe's industrial manufacturing capacity, technological leadership, and supply chain resilience. Member States could also include investments to support solar PV manufacturing in their REPowerEU chapters, as, for instance, Spain has done.

On your point on forced labour, in September 2022, the Commission adopted a proposal for a regulation to prohibit products made using forced labour, including child labour, on the internal market of the European Union. This regulation is still being negotiated by co-legislators, but the Commission is doing its best to assist them and to facilitate a good and quick agreement.

We agree with your statement that the EU framework should not only boost EU manufacturing capacities but also mitigate the risk of overreliance on PV technologies imported from China. The EU has also taken steps towards ensuring this, namely the adoption of the Critical Raw Materials Act in March 2023, to ensure sufficient access to rare earths, which are vital for manufacturing key technologies.

For the proposed milestone on Ukraine, we would like to refer the ESMC to more appropriate interlocutors to explore this possibility. The Commission launched its flagship project "Ray of Hope" in March 2023, as part of a wider initiative announced by President von der Leyen on donations of solar panels to Ukraine. These donations are being organised through the Ukraine Energy Support Fund¹. This fund also uses the contributions it receives to finance energy-related needs of Ukraine. We encourage you to get in contact with the Energy Community Secretariat, which manages this fund.

¹ [Ukraine Energy Support Fund - Energy Community Homepage \(energy-community.org\)](https://energy-community.org)

We will carefully consider the other proposed milestones, or sub-aspects of them, that are not covered by the above actions.

Yours sincerely,

Catharina Sikow-Magny