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Taiwan solar cell makers asking module makers for cash payments

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Many Taiwan-based crystalline silicon solar cell makers are requiring Taiwan-based solar module makers placing orders to pay cash on delivery instead of LCs (letters of credit) for the time being, according to industry sources in Taiwan. The new payment terms are mainly because cell makers are short of on-hand funds and are also concerned that clients may default on payments due to the global financial crisis.

However in related news, Taiwan-based module makers have asked to re-negotiate contract prices for 2009 to reflect continued falls in the spot market pricing of solar cells, and most of Taiwan-based contract suppliers have accepted, the sources pointed out. Re-negotiations may include the lowering of contract prices for 2009 and/or floating contract prices set each month based on spot market prices. Sales transactions may also be settled in euros instead of US dollars, the sources indicated.

A number of solar module makers in Taiwan have not signed supply contracts because they do not have stable order volumes and so prefer to procuring solar cells at the spot market, the sources added.

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