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# China solar wafer supplier LDK urged to cut prices

*Nuying Huang, Taipei; Adam Hwang, DIGITIMES [Thursday 4 December 2008]*

Gintech Energy, a Taiwan-based maker of crystalline silicon solar cells, has asked LDK Solar, a China-based producer of solar-grade crystalline silicon wafers, to lower its product prices to facilitate the existing cooperation between LDK and Taiwan's solar cell makers, according to industry sources.

Gintech president and COO Ellick Liao made the request to LDK president and COO Xingxue Tong at Tong's visit to Gintech on December 3, the sources indicated. As Taiwan-based makers of solar cells account for about 50% of LDK's total wafer shipments, LDK's price reduction is important to maintain the existing supply chain between LDK and its Taiwan clients, the sources quoted Liao as saying. Tong basically agreed with Liao, but did not said whether LDK would lower prices, the sources noted.

Taiwan makers of solar cells have increasingly suffered from continued drops in spot market price of photovoltaic (PV) modules since November 2008, and therefore strongly hope for reduction in procurement costs of wafers through negotiation with their contract suppliers, of which LDK is a major one, the sources pointed out.

The PV module price drops have stemmed from high inventory levels in main markets: 1.5 months in Germany and 2-3 months in Spain, the sources noted. A reasonable inventory level is two weeks, the sources explained.

To cope with the falling prices of PV modules, Taiwan solar cell makers will have to accept cash-on-delivery orders only, control inventory levels to no more than two weeks, create product differentiation, and enhance sale-related services, the sources cited Liao as suggesting.

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