



Commissioner Cecilia Malmstrom  
European Commissioner for Trade  
European Commission  
Rue de la Loi 200  
B-1049 Brussels

Brussels, 13.12.2016

**Subject: Call on the European Commission to remove trade barriers on solar modules and cells**

Dear Commissioner Malmstrom,

We are writing to you concerning the ongoing Expiry Review relating to duties and measures on solar modules and cells imported from China. Since December 2013 the European Union has been applying a Minimum Import Price (MIP) and anti-dumping and anti-subsidy duties on these imports.

We believe that the European Commission must now act in the interest of the European Union and remove these measures for the benefit of the European solar industry, the European downstream companies, European consumers and to align with the ambition of the European Union's climate change objectives.

The measures were originally put in place to support module manufacturing to grow in Europe. This has not been the case. The segment has continued to decline in Europe, despite a global boom in solar, and a study by the European Commission's own Joint Research Centre (JRC) in 2015 identified that the reason for this was the lack of economies of scale in European module and cell production. The JRC did not cite dumping or subsidy of competitors as a problem for European module manufacturers, nor in their recommendations for how to improve the situation of module manufacturing in Europe did they call for trade measures.

The imposition of the measures for modules and cells has also had unintended negative consequences on the other solar manufacturers, who represent 80% of the jobs and GVA of European upstream solar production. With module prices being frozen, the price pressure has been put on to inverter, polysilicon, steel frames, cable and junction box manufacturers resulting in job losses and endangering European leadership in these manufacturing sectors. This is putting pressure on thousands of jobs in manufacturing in Europe. This was not taken into account in the original investigation, but we urge you to now act in the interest of the majority of solar manufacturers in Europe and end the measures.

It was clear at the time of implementing the measures that there would be a negative impact on the downstream solar sector and indeed this has come to pass. European installations have declined in comparison to 2012, the year before the measures came into effect. In 2015 Europe represented just 16% of global annual installations down from 60% in 2012. Many European downstream companies have gone into liquidation in this period as the rate of installation has fallen, and huge numbers of



jobs have gone – some estimates as high as 100,000 solar jobs have been lost in the downstream sector. This is a high price to pay for measures that do not work.

At the same time as the introduction of the trade measures, subsidies were taken away from solar in line with the European Commissions' State Aid Guidelines for Energy and Environment. The State Aid Guidelines require that solar is subjected to tenders for deployment. Across Europe the implementation of tenders has seen a considerable focus on the price of electricity. The MIP and duties make solar more expensive so it cannot compete fairly with other energy sources and less solar is realized from the tenders available due to its artificially heightened cost.

There are case studies from around Europe that suggest that solar would be reaching grid parity without the MIP and duties. These measures are simply delaying the time it takes for solar to be the most competitive form of energy production in Europe. This costs the taxpayer more, harms developers, leads to job losses and slows down Europe's energy transition.

European solar has in record time developed into a mainstream energy source and enjoys vast support from EU citizens. However, the duties have made solar costlier for the EU consumer, adding around 1000 euros to the installation of household solar. We fear this goes against the Energy Union aim of putting the consumer at the heart of European energy policy.

The trade measures have had an impact on demand for solar in Europe, due to the increase in costs. Through the Paris Agreement the European Union has signed up to be a high ambition scenario driver, aiming to limit global warming to 1,5 degrees centigrade. The trade measures are making the achievement of this objective more difficult, but solar must be one of the core technologies to achieve this ambition. The cost increases associated with the trade measures mean that we are slowing down installations at a time when we need to increase installations of solar in Europe. This makes our trade policy appear to be working against our climate change policy. This lack of consistency between objectives can be easily rectified with a recommendation to end the measures from the European Commission.

The current trade policy for modules and cells has proven to be the wrong tool for our solar sector. For European solar to return to growth and to see jobs return we therefore urge you and your services to immediately end the MIP and duties on modules and cells through the expiry review.

The price Europe is paying for the maintenance of the measures is simply too high. The European Commission must now act in the interest of all Europeans and bring this case to a close.

Yours Sincerely,

Mr Christofer Fjellner

Mrs Catherine Bearder

Mr Reinhard Bütikofer



Mr Jakob Dalunde

Mr Seb Dance

Mr Bas Eickhout

Mr José Inácio Faria

Mrs Julie Girling

Ms Kaja Kallas

Mr Sean Kelly

Mr Jo Leinen

Mr Thomas Mann

Ms Emma McClarkin

Mr Artis Pabriks

Mr Morten Helveg Petersen

Ms Sirpa Pietikäinen

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Mrs Henna Virkkunen

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