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Suntech lays off 10 pct of staff, halts solar expansion

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BEIJING, Jan 13 (Reuters) - The world's largest solar module maker, Suntech Power Holdings Co. Ltd. (STP.N: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)), said it laid off 10 percent of its 8,000-strong workforce last quarter and had suspended a plan to expand capacity by 40 percent in 2009 due to weak demand.

"The company was planning to expand capacity. But we made the decision to suspend it, judging from the impact of financial crisis and the real market conditions," a spokeswoman said, confirming media reports.

The staff cuts and plans to suspend manufacturing capacity were reported by China Business News on Monday, quoting Suntech Chairman Shi Zhengrong.

The company also suspended a plan to hire 2,000 staff, Suntech's spokeswoman said.

The once red-hot solar sector is feeling the chill of the global financial crisis as funding for solar projects remains scarce and a dramatic drop in oil prices curtails demand for renewable energy.

Global revenues for photovoltaic solar panels are expected to drop 19 percent in 2009, believed to be the sector's first-ever contraction, as prices fall due to oversupply, research firm iSuppli said last December.

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Suntech's New York-listed shares (STP.N: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)) fell 14 percent on Monday along with declines in the sector, posting much steeper declines than the weaker broader market. (Reporting by Michael Wei; Editing by Anshuman Daga)

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