

EU ProSun: Chinese dumping is seriously injuring the European solar industry and European suppliers, and endangers future solar installations in Europe

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A world-leading key technology industry of the EU is at risk.

The European solar industry is the global technological leader. All significant technologies applied internationally in the field of solar energy have been developed in recent years in Europe. The technological advantage of the most important production facilities in Europe is more than a year in advance of competitors from other regions.

Europe has the strongest industrial and research clusters in the field of solar energy, and thousands of young Europeans are preparing at European universities for a future career in the solar industry. The share of labour costs in the European production of solar modules is only 10 percent thanks to the world's highest levels of automation. Compared to low-wage locations, Europe thus has a clear advantage in production processes and quality assurance. Europe works by the highest social, environmental and quality standards, which are not met in China in particular. The production capacity of the European solar industry is around 10 GW, equivalent to 70 to 100 percent of the forecasted European solar market volume this year. However, this key technology risks disappearing from Europe if the state-funded Chinese solar manufacturers are allowed to continue selling their products in the EU massively under their production costs.

Measures are essential to re-establish a level playing field in Europe and allow the solar industry there, with its jobs, research, investments, and suppliers, to remain and grow

To keep the solar industry in Europe, the European Union merely needs to apply the existing laws and take action against dumping. If this is not done, however, 30,000 jobs in the solar industry will be lost, followed by the whole research landscape, which in Europe is closely linked to the industry, and a significant part of the supplier industry. Therefore dumping threatens the whole future of the solar energy in the European Union. European suppliers would lose all non-Chinese customers to the extent the EU market is by far still the world's largest. In the meantime, in accordance with the current Five-year Plan, China will continue to expand its capacity for materials and machines in order to become independent from Western imports. For solar installers and their customers, it would mean that only Chinese suppliers remain on the market. With no competition left in the solar market, prices would increase, quality would decrease and public acceptance would diminish as well.

In effect, the economic and labor market impact would be devastating not only for the entire EU solar industry with its 260,000 jobs in Europe, but also for the achievement of the EU's climate goals.

It's a fact: measures against dumping lead to an increase (not decrease) in solar jobs.

The US imposed anti-dumping tariffs of about 30% to 250% in 2012, and thereby stopped the ruinous race to the bottom. However, prices of solar products have continued to fall with the re-establishment of fair competition. Only the prices of dumped Chinese products have increased, by about 10% to 15%, while imports of those products have decreased by around 70%. Most notably, none of the adverse effects predicted by Chinese manufacturers and their U.S. installers occurred. Today the U.S. solar market is growing with more jobs across the sector. The same will happen in the EU if action is taken against illegal dumping.

Measures are essential to build a foundation for the sustainable growth of the EU solar market : Chinese dumping has not only allowed the seizure of a dominant market share, but has led to the sharp shrinkage of the EU solar market since 2011

The size of the EU solar market is primarily determined by the level of government support schemes, such as feed-in tariffs. However, to the extent massive dumping of Chinese modules has led to an unsustainable surge in installations well beyond the targets of those support schemes, governments have cut back sharply on support, which in turn has forced downward the volume of new installations and accelerated bankruptcies in the EU solar industry. If Chinese dumping were allowed to continue, and installations continue to exceed national targets, the support that remains will be lost, especially to the extent European producers are wiped out by the dumping and all equipment comes from China. Indeed, Chinese producers, with a subsidised production overcapacity more than 12 times domestic demand, have used this dumping to seize already an EU market share of more than 80% today, up from practically nothing less than ten years ago.



Chinese solar manufacturers are backing a European front group of installers who use their products called AFASE. This group makes ridiculously false claims, for instance that anti-dumping duties will lead to a loss of 242,000 jobs when according to the European Solar Industry Association (EPIA) there are currently a total of 265,000 solar jobs in Europe.

X False: EU solar manufacturers are not cost competitive with China

✓ **True: EU production costs are lower than in China. The only reason Chinese prices are lower is because of illegal state subsidies, and massive dumping as proven by the EU and US investigations.**

X False: Most EU manufacturers have small inefficient production capacity below 100 MW.

✓ **True: The most efficient production lines are between 80 and 150 MW, wherever they are located. Moreover, Chinese production lines are only employed at 30% to 50% of their potential due to massive overcapacity, eliminating economies of scale.**

X False: Currently, the EU added value of a PV installation is 70%.

✓ **True: Solar modules represent about 40% of the total value of a solar installation. China is now focused on seizing the remaining 60% through the government-fostered development of domestic production of inverters, racks and cables according to its Five-Year Plan to expand across the entire solar sector.**

X False: A significant number of jobs, especially in the EU upstream and downstream sectors are at risk

✓ **True: European jobs in installation and among suppliers will not be jeopardized by anti-dumping measures; rather they are already in danger due to Chinese dumping and government policy. Only anti-dumping measures can prevent the creation of a Chinese monopoly, which would lead to higher prices and lower product quality. China's Five-year Plan states that the majority of machinery and materials for Chinese modules should come from China in the future, and lays out a framework for further government subsidies and support to dominate the sector.**

X False: Antidumping duties increase prices and lead to a decline in demand.

✓ **True: After the imposition of antidumping duties installers have to replace dumped Chinese modules by European products, as well as imports from other countries including South Korea, Japan and Taiwan. The price for a pv system including European modules is today at a level system prices with Chinese input had only four months ago. Therefore even with dumping measures, the most negative analysts predict the reduction of demand in the EU market by only one to two Gigawatts, a much smaller reduction than the six Gigawatts the EU market lost in one year alone because of a dramatic**

decrease of public and political support after China started to flood the market with dumped modules.

X False: Solar panels are commodities unlike hi-tech products like mobile phones.

✓ **True: Unlike mobile phones which only last several years, solar panels must continue to generate electricity over 20 years in sometimes extreme weather conditions. Europe leads the world in new innovations, subsequently copied in China, and in quality assurance which ensures the long life and high performance of European systems.**

X False: The benefits of duties to EU manufacturers are out of proportion to the damage which the EU will suffer as a whole.

✓ **True: Dumping of subsidised product is the fundamental poison in the EU solar market, and can only be corrected by duties in the EU leading to policy changes and commercial practice in China. Ultimately the interests of all stakeholders will be served in this way - even the majority of European installers want duties, according to recent surveys, to ensure competition, diversity and continued innovation among suppliers.**