EU ProSun

THE SUSTAINABLE SOLAR ENERGY INITIATIVE

Brussel, October 17th 2016

OPEN LETTER TO THE EU DIRECTORS OF CAN / E3G / EKOENERGY / GREENPEACE / WWF

European environmental standards in solar manufacturing have to be protected

Dear Mr. Wendel Trio,
Dear Mr. Jorgo Riss,
Dear Ms. Geneviève Pons,
Dear Mr. Nick Mabey,
Dear Mr. Steven Vanholme,

It was with great concern that we took note of your organizations' Joint Letter to Ms Cecilia Malmström, the European Union's Commissioner for International Trade. Essentially, your letter asks the EU Commission to allow that heavily subsidized PV cells and modules from China be dumped on the EU market again.

Your request not only asks the Commission to violate fundamental WTO rules that ensure fair international trade. You de facto also request that the Commission significantly increase the carbon footprint of solar energy in the EU.

Already in 2014, a study by the Swiss Federal Office of Energy (SFOE) found that: *"The shift of large parts of the supply chain from Europe and the Americas to China leads to substantially increased environmental impacts per kWh of electricity produced with silicon crystalline photovoltaic panels. This increase overcompensates for the technological improvements achieved in the last years."* [i]

The American Argonne National Laboratory comes to similar alarming results: "*Furthermore, the greenhouse gas (GHG) emissions embedded in Si-PV modules corresponding to the overseas manufacturing scenario were twice as much as those associated with the domestic scenario. This finding suggests that though lower cost of Si-PV modules could be achieved in the overseas manufacturing scenario, the contribution to the risk of global warming is actually doubled.*" [ii]

The production of PV silicon, wafers, cells and modules is energy-intensive. Due to EU production standards and environmental requirements on the one hand and the higher energy costs on the other hand, the EU PV industry has however systematically reduced its energy consumption as compared to Chinese producers. Also, the energy mix is significantly less carbon-intensive in the EU than in China. Emissions from ocean transport are not even considered in this comparison.

While certain Chinese producers have improved their energy efficiencies, the basic problem of highly polluting production in China remains. Even worse, the termination of the anti-dumping and anti-subsidy measures would in particular benefit the least energy efficient Chinese PV producers, which could compensate for quality and environmental deficiencies by offering their PV cells and modules at dumping prices. In this sense, economic dumping would also lead to environmental dumping.

Recently, Mr Roland Hipp, the newly elected chairman of Greenpeace Germany rightly demanded that globalization must be ecologically sustainable: *"Fair global trade requires honest prices. However, many prices on global markets do not reflect the [true costs]. All the 'Made in China' products in our houses, all*

the 'Made in Bangladesh' clothes in our wardrobes are only so cheap because the true price is paid by someone else. (...) When products are transported over thousands of kilometres, the environmental impact of this effort must be reflected in the price as well as the disregard of social and ecological standards in the supply chain." [iii]

We fully agree with this statement. However, instead of pursuing the underlying philosophy, your letter asks to exploit cheap Chinese PV modules that can only be sold at dumped prices because they are heavily subsidized and disregard environmental standards. You might therefore as well demand the elimination of environmental and social standards altogether, as it is not possible for the EU industry to comply with them when your competition undercuts you with dumping prices.

Over the past decades, the EU PV industry has worked with research institutes and machinery and equipment developers to improve the environmental efficiencies of the production process and the final product and to develop resource-conserving input materials. Some of the improvements invented by the EU industry have also been introduced in China, but this would not have happened without the EU industry being the frontrunner.

Currently, the EU PV industry is promoting the introduction of an EU Ecolabel for PV modules and the inclusion of PV modules under the Eco-design Directive. Interestingly, Solar Power Europe, an EU association that also represents Chinese PV cells and modules producers and importers, has to date not committed itself to this initiative.

If, as you suggest, the current trade defence measures were terminated, the EU PV industry would no longer be able to foster the sustainable development of solar energy. It is not possible to compete long-term with dumped imports of PV cells and modules, i.e. products sold under production costs.

Also, contrary to your assumption, allowing dumped and subsidized PV cells and modules from China to enter the EU market without protection would not stimulate the expansion of solar energy in the EU. The world's fastest growing free market is the US, which has had effective anti-dumping and anti-subsidy measures in place for over four years. The boom of the US domestic PV sector started after the imposition of the trade defence measures and has continued up to today.

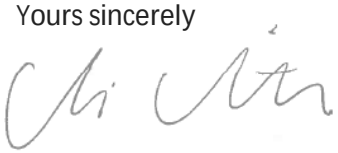
The collapse of the EU solar market occurred at the time of the highest dumping – before the introduction of anti-dumping measures – when almost all Member States drove back their supports for PV installations (partially even retroactively). This situation has remained unchanged up until to date. In addition, Member State governments have introduced ceilings for solar installations by implementing public tenders. Due to increasing dumping by Chinese producers, prices have fallen worldwide by up to 20% since this summer. However, this has not led to an increase in new installations in the EU but only to losses among the EU PV cells and modules producers.

Significantly more effective than calling for the termination of the anti-dumping and anti-subsidy measures would be to take a clear stand against the constraints currently imposed on the EU PV industry by some Member States.

Even factoring in the anti-dumping and anti-subsidy duties, solar energy is so cheap today that it could provide costs-efficient energy anywhere in the EU (if it were not for the restraints by the Member States). Indeed, solar energy could and should be one of the most important pillars for the EU in achieving the Paris targets.

We would appreciate your organizations' support in this regard.

Yours sincerely



Milan Nitzschke
President EU ProSun – The Sustainable Solar Energy Initiative for Europe

About EU ProSun

EU ProSun is a joint initiative of EU solar businesses. The initiative that was founded in 2012 is supported by 30 manufacturing companies to which more than a thousand installers are connected. The mission of EU ProSun is to promote sustainable energy production using solar technology. EU ProSun members are committed to the highest environmental and labour standards, as well as to the further development of world-leading solar technologies. Supporters of EU ProSun stand for healthy competition in which companies do not gain an unfair advantage over others. We believe that only undistorted trade and fair competition further innovation, efficiency and lowers prices sustainably over the long term. Over 150 European installation companies recently stated their support to extend the anti-dumping measures on imports of Chinese PV cells and modules.

More information at: www.prosun.org Email: info@prosun.org

[i] René Itten, Rolf Frischknecht: LCI of the global crystalline photovoltaics supply chain and Chinese multi crystalline supply chain, commissioned by Swiss Federal Office of Energy (SFOE), February 2014, Uster, p.65, http://treeze.ch/fileadmin/user_upload/downloads/Publications/Case_Studies/Energy/Itten-Frischknecht_2014_GlobalSupplyChain_IEA-PVPS_v1.0.pdf

[ii] Dajun Yue, Fengqi You, Seth B. Darling (Northwestern University, Argonne National Laboratory, University of Chicago): Domestic and overseas manufacturing scenarios of silicon-based photovoltaics: Life cycle energy and environmental comparative analysis, in: Solar Energy 105 (2014) 669–678, 2014.

[iii] Roland Hipp, in: Handelsblatt, 20. Sept. 2016: Welthandel - Die Lügen in unseren Preisen.