

Chinese Solar Firms Sink As Bad News Rolls In

The Associated Press

Two major Chinese solar panel makers reported dismal second-quarter results and lowered their shipment forecasts Wednesday, the latest blows to an industry in turmoil.

JA Solar Holdings Co. Ltd.'s second-quarter loss widened from a year earlier, the company said Wednesday. Yingli Green Energy Holding Co. Ltd. swung to a net loss after posting net income in the same quarter a year earlier.

Both companies face collapsing prices, a glut of government-subsidized competition and a simmering trade war with the U.S. and Europe. Their main customers in those markets, meanwhile, are ordering fewer solar products as the global economy sputters.

Falling demand cause the two firms to lower their shipment estimates for the full year 2012.

JA Solar said it now expects to ship cells and modules capable of generating 1.5 GW (gigawatts) to 1.8 GW. Its earlier range was 1.8 GW to 2.0 GW.

Yingli now expects to ship cells that can generate 2.1 GW to 2.2 GW. That would be an increase of 31 to 37 percent over last year. Yingli said previously that it expected shipments to rise more than 50 percent.

The companies' troubles are the latest evidence of challenges facing Chinese solar panel makers. China's solar companies grew quickly over the past decade, selling to the U.S. and Europe as they invested in renewable energy.

In recent months, however, prices for solar panels have fallen off a cliff. The Chinese government pushed hundreds of small players into the industry — so many that new companies still were springing up in 2011 as Western countries, hammered by the global crisis, cut subsidies. Supplies surged as sales growth stalled, forcing sellers to slash prices to unprofitable levels.

Since 2010, the price of polysilicon wafers used to make solar cells has plunged by 73 percent, according to Aaron Chew and Francesco Citro, analysts for Maxim Group. The price of cells has fallen by 68 percent and that of modules by 57 percent.

Aside from the wrenching pricing war, the companies face possible anti-dumping tariffs in the U.S. and Europe. Governments have complained that Beijing improperly subsidizes companies, allowing Chinese suppliers to sell abroad at unfairly low prices.

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In July, a group of 25 producers of solar gear including companies from Germany, Italy and Spain filed an anti-dumping complaint with the European Union. Chinese companies warned that Beijing would retaliate, possibly triggering a trade war.

The industry's financial problems are likely to force painful changes, including mergers, bankruptcies, factory closures or layoffs, industry analysts say.

U.S. traded shares of JA Solar shares fell 8 cents, or 8 percent, to 99 cents in afternoon trading. The shares have fallen 74 percent in the past year.

Yingli shares fell 7 cents, or 4 percent, to \$1.88. They are down 71 percent in the past year.

JinkoSolar Holding Co. Ltd. plunged 46 cents, or 13 percent, to \$3.19. Trina Solar Ltd. fell 15 cents to \$4.77.

LDK Solar Co. Ltd. Slipped 1 cent to at \$1.39. Suntech Power Holdings Co. Ltd. bucked the trend, rising 2 cents to 98 cents.

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