

2 Photovoltaic energy in Europe, a turbulent history	5 Challenges are constraining photovoltaic development in the short term	8 Brighter medium-term prospects	13 Conclusion
--	--	--	-------------------------

October 2015

PANORAMA

A brighter picture for European photovoltaic energy?

COFACE ECONOMIC PUBLICATIONS

By Coface Group Economists



European photovoltaic (PV) energy developed rapidly starting in 2010, thanks to national and European subsidies promoting its establishment in the energy landscape. But the increase in production capacity rapidly pushed down prices in a context of increased competition from China and a downturn in European business conditions. The end of the subsidies, starting in 2011 also helped generate financial losses for companies in the sector. Employment associated with solar development has also decreased significantly.

Today, European activity in this area is slowly regaining its 2008 level, while electricity generation capacities have increased during this time. Therefore, the profitability of the traditional players in the sector has remained penalised. While Europe was ahead in the race to a green economy, both through its commitments and through existing equipment, the rest of the world is now rapidly narrowing the gap.

But the slow-down in PV development in Europe seems temporary. While the transition to electricity generation that

is more respectful of the environment cannot be made overnight, as it requires significant investment, COP21 (the climate summit to be held in Paris in December 2015) is a good occasion to accelerate the process. Diversification of the energy mix, and therefore including renewable energy, will hold a priority place at the summit. In the longer term, worldwide development of PV and storage technologies will rapidly make this type of energy profitable even without subsidies. Thus, energy independence within five years in Europe is not unattainable.