Dear Commissioner Malmström

We are writing to you regarding the current trade case on the import of solar cells and modules from China into the European Union (EU). This is currently the largest trade defence case that the EU is prosecuting against China.

The European signatories to this letter, representing more than 120,000 companies and over 1.3 million jobs, believe that the minimum import price (MIP), and anti-dumping and anti-subsidy measures on cells and modules from China should be removed immediately. This is because the duties are having the unforeseen consequence of negatively impacting the entire European solar value chain to the detriment of jobs, GVA and solar deployment in Europe.

In December 2013, the EU imposed anti-dumping and countervailing duties on crystalline silicon modules and cells originating or consigned from China. At the same time, the EU accepted the price undertaking agreement articulated around minimum import prices and annual quota levels. On 5 December 2015 the European Commission launched an expiry review into the measures, which must be concluded by 7 March 2017 to determine whether to extend the duties or remove them.

We believe that the trade defence measures on solar modules and cells imported from China should be removed, as they are hindering the development of solar and harming the manufacturing and downstream solar value chain in Europe.

In the last couple of years, Europe has gone from being the world leader in solar to a very small market within the global boom in solar. In 2010 Europe accounted for almost 80% of the global solar installations, in 2015 it accounted for just over 15%. This is against the backdrop of a global solar market that has risen from 40 GW to 230GW in the same period. At a time when the European solar market has declined, the sector needs measures to boost demand and not measures that increase cost. There has also been a change in the regulatory environment, related to European Commission State Aid Guidelines on Environment and Energy, requiring EU Member States to move from direct subsidy to competitive price driven tenders for solar. This makes price the key element for solar to be competitive with other sources of energy generation in Europe.

The MIP and the duties are increasing the price of solar, at a time when competitive tenders for solar have been introduced. This is having two effects, it is prolonging the time that governments in Europe must provide financial support for solar, while simultaneously delaying the point at which solar reaches direct competitiveness with other forms of energy generation. This is not serving the interest of the EU on renewable energy.

The cost of modules is dropping everywhere else in the world as economies of scale come to fruition. Unfortunately, in Europe, due to the MIP and trade measures, the price of modules is increasing against the documented trend for costs to come down as scale increases.

This trend has unforeseen consequences on the non-module assembly upstream manufacturing jobs in the European solar value chain, which account for 80% of the upstream jobs. With module prices at an artificially high level the manufacturers of other solar products, where Europe is currently leading, are being required to drop prices, even though they face extremely tough competition and cannot reduce prices as quickly as module producers. Sectors such as inverter manufacturing, steel mounting frames, polysilicon and other European industries are bearing the weight of the effects of the measures. This is risking jobs in some of the key sectors of European manufacturing at a time when they need support from policymakers.

Another crucial element to consider is that the measures were intended to increase jobs and module production in Europe. Unfortunately, module manufacturing has continued to decline and European companies have continued to liquidate, there has simply been a huge drop in demand. A SolarPower Europe study demonstrated that European module manufacturing capacity has reduced by almost 20% between 2014 and 2015. Therefore, the measures have been a blunt instrument and have not stimulated growth in European module manufacturing.

A more nuanced industrial policy should be explored, instead of the measures which benefit no-one in Europe – not even the module producers they were designed to protect. Our position is entirely in line with the findings of The European Commission’s Joint Research Centre (JRC) study in June 2015 on module manufacturing in Europe. This study concluded that the major challenge for European solar module manufacturers is achieving economies of scale to be competitive. Trade measures will not lead to improved economies of scale in European module production, this is the wrong tool to develop our industry.

A recent study by EY found that in Europe the downstream sector dominates in terms of jobs and gross value added (GVA), generating around 85% of both indicators in the solar value chain. The downstream is also negatively affected by the trade defence measures as developers and project owners have to pay more for their projects. A recent study by the UK Solar Trade Association (STA) found that modules account for about half the cost of a 10MW solar project. With the measures in place this adds 100,000s of Euros to the cost of a 10MW project, meaning that developers can realise fewer projects and find it harder to win in the tenders introduced by the European Energy and Environment State Aid Guidelines.

As the trade measures add to the cost of solar, they are contributing to slowing down its deployment. This is contrary to the desire of the EU to effectively combat climate change and reduces the likelihood that targets, such as the goal of having 27% of energy from renewables by 2030, will be met. The recent launch of the Energy Union initiative aims to put the consumer at the heart of European energy policy, yet the duties add around 1000 Euros to the installation of household solar, according to the STA's recent study. This makes the consumer pay more to take an active role in the energy transition and undermines the objective of having energy policies that support the consumer. It is also true that some Member States are supporting solar through ERDF capital funds and are simply paying for the duties through EU financing, which makes no sense in terms of value for use of European funding. Trade policy is not aligned with the goals of the Energy Union and climate change policy in the EU.

We recognise, with great appreciation, the commitment of the European Commission to developing renewable energies, including solar, in Europe. We share the passion of Commission President Juncker to make Europe the number one in renewables. Ending the trade measures and returning to market prices for solar will give Europe an opportunity to decarbonise its power generation in a cost efficient way, in line with the objectives the EU has signed up to in the Paris Agreement.

European jobs, GVA, climate change policy, consumer interest and manufacturing interests are all being undermined by the trade defence measures. We call on the Commission and Member States to end the measures as soon as possible, and allow solar to fulfil its role as a bedrock of the clean, prosperous future deserved by all Europeans.

We look forward to hearing the European Commission's view on this issue and remain available to discuss the matter with you in person at your earliest convenience.

Yours sincerely,

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