

## Chinese government comes to the rescue of its domestic PV manufacturers

China's photovoltaic (PV) manufacturing base saw a major setback in the first and second quarters of 2012, with a severe slump in exports sparking the government to step in and further raise its PV installation target to 50GW according to the latest [quarterly report](#) [1] on China's PV market from [IMS Research](#) [2] (recently acquired by IHS Inc. (NYSE: IHS)). Tough competition in the global market place, vast oversupply and falling prices has put Chinese manufacturers' balance sheets under huge pressure and China's government has responded by more than doubling its long-term installation target from 20 to 50 GW by 2020.

### Chinese utilization levels sink

Chinese PV suppliers have continued to suffer along with the entire global supplier base amid highly competitive market conditions. Challenging conditions in the first half of 2012 and a bleak outlook in many major markets following incentive revisions and an on-going trade war in the U.S. and Europe have resulted in production stalling. Although a small number of manufacturers have been able to maintain reasonable utilization levels, a large number of polysilicon fabs remain closed, meaning that average polysilicon production utilization in China fell below 50 percent in the second quarter of 2012. Cell production also fell, largely impacted by the USA's recent decision to impose import tariffs on cells manufactured in China leading to many suppliers increasing the amount of cells they source from Taiwan and other locations outside mainland China. Prices also continued to fall during the quarter, with module prices falling by a further 7 percent, bringing further bad news for China's suppliers whose profit margins are already under huge pressure.

### Domestic policy to rescue Chinese suppliers?

"In an effort to restore confidence amongst its substantial PV supplier base and help meet its phenomenal energy requirements, China has more than doubled its PV installation target to 50 GW by 2020," commented Frank Xie, senior market analyst at IMS Research. "This highly aggressive target could be achieved given the rate of deployment that China has already managed to achieve in the relatively short amount of time since its national FiT was launched, and provides a clear message that China will strongly support its PV industry in the future."

### Turnkey MW inverters to capture share

According to IMS Research's latest [report](#) [1], the huge potential of the Chinese PV market is attracting the attention of more than just the domestic supplier base and resulting in a diversifying range of products being sold into the market. "Large MW-scale turn-key inverter solutions are forecast to increase their share of the Chinese PV market in 2012 driven by their highly competitive upfront cost, and ease of installation and maintenance," added Xie. Inverter solutions larger than 1 MW are forecast to double their share of the market over the next 2 years. IMS Research also forecasts that China will follow a similar trend seen in the European PV inverter

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market and begin to employ an increasing amount of small three-phase inverters in its fast growing rooftop installation.

IMS Research forecasts that PV installations in China will be a key driver in the growth of the global PV market. Installations are forecast to grow quickly in the second half of 2012 with over 10 GW installed over the next two years.

[www.imsresearch.com](http://www.imsresearch.com) [3]

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### **Links:**

[1] [http://www.pvmarketresearch.com/report/China\\_PV\\_Market\\_Supply\\_Demand\\_Quarterly](http://www.pvmarketresearch.com/report/China_PV_Market_Supply_Demand_Quarterly)

[2] <http://www.pvmarketresearch.com>

[3] <http://www.imsresearch.com>