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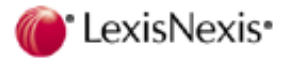
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## China's solar PV sector faces uncertainty

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*Xinhua Economic News Service, December 8, 2008 Monday 3:55 AM EST*

BEIJING, Dec. 8 (Xinhua) ?? The growth pace of China's new energy industry is seriously dented by oil price slump and demand shrinkage due to the global financial crisis, according to analysts.

Zhou Tao, analyst with Greatwall Securities, said that solar photovoltaic industry suffers adverse impact on demand shrinkage of solar cells from Western countries and losses from Euro depreciation.

Xiong Lin, analyst with China Jianyin Investment Securities, said that a number of small-sized module producers have gone bankruptcy in East China's Jiangsu Province as a result of lacking capital and order cut.

Xiong said that solar energy industry would demonstrate an obvious trend of integration and increased market concentration in addition to uncertain market situation and order amount in 2009 for SunTech Power Holdings Limited (STP.NYSE).

Xiong predicted that China's solar cell module producers would see a five-percent drop of gross profit margin, taking in consideration of order, exchange rate and other factors.

It's widely accepted that investment in new energy sector will get restrained due to oil price drop, and substitution value of new energy will get slashed resulting from coal price slides.

In the long run, new energy will continue to have bright prospectus in term of its value in environmental protection, according to Xiong.

The power generating cost of solar photovoltaic electricity will be in line with the power generating cost of traditional energy in 2030, according to a report in early 2008 by China Jianyin Investment Securities.

Xiong said that it's hard to judge when solar electricity power cost comes in line with the cost of traditional power generation in the near term, with expectation-beating technological improvement in polycrystalline silicon as well as oil price tumble.

Earlier, Chang Xiaofeng, chairman and CEO of LDK Solar Co., Ltd. (LDK.NYSE), predicted that solar power cost probably would drop to one yuan per kilowatt within two to three year thanks to raw material price decreases.

Yu Yingyi, analyst with Pacific Securities, said that governments at various levels would support the development of solar PV industry in the long term in consideration of energy security and environmental protection.