



Cámara de Comercio Alemana
para España
Deutsche Handelskammer
für Spanien



Powering up the European Solar Industry

CALL ON THE EUROPEAN COMMISSION CONCERNING THE FUTURE OF THE EUROPEAN SOLAR INDUSTRY

In the consultation period of the European Commission on a EU solar strategy, which runs until 12 April 2022, the Commission is requesting proposals for the design of this strategy. *The German Spanish Solar Initiative* led by the German-Spanish Chamber of Commerce and VDMA Photovoltaic Equipment welcomes the announcement of such a strategy. We call on the European Commission to financially underpin a promotion strategy for the development of a European integral PV production. We also aim to involve the political decision-makers of Germany and Spain in the constitution and implementation of the upcoming EU solar strategy.

To achieve Europe's decarbonisation targets, set out in the Paris agreements, an enormous increase in the solar capacities installed to date in Europe is unavoidable. The cumulative installed photovoltaic capacity in Europe of currently 164.9 GW would have to be increased according to different scenarios between 370 GW and up to 600 GW in 2025.

Because of existing critical geopolitical dependence, there is an additional need to create production capacities to secure a long-term supply of PV modules for Europe, and to balance the current huge yearly European trade deficit of 7.8 billion € of PV modules and cells. Following the Russian invasion to Ukraine, the case for a rapid clean energy transition has never been stronger – in the recent REPowerEU communication the European Commission has raised the solar deployment goal to 585 GW till 2030 (420 GW for the power sector and 165 GW of solar rooftops at homes).

Current European production capacities include several European solar module manufacturers with a total capacity of about 6-7 GW, but only one silicon and some inverter manufacturers capable of producing GW-level output. For an integral production covering the entire supply chain, massive production capacities are missing in Europe across industries.



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Although much of the global PV market development has come from Europe, the European solar industry has suffered greatly from competitive pressure from Asia in 2010-2020. The vast majority of the PV value chain is currently localised in China, leading to unwanted strategic dependencies. Rebuilding a European solar industry offers a unique opportunity to minimise this dependency now and contribute to Europe's strategic autonomy in the energy transition. Moreover, cutting edge PV-technologies are already being developed in Europe. EIT Inno Energy and Solar Power Europe estimate that around 400,000 direct and indirect jobs could be created in Europe by 2050.

In February 2021, with the support of EU Energy Commissioner Kadri Simson and EU Internal Market Commissioner Thierry Breton, the "European Solar Initiative" (ESI) was launched under the leadership of the EU-funded European Institute of Innovation & Technology (EIT InnoEnergy), Solar Power Europe, and the European Solar Manufacturing Council. The aim is to develop and expand the European PV industry along all stages of the value chain, from raw material extraction to production and recycling. The initiative's goal is to build an additional 20 GW of solar energy production capacity in Europe by 2025. The actual energy crisis due to the diverse factors seems to indicate that this additional capacity could result short of future needs.

The goal for Europe should be to achieve industrial lead through the creation of a relevant PV-industry with important economies of scale at a European level. This industry must be able to produce and recycle on its own territory the components of the PV supply chain that will cover the demand for newly installed PV capacity created by the EU's decarbonisation targets. This will also help to secure the supply and stabilize prices of energy within Europe. In summer 2021, the European Solar Manufacturing Council (ESMC), in collaboration with the European Solar Initiative, already initiated a process to create an IPCEI for PV manufacturing in Europe. In line with other initiatives and support instruments for European solar PV manufacturing industry the IPCEI framework would ensure better competitiveness conditions for the European PV manufacturing industry in ensuring the mass production of the PV components in Europe. We strongly support this endeavour, urging German and Spanish governments and ensure all necessary support to undersign the invitation letters to create this project.

German-Spanish Chamber of Commerce

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Advisory Board:

- European Solar Manufacturing Council (ESMC) | www.esmc.solar
- Fraunhofer Institute for Solar Energy Systems (ISE) | www.ise.fraunhofer.de
- Instituto de Energía Solar de la UPM | www.ies.upm.es