

# Driving growth by working together: why Europe's PV industry should encourage Chinese collaboration

Since 2011, Europe's photovoltaic industry has been in the midst of a crisis. Companies across the solar value chain are struggling, forcing layoffs and lowering growth projections over the coming years. By promoting tariffs and policies that aim to encourage the development of Europe's PV industry by eliminating competition from Asia, the EU has subtly undermined the momentum and success of its own industry. Sebastien Prioux, Project Development Director at Upsolar, discusses the negative impact that Europe's hostility to Asian PV companies has had on its domestic solar industry.



Sebastien Prioux

**PES: Can you describe what is happening with the EU's solar industry today?**

**Sebastien Prioux:** Globally, the PV sector continues to register positive growth – installation volumes are steadily increasing year on year, new markets are emerging and the industry continues to mature from a technology standpoint. However, like any industry, we have not been immune to the international economic crisis. Since 2011, Europe's PV industry has shed thousands of jobs, a sign of growing pains and internal turbulence.

**PES: What is the main challenge preventing the industry from rebounding from the economic crisis?**

**SP:** The financial pressures Europe faces have been compounded by reluctance to consider foreign investment, especially from China. Today, Europe is not only considering imposing stringent tariffs on modules manufactured in China – a measure that would drive up prices for everyone – it is also proving itself to be highly resistant to accepting Chinese investment in European projects.

Foreign investment is critical to creating the liquidity required to bring projects online and continue to advance the industry. The unintended but very real consequence of adopting an isolationist mindset is that some European countries are losing a major opportunity to nurture the growth of a fruitful industry.

While we agree that some Asian solar giants have benefitted from hefty subsidies from the Chinese government, it is important to note that not all China-based companies can be painted with the same brush.

Ultimately, imposing unilateral penalties for the wrongdoings of a few is counterproductive to the long-term growth of the solar industry. A study from the Alliance for Affordable Solar Energy (AFASE) predicts that these potential tariffs will cost the EU between 115,600 and 242,000 jobs – employment opportunities the region simply cannot afford to lose. These numbers are staggering, and they are just one indication of the extent to which solar tariffs would negatively impact Europeans up and down the industry.

**PES: In your view, what would a successful PV industry in Europe look like?**

**SP:** A successful industry is one that is on track to reach two critical goals: 1) achieving grid parity throughout the continent, in order to support a cost-efficient transition from fossil fuels and nuclear energy to clean energy, and 2) providing populations in remote and poor areas access to all the benefits of clean solar energy. Unless Europe throws all of its support behind solar—regardless of its country of origin—we will not be able to reach those targets.

**PES: What obstacles has Upsolar encountered firsthand while doing business in Europe?**

**SP:** First and foremost, we must underscore that smaller, privately owned companies based in China, such as Upsolar, do not receive the level of government subsidies that are causing contention in Europe. There are a host of companies in the region that remain in full compliance with all international trade regulations and place importance on fair competition in the



Upsolar Project Development team, EPC team member and financial representatives visit “Mediacom,” an 84 kWp project installed on an energy-positive building in Saint-Denis, France

1.5 MWp system in Kozani, Greece, Upsolar’s first project developed in the region

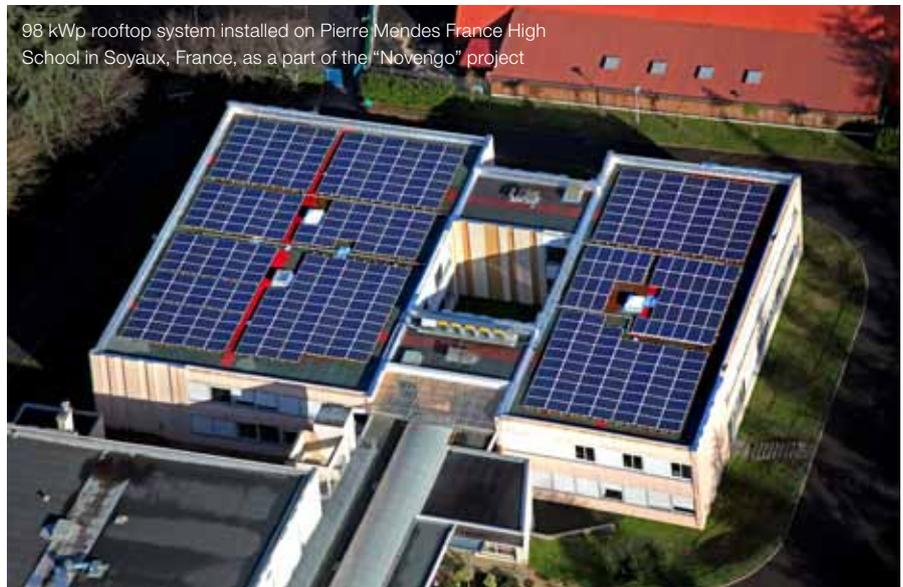


marketplace. Nonetheless, we’re facing the same punitive tariffs as much larger enterprises that do in fact benefit from significant government support.

We have experienced some difficulty in obtaining financing for our projects from European banks, due to hesitation about Chinese funds. In 2012, some of our project portfolios were put on hold because of issues with our refinancing bank and claims that the investments were “too risky” simply because the equity would be coming from China.

These are projects that would employ local workers and provide clean solar energy to homes, businesses and utilities throughout Europe – opportunities left on the table in the name of blind protectionism. A prime example comes from France, which ironically has a history of being a haven for foreign investment due to its political stability and competitive workforce. Today, though, Chinese companies face extraordinary challenges with investing in French projects.

Although we do manage a headquarters in China, Upsolar is more accurately described as a global company. Our team is composed of more than 150 employees in offices around the world, each with backgrounds as diverse as the customers we serve. We value our developing our presence in a host of regions, which we believe enables us to better understand the complexities of each market and the varying needs of our customers.



98 kWp rooftop system installed on Pierre Mendes France High School in Soyaux, France, as a part of the “Novengo” project

From a global perspective, PV companies should be focused on facilitating access to renewable energy for all, but we seem to be spinning our wheels fighting each other instead of driving global change.

**PES: How can foreign companies give Europe’s solar industry a boost?**

**SP:** Although China is primarily viewed as a manufacturing powerhouse, in reality many Chinese companies are offering opportunities that expand well beyond competitively priced technologies. As the industry matures, companies like Upsolar

are quickly diversifying their service offerings to include project development and investment services. Our expertise enables us to bring projects to completion that would have otherwise gone undeveloped, and we value opportunities to hire local teams to design, build and construct these systems.

The overall point to keep in mind is that the solar industry is not a zero-sum game; while Chinese companies do benefit from a solid return on foreign investments, European nations get a boost toward



86 kWp rooftop system installed at Norbert Casteret High School in Ruelle sur Touvre, France, as part of the “Novengo” project

988 kWp ground-mounted system in San Lazzaro di Savena, Italy, covering 30,000 square meters of otherwise unused land—a part of the “EVI3” project



reaching their renewable energy capacity goals and an opportunity to create downstream jobs. When done properly, international collaboration can offer lucrative win-win scenarios.

A comparison with the mobile phone industry provides an instructive analogy. Although most phones in Europe are imported from companies that manufacture in China, European mobile companies aren't advocating for protectionism.

On the contrary, they recognise the immense business opportunities that come with having access to affordable mobile technology—prepaid plans, network communications, compelling margins for resellers, and accessories, to name a few. In the same way, the solar industry must look beyond the nationality of our modules in order to support healthy growth, and focus on the significant opportunities that provide affordable technologies.

**PES: What has Upsolar done to promote local business in Europe?**

**SP:** Upsolar's projects throughout Europe have expanded the region's renewable energy portfolio while generating much-needed jobs. For example, through a joint venture called Novengo, Upsolar and French EPC firm Solstyce developed 10 rooftop installations for schools and businesses in France. The projects provided full-time employment for more than a dozen local workers, including electricians, roofers, installers, architects and engineers.

Upsolar is also committed to reinvesting locally. As a result of our global successes, we have made a conscious effort to reinvest our financial capital in the EU, with eight percent directed toward our branches

*“The EU has the opportunity to turn its industry around by looking to foreign companies as partners, rather than foes, in a shared mission to advance the adoption of renewable energy”*

in France, Germany and Italy in recent years. We are also committed to investing in project development by forming partnerships with downstream providers and component suppliers.

In those parts of Europe more receptive to foreign capital—namely Italy, Greece and Romania – we've completed nearly 7.5 MW in new projects over recent months. These projects have raised approximately €10M in equity and were conducted with providers and local subcontractors, representing a full-time equivalent of approximately 70 jobs per year. We are proud of this success and look forward to similar collaborations across Europe.

**PES: What are the potential consequences of isolationism in the solar industry?**

**SP:** Sadly, aversion to foreign capital in the EU can result in wide-reaching and potentially damning consequences. In France, Upsolar has been forced to put an end to multiple projects, in some instances where the development had previously received the go-ahead. Many Chinese players have a strong investment portfolio for PV, and it will be allotted one way or another. By issuing a blanket refusal on funding from Chinese companies, regions

are hampering the development of the PV sector, and the economy as a whole.

**PES: What lessons can the EU learn from this situation?**

**SP:** Europe's geographical diversity, the preservation of its cultural and historical heritage and its spirit of innovation have helped the region prevail for centuries. Moving forward, the continent stands to benefit from the increasing globalisation of the economy, and the PV industry in particular.

The solar industry has a lot to gain from working with Chinese companies and investors. Unfortunately, instead of focusing on innovating, inventing new technologies, and using global capital to better develop its renewable energy industry, some areas in the EU have fed unfair prejudices against Chinese companies to the detriment of an already weakened PV industry. The EU has the opportunity to turn its industry around by looking to foreign companies as partners, rather than foes, in a shared mission to advance the adoption of renewable energy. ■

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