



SolarPower Europe Input paper on the European Union's new strategy on international energy engagement

Brussels, 30 July 2021

SolarPower Europe welcomes the ambition to show leadership and set an example in global climate action, as outlined in the Council conclusions on "Climate and Energy Diplomacy - Delivering on the external dimension of the European Green Deal" (25 January 2021). The untapped potential for solar generation in emerging markets is huge. According to SolarPower Europe's Global Market Outlook for Solar Power, emerging markets (excluding China) will add around 300 GW of solar between 2021 and 2025 following business as usual. With robust policies in place and successful international cooperation however, over 100 GW more solar could be added in the same period, an impressive 400 GW. This is a massive economic opportunity for both partner countries and European businesses that European policymakers can help to achieve. We call on the European Commission to propose ambitious policies and initiatives to help emerging markets to unlock this 400 GW solar opportunity, as part of the EU's new strategy on international energy strategy.

- The EU's **Renewable Energy Partnerships and dialogues** with key countries and regions should be strengthened and further institutionalised as platforms to boost sustainable energy investments and be embedded in economic, energy and climate diplomacy. EU Delegations should play a key role in the implementation of the Energy Partnerships. The EU-Africa Energy Partnership should be considered a good practice: Energy Partnerships should have permanent secretariats to implement cooperation programmes and promote the joint definition of standards and dissemination of best practices. The European renewable energy industry (via associations) and European development finance institutions (DFIs) should be structurally involved in the energy partnerships and political dialogues via annual meetings and specific working groups, to support the EU in creating a compelling case for renewables in key partner countries and regions.
- The **establishment of sound renewable energy industry associations** in partner countries and regions should be supported with a dedicated programme. Associations are key for the industry to have a constructive and transparent role in shaping the regulatory environment for renewables. GET.invest's association support is a good practice, however we call for a facility with a more flexible geographical coverage that could be used to provide support to national associations in key partner countries beyond sub-Saharan Africa such as Brazil, India, Jordan and Mexico and regional associations in the MENA, Latin America and African regions. Furthermore, the European Commission should explore the potential of an **EU-level instrument similar to Germany's EZ-Scout instrument**, a network of experts seconded to chambers and associations advising members on available support instruments.
- While we welcome the ambitious Global Europe-NDICI instrument, we emphasise the importance of **de-risking direct investment in emerging markets** and thereby lowering cost of capital or eliminating prohibitive high costs to invest. We encourage the European Commission to explore and make available viable alternatives when state guarantees are not possible, as guarantee requirements are a major hurdle in project financing. Where state guarantees are not an option (such as in least developed countries), European DFIs such as the European Investment Bank (EIB) should be enabled and encouraged to provide the necessary guarantees. The European Guarantee for Renewable Energy (EGRE) scheme should be streamlined and optimised, focusing on improving the creditworthiness of off-takers and ensuring additional risk coverage in comparison to the offering available on the market. The guarantee proposition should be systematically complemented by grants and loans for project preparation and technical assistance. In addition to the instruments of international development cooperation, criteria applied by export credit agencies (ECA) for solar PV should also be streamlined so that ECAs can be used as an effective de-risking tool. The potential to **integrate the single market concept in export credit agencies' national content requirements should be explored**, transitioning from the current practice where national content is assessed on a national basis by each national ECA.
- We call on the Commission to use **international trade as a tool to promote the objectives of the Green Deal** and a green recovery from the COVID-19 crisis globally by addressing trade and investment distortions affecting renewable energy investments in third countries linked to public procurement, grid access, local



content requirements, discriminatory tariffs and market rules, lack of an independent regulatory authority etc. For example, in terms of procurement, **reciprocal access for European companies** to markets outside of Europe could be ensured via the proposed International Procurement Instrument.

→ **Maintaining an open trade policy** will contribute to an accelerated global climate and energy transition by facilitating the access of countries to goods and services that are necessary to their transition to an optimised low cost. On the contrary, protectionist measures such as import tariffs or non-trade barriers are detrimental to the competitiveness of environmental technologies and therefore hamper the global climate and energy transition. Maintaining an open trade policy would also benefit the European solar PV industry, both in the upstream and the downstream sectors. **SolarPower Europe therefore welcomes the reopening of a new Trade and Climate initiative within the WTO**, following the failure of negotiations on the Environmental Goods Agreements (EGA). The initiative should aim at removing all trade and non-trade barriers to the trade of environmental goods and services, and should cover the solar PV value chain but remain focused on key climate-related goods, such as energy generation related goods and services. The EU should aim at a fast approval of the initiative around a core list of like-minded countries. Yet, it should also consider developing a specific approach facilitate the access of developing countries to this initiative.