

Race against time: safeguarding the European solar industry is still possible

The European solar PV manufacturing industry is facing an existential threat. If policy makers don't take immediate actions to safeguard the solar PV module producers in the EU, relocating abroad or bankruptcy are the only options. *"We need active political and financial support now. Otherwise, we are to lose a majority of the European solar PV manufacturing industry"*, says Dr. Johan Lindahl, Secretary General of European Solar Manufacturing Council (ESMC), that organizes almost the entire PV manufacturing value chain of close to 80 European companies. On January 30th, ESMC appealed to the European Commission, stressing the need for immediate actions to protect EU's solar PV module manufacturers amid this crisis. In [the letter](#), ESMC calls for swift implementation of emergency measures. If not adopted within the next 2 months, ESMC advocates for the implementation of necessary trade defence measures.

"We direct this petition to all European politicians, in particular the European Commission, President of the Commission Ursula von der Leyen and the respective Commissioners. The Commission has the responsibility, resources and the mandate to act" — Dr. Johan Lindahl, Secretary General of ESMC.

The direct problem is an oversupply of subsidized solar PV modules, imported from China. At the moment there is a stock of an estimated 140–170 million PV modules in European ports and warehouses (equivalent to 70–85 GW capacity). The oversupply is the result of an aggressive Chinese industry strategy, which has led to a collapse in module prices and left European PV manufacturers with large unsold inventories.

"Now it is the moment of truth if the European Commission and Member States remain committed to the strategic stance that the EU should not become completely import-dependent on solar PV modules as without emergency measures we are about to lose more than 50% of modern EU solar PV module production capacities during the next 2 months" — emphasizes Žygimantas Vaičiūnas, Policy Director at ESMC.

This is not only a risk to the European solar PV manufacturers, but also to the 2030 European Union net-zero industrial goals. Our collective appeal emphasizes the time-sensitive nature of this issue, as any delay in action could intensify the challenges currently faced. ESMC urgently requests the European Commission to adopt the following key emergency measures within the next two months at the latest:

1. Establish an EU-level buy-out facility for accumulated EU solar PV module inventories.
2. Immediately modify the Temporary Crisis and Transition Framework (TCTF) to empower financing for the projects with EU-produced solar PV modules or operational expenditures of the EU solar PV module producers.
3. Accelerate the implementation of the EU PV producers' supportive elements outlined in the legislative initiatives of the Net-Zero Industry Act (NZIA) and Forced Labour regulation (FLR) from July 2024 by creating a simplified and effective resilience auctions system for a temporary period.

The measures proposed should be implemented as a package for a temporary period to stabilise the situation of the EU solar PV module producers and to prevent further spill-over effects to other associated sectors. The activation of these measures is imperative to provide breathing space for EU solar PV module producers during the interim period of the next 2 to 3 years until the Net-Zero Industry Act and Forced Labour Regulation, currently in the legislative pipeline, become effective.

Acknowledging that lower solar PV module prices can have a positive impact on the deployment of PV, the current prices below also the Chinese production costs cannot be considered the new normal. Any comparison with European solar PV modules should be made on sustainable production costs and adequate margins. So, if the proposed emergency measures cannot be swiftly adopted within the next 2 months, trade defence measures would be an unavoidable last resort. This involves initiating a safeguard investigation, applying provisional safeguard measures, and potentially extending it to include other trade defence measures.

"The potential critical decisions should be taken today as without that future generations will be affected, seriously undermining EU's aspirations for a sustainable and resilient energy future", Dr. Johan Lindahl concludes.