The world’s solar cell output increased 40% yearly on average over the past decade. Promoted by the global PV market, China’s PV export value reached RMB150 billion in 2008, topping in the world. In addition, its PV output accounted for 30% of global total, and was the sum of Germany and Japan.

The global economic downturn has made PV industry stranded, and the ratio of output to demand was 2:1. In 1H 2009, the output value of world’s PV industry dropped nearly 40%, while the advantages such as low cost made China’s PV market share rise to 40%. In China, more than ten startups have successfully went public via PV market development, as well as many listed companies have entered the PV market, all of which had developed rapidly during several years before 2008, and their output capacity had been successively expanded.
Seen from the latest situation, some problems such as blind investment and overcapacity have occurred in the development course of China's polysilicon industry.

Firstly, overcapacity in total output scale.

Lured by high profit in previous years, huge capital has flowed into polysilicon industry since 2006, which resulted in rapid expansion of polysilicon output capacity. According to the statistics, the polysilicon output capacity hit approximately 20,000 tons in China in 2008, and the output was 4,000 tons, while the production capacity under construction was over 80,000 tons, indicating evident overcapacity. Meanwhile, being an energy-intensive industry, the electricity charges of polysilicon accounts for 35%-40% in production cost. Currently, China’s PV industry has not started up by large extent, and 98% of solar cells made with China-made polysilicon are for export, which means indirectly energy export in large quantity.
Secondly, unreasonable distribution

The polysilicon projects should be established in the areas with rich energy and low-price electricity considering its electricity guzzling. However, a substantial part of new construction projects are built in East China and Central China, the areas with high electricity price and short of energy resources.

In Sep, 2009, China’s central government listed polysilicon as an overcapacity industry in order to guide its healthy development, avoid excessive competition and achieve energy-saving and emission reduction. It was explicitly proposed to strictly supervise industrial market access, strengthen environmental monitoring and project approvals, and implement the accountability system. In the meantime, it was planned to resolutely curb polysilicon overcapacity and redundant construction by rendering the economic and administrative means.
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<tr>
<td>Single user</td>
<td>By email: <a href="mailto:report@researchinchina.com">report@researchinchina.com</a></td>
</tr>
<tr>
<td>1,900 USD, File</td>
<td>By fax: 86-10-82600829</td>
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<tr>
<td>Enterprise wide</td>
<td>By online: <a href="http://www.researchinchina.com">www.researchinchina.com</a></td>
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<td>2,800 USD, PDF</td>
<td></td>
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<td>Publication date: Nov.2009</td>
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