# Turn the Tide

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The offshore wind (OW) industry faces a lot of problems at the moment. This poses a threat to the climate goals of European countries which aim to achieve climate neutrality by 2050. However, there is a light at the end of the tunnel and thanks to international cooperation, the OW industry can still achieve the ambitious goals of European countries relying, in majority, on internal resources.

## A Look into the Past

At the end of 2019, OW capacity reached 22 GW worldwide and was a rapidly developing energy sector. However, COVID-19 caused major supply chain disruptions, the most prominent examples being the closure of the

Siemens Gamesa plant and major restrictions imposed on China's copper plants. A symbolic moment took place in the year 2021 when the UK lost its 1st place in total OW capacity to China. Afterwards, the majority of European countries imposed sanctions, due to the invasion of Ukraine, by Russia, whose retaliation caused a surge in gas and electricity prices. In June this year, the CEO of RWE, the world's second-largest producer of OW energy, warned that the costs of developing OW have risen 20-40 per cent since February 2022, adding he did not expect costs to fall anytime soon.

As if all that weren't enough, the geopolitical situation around OW changed unfavourably for Europe as well. Firstly, the U.S. Inflation Reduction Act (IRA) aims to address the OW industry issues with significant tax exemptions for projects using domestic workforce and technology, potentially drawing away OW investments from the EU and, secondly, a wake-up call for the governments sent last month, when UK Contracts for Difference auction failed to attract bids for this technology.

## Gloomy Reality, Bright Future?

However, recent announcements and investments bring a significant ray of hope. In September, the President of the European Commission, Ursula von der Leyen, announced a new 'Wind Power Package' to be introduced in 2024. More details are to come on October 24th, according to European diplomats.

Moreover, according to the acting Competition Commissioner, Didier Reynders, the EU is considering taking anti-dumping proceedings in regard to Chinese state aid to the wind industry. This might result in increased tariffs on imports of Chinese OW-linked components to the European Union and has broader implications for the global OW market.

The recent news brings a lot of positive information from the production and building areas as well. Lately, Orlen decided to invest in a 1.2 GW OW farm, expected to be the first one on the Polish Baltic Sea. Moreover, the UK recently connected the first part of a 3.6 GW Dogger Bank OW farm, supplying the country with 18 TWh of electricity. On the production front, leading wind turbine manufacturer Vestas announced plans to establish a new factory in Szczecin, Poland, which will assemble components for the company's flagship 15 MW offshore wind turbine. These are great news for the start, but a lot more is needed to keep this promising momentum going.

## OW Sector – Made in Europe

The times are without a doubt interesting for the OW industry, but the future looks better than the current reality. According to the GWEC, Europe will become the largest OW market by 2030. Moreover, the floating offshore wind industry is getting a lot more attention, enabling countries with deep waters such as Portugal or Scotland to upbuild their offshore capacity. Furthermore, according to the Polaris Market Research report, the global

OW energy market is expected to generate revenue of 89.76 billion USD by 2030 and employ over 100,000 people in the UK alone.

There is a lot of money, a substantial number of jobs and strengthening cross-European cooperation to fight for in the OW space. The market seems very volatile, but politicians should go hand-in-hand with the industry to support European OW projects and supply chains, providing substantial economic and social value to citizens on the continent. This could be done by fostering innovation, creating adjustment mechanisms to support sustainable value chains and proposing economic incentives so that the entire industry could catch the wind in the sails.

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