Prognos study shows: Fast political action must avert loss of substance in the wind industry

- Continued weak gross expansion of onshore wind turbines would further drastically reduce value creation and employment in the wind industry in Germany
- More than a quarter of industrial jobs threatened by the decline of the domestic market alone
- In order to speed up the approval procedure, the Federal Government and the Länder must immediately implement the BMWi task list and give priority to the provision of land

Frankfurt / Berlin, 25 October 2019 – VDMA Power Systems today published a study by Prognos AG that analyses the direct effects of various national onshore wind energy expansion scenarios on employment, domestic sales, gross value added and tax revenues in Germany up to 2030.

"Headwind" scenario – 27 percent of jobs endangered
Accordingly, in a scenario with ongoing approval problems and only one gigawatt (GW) of annual gross expansion on the German market by 2030, 27 percent of jobs would be lost. Similarly, the decline in domestic business alone would reduce annual gross value added in Germany by EUR 700 million (2017: EUR 6.7 billion) and annual domestic sales by EUR 8 billion (2017: EUR 26 billion). The wage and sales tax would be 400 million euros less per year than in 2017 (1.5 billion euros). Expansion figures of this magnitude would have massive effects on the competitiveness of the German locations, which, according to VDMA estimates, would lead to a drastic loss of export business and further job cuts.

Study looks at core areas of employment
The study is based on 64,200 employees in 2018. In contrast to the study for the Federal Ministry of Economics (BMWi), for example, it only considers employment in the core areas of onshore wind energy - project planning, research, production, assembly, operation and maintenance. From the other observations it can be seen that further indirect or induced effects on employment once again represent the same volume. Based on input/output analyses by the German Institute for Economic Research, the Gesellschaft für
Wirtschaftliche Strukturforschung (GWS), for example, estimates more than 120,000 employees in the onshore wind energy sector in 2017.

**Scenario "Political target path" - number of employees declines by 4 percent**
The reference scenario "Political target path" reflects the volumes defined in the EEG 2017 and the special tenders from the coalition agreement. These are expansion figures that are currently far from being achieved due to a backlog of approvals and insufficient expansion of the targeted 73 GW. The target of 65 percent electricity from renewable energies in 2030 will also be missed by a wide margin. In this scenario, the number of employees will fall by around 4 percent by 2030 compared to today.

**Scenario "Coal phase-out and 65 percent renewables" - 10 percent more employees**
The scenario "coal phase-out and 65 percent renewable energies", which is necessary to achieve the energy and climate targets, looks more positive. The assumed gross expansion increases on average to 4.7 GW per year and results in a 10 percent increase in direct employees by 2030 compared to 2018. Here, too, the VDMA expects additional opportunities through greater competitiveness in exports.

**Market volume in domestic market needs reliable political framework**
"The results of the study show that the stagnation in the current expansion valley with its dramatic economic effects on employment and value creation must urgently be overcome. The long-term preservation of the technology and innovation leadership of the wind industry in Germany requires market volume in the domestic market. To achieve this, industry needs a reliable political framework. The project pipelines are not empty, but their implementation requires the speedy overcoming of approval obstacles", commented Dr. Wolfgang Dierker, CEO of GE Deutschland Holding, which supported the study.

**Stabilizing investments in the domestic market**
"The present study only calculates the impact of domestic market developments in the core areas - but the reality is even more serious! If the location is unattractive, business shifts to attractive markets, including production for export", said Matthias Zelingcr, Managing Director of VDMA Power Systems. According to a recent survey by the trade association, 57 percent of companies have significantly changed their planning in the direction of the currently booming foreign markets. 30 percent are holding back investments or are not planning any new projects, and 43 percent are planning a decline in the number of employees in Germany.

**Demands from the wind industry on the table**
The industry's demand is clear: "Faster legally secure permits, additional land designation for wind energy projects and the adaptation of the expansion path to achieve the 65 percent target! The BMWi has submitted a list of tasks - with the exception of the less than intelligent flat-rate distance regulation, it is very appropriate and must now be implemented quickly and bindingly together with the entire government and the federal states. In addition, the inadequate expansion target in the climate protection package of the Federal Government must be corrected, otherwise the next missed target is already pre-
programmed”, emphasized Matthias Zelinger. “The assumption that, depending on the mood and election dates, an industry can simply be switched off and, above all, switched on again must be out of our minds!”

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About VDMA Power Systems
VDMA Power Systems is an association of the Mechanical Engineering Industry Association (VDMA). It represents the interests of manufacturers of wind energy and hydroelectric plants, fuel cells, gas/steam turbines and systems and engine systems in Germany and abroad. For all of these manufacturers, VDMA Power Systems serves as an information and communication platform for all topics within the industry, such as energy policy, legislation, market analyses, trade fairs, standardization, and press and public relations.

About VDMA
VDMA represents more than 3,200 mostly medium-sized companies in the mechanical and plant engineering sector. With over 1.3 million employees and a turnover of around 232 billion Euros (2018), the industry is the largest industrial employer in Germany and one of the leading German industrial sectors.