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Emergency support — safeguarding EU PV module producers in a cost-efficient and strategic pattern

Without promptly implementing emergency measures, potentially combined with safeguard measures, the European Union risks losing 6 GW of PV module production capacity — 3.5 GW within the next 1–2 months and an additional 2.5 GW within the following 3–4 months. In the following document, the European Solar Manufacturing Council (ESMC) presents concrete emergency support proposal and outlines the rationale behind it. ESMC stands ready to assist the European Commission in framing these support measures if needed.

1. Which capacities should be secured?

- EU PV module producers primarily compete in the rooftop segment, which accounts for two-thirds of total PV deployment in the EU market. Despite this, EU PV module producers currently face challenges in selling PV modules in this market segment.
- The enforcement of NZIA is expected to yield positive effects on utility-scale projects and industrial installations.
- Safeguarding 6 GW of PV module production capacities would enhance the competitiveness of EU PV producers across various market segments, particularly in public procurements, once NZIA becomes effective.

2. How to safeguard/rescue current EU PV module production capacities — financial support necessary:

- Operational (OPEX) support dedicated to 2.4 GW – per year (for 40% of running capacities out of 6 GW, proportional to a minimum level to maintain economical operation).
- Support distribution plan: 0.8 GW (current EU production stock) for 2023 and 4.8 GW for 2024–2025, totalling 5.6 GW for the period 2023–2025.

Support item	Year	Cost
Emergency support of 0.8 GW_p	2023	€160 million
Emergency support of 4.8 GW_p	2024–2025	€720 million
Total: support for 5.6 GW_p of EU PV modules	2023–2025	€880 million

- Price difference presumptions:
  - 2023: 20 €¢/W_p → €200/kW_p → €200,000/MW_p → €200,000,000/GW_p
  - 2024–2025: 15 €¢/W_p → €150/kW_p → €150,000 MW_p → €150,000,000/GW_p

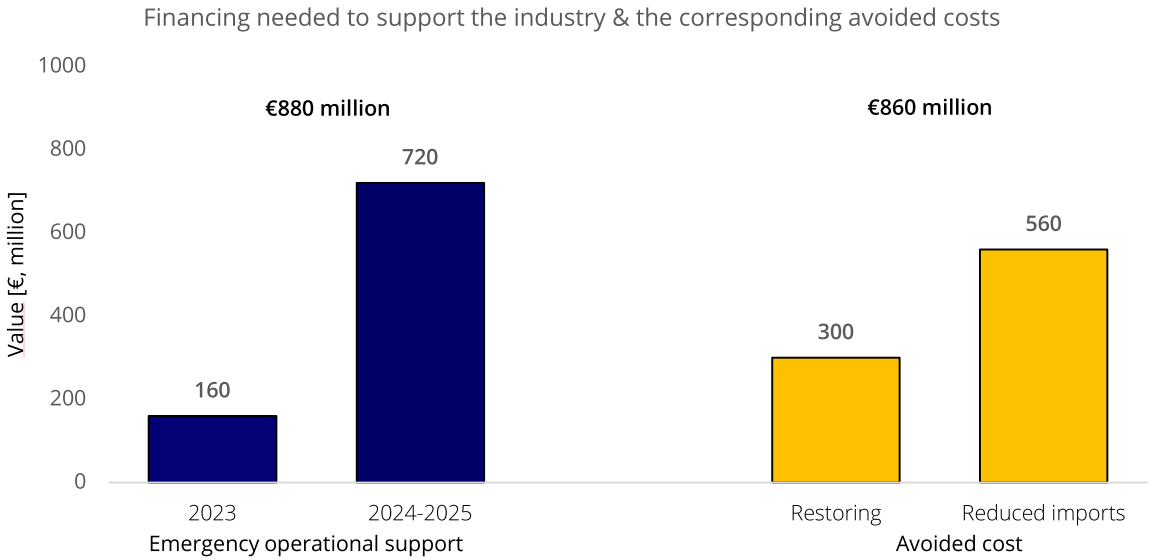
3. How to implement such a support scheme without delay:

- Financial support would be provided to companies while safeguarding PV module manufacturing lines and jobs.
- This financial support would be allocated temporarily, retroactively for 2023 and prospectively for 2024–2025, under a State aid exemption. Two scenarios are proposed:
  a) compensating for the price difference between market/selling price and production costs.
  b) providing a lump sum to PV module producers based on production rates in 2021–2022.
- The support should be structured as an EU-wide instrument and/or allocated through Member States or a mixed solution of both options.
- The support would bridge the gap between actual sales prices of PV modules and their production costs for individual EU PV companies. Companies would sell modules at market prices while the difference is compensated by Member States from EU financing sources.
- To ensure that the support is exclusively for PV modules produced in the EU, it would be verified by comparing quantities of purchased/imported materials used in PV module production.

4. Positive impacts of support — salvaged capacities and investor confidence

Direct positive effects:

- Maintaining 6 GW of EU PV module production capacities at a 40% utilization rate — instead restoring the 6 GW of PV module manufacturing capacities would cost €300 million, with €60–80 million needing support from Member States or EU funding.
- Buying 1 GW of PV modules locally from the EU would lower the trade deficit to China by €100 million, under the current market circumstances (a PV module spot price at minimum 10€¢/W_p). A 5.6 GW buy-out from EU PV module producers would thus avoid €560 million going out of the European Economic Area, thereby reducing the trade imbalance with China, and instead contributing to tax revenue, economic growth, and green jobs in Europe.



Indirect positive effects:

- The temporary measure endorsed by the European Commission would send a robust signal to investors in the EU PV value chain, affirming the protection of the EU industry and demonstrating concrete efforts to address the issue of subsidized PV module production in China.
- Additionally, other EU industries closely associated with PV module manufacturing, such as wafers, glass, and frame production, would also be safeguarded.

5. Anticipated Impact of NZIA — transitioning from emergency to systemic measures

Pre-qualification criteria incorporating a 20% price difference in public procurements and a 15–30% price difference in auctions, along with pre-qualification criteria, would guarantee EU PV module producers the opportunity to sell their production at prices 30–40% higher than imports from China. However, realistically, the framework may only be enforced within a two-year timeframe, starting from 2026.

The €880 million support ensures that EU PV module producers can sell their modules (including inventories from 2023 and production from 2024–2025) can be compared to the €860 million investment required to restore PV module production after 2–3 years. This clearly demonstrates the strategic payoff of the EU investment, while preserving jobs in current PV module production facilities and providing additional incentives for investors. This is an additional benefit of such a framework.

6. What next steps should be taken?

Step 1	Step 2
Obtain the European Commission's approval to allow Member States to cover the cost difference between market price and production costs, preferably utilizing EU-level financing for this purpose.	Establish and commit to specific support targets, including covering all EU PV module producers' stocks (€160 million) and operational expenditure for 2024–2025 (up to €720 million, depending upon defined utilization rates and market prices of PV modules).
Step 3	**Step 4**
Notify EU PV module producers (at the appropriate level) regarding the consideration of measures to prevent insolvencies/bankruptcies and take all necessary steps to implement the framework within 2 months at the latest.	Secure commitments from EU PV module producers to maintain PV manufacturing capacities until NZIA becomes effective.

The implementation of this framework would (a) safeguard 6 GW of European PV module production capacities, (b) reduce the trade deficit, (c) safeguard jobs, (d) prevent the insolvencies and bankruptcies of associated industries, (e) create investor's confidence and trust towards new EU PV manufacturing projects.

All in all, the implementation of the proposed emergency support framework as a temporary solution for 2–3 years would bridge the gap between the current existential crisis for the EU PV module production industry towards a resilient, sustainable and competitive European PV manufacturing ecosystem once the NZIA effects will be materializing across the EU in 2025–2026.

This is a simple and effective solution to address the current challenges and safeguard EU PV module producers in a cost-efficient and strategically deliberated manner.