

## **Chinese solar manufacturers to focus on cost reductions as overcapacity rises**

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A new survey report from Global Sources, the China-based PV manufacturers, reveals that the company is attempting to reduce production costs to enable lower pricing due to stiff competition and high, double-digit overcapacity.

"Manufacturers are generally optimistic, with 97 percent expecting exports to increase over the next 12 months," said Spenser Au, report publisher, Global Sources. "However, with excess capacity in the high double-digits, a larger number of suppliers are reducing prices to gain orders."

The survey noted that 88 percent of China-based suppliers plan to decrease or keep prices stable, while only 12 percent plan to increase prices in the coming months.

"With the polysilicon shortage expected to continue until 2009, most manufacturers are implementing measures to streamline production," added Au. "These include expanding to gain economies of scale, backward integration and R&D to produce thinner solar cells that require less polysilicon."

The survey also noted that 28 percent of the PV manufacturers are looking for ways to reduce waste, with 27 percent increasing automation integration and 25 percent planning upgrades to their management systems in efforts to be more efficient.

A major concern amongst suppliers for the next 12 months was price competition (60 percent) and raw material costs (25 percent).

**Source PV Tech**

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