

# World Solar Photovoltaic Market Grew to 27.4 Gigawatts in 2011, Up 40% Y/Y

03.19.2012

## Incentive Cutbacks in Europe, Falling Prices, Create Major Corporate Challenges in 2012

**SANTA CLARA, Calif.?**March 19, 2012?Worldwide solar photovoltaic (PV) market installations reached a record high of 27.4 gigawatts (GW) in 2011, up 40% Y/Y, according to the annual PV market report, 2012 [Marketbuzz](#) <sup>[1]</sup>® issued today by NPD Solarbuzz.

Overall market growth in 2011 was boosted by strong second half demand ahead of further deep cuts in solar incentives. This followed a period of over-production in the first half that triggered the sustained price decline through the PV chain that came to characterize 2011. The dominance of Chinese manufacturers in crystalline silicon wafers, cells and modules grew, the share of thin film declined, and demand in Asian markets grew rapidly.

The PV industry generated \$93 billion in global revenues in 2011, up 12% Y/Y, while the industry successfully raised more than \$8 billion in corporate equity and debt.

Of the more than 100 countries worldwide covered in [Marketbuzz](#) <sup>[1]</sup>, the top five PV markets were Germany, Italy, China, the United States, and France?74% of global demand in 2011. China soared 470% Y/Y, rising from to third place from seventh in 2010.

European countries accounted for 18.7 GW, or 68% of world demand in 2011, down from 82% in 2010. Strong growth in France and Italy, combined with a year-end surge in German demand that held it flat Y/Y, meant that Germany, Italy and France collectively accounted for 82% of the European market.

### Figure 1: Major PV Country Markets (GW)

Worldwide solar cell production reached 29.5 GW in 2011, up from 23.0 GW a year earlier, with thin film production accounting for 11% of total production. Production from China and Taiwan accounted for 74% of global cell production, up from 63% in the prior year.

The Top 10 polysilicon manufacturers had 204K metric tons per annum of capacity in 2011, while the Top 10 wafer manufacturers accounted for 44% of global capacity.

The excess of solar cell production over demand during 1H?11 caused market-weighted average crystalline silicon factory-gate module prices to drop 28% in 2011, significantly more than the 14% drop the previous year. Furthermore, Q4?11 versus Q4?10 prices were down 46%.

Over the next five years, factory-gate module prices are projected to drop between 43% and 53% from 2011 levels. Average c-Si factory-gate prices in 2012 will be at least 29% lower than the 2011 average.

Over the next 12 months, the Rest of World markets are projected to increase to 32% of global demand, from just 20% last year, while Europe loses share, dropping to 53%. By 2016, European market share is projected to fall below 42% as North America and several Asian markets grow rapidly. China is forecast to reach 17% of the world market by 2016.

?Aggressive cuts in incentives in Germany and other European countries have set up the potential for a global market decline in 2012, but ahead of these the rush to install is on, especially in Germany,? said [Craig Stevens](#) [2], President of NPD Solarbuzz. ?These cuts in tariffs will force companies to embrace self-sustaining marketing models earlier than they expected. Meanwhile, Chinese policy makers will face a decision whether to stimulate their domestic market even more than planned to support their globally dominant manufacturing base.?

Stevens added, ?Cutbacks in polysilicon, wafer, and cell production plans before mid-year will be required to avoid further damaging margin declines. Meanwhile, it is significant that polysilicon manufacturing capacity?long the most constrained and profitable part of the PV chain?now has the highest capacity in the PV chain.?

This new [Marketbuzz](#) [1] report provides an in-depth, integrated analysis of global demand, supply, capacity, and pricing in the solar market supply chain. Key financial transactions in the industry over the past 12 months are detailed including acquisitions, divestments, and corporate funding. Forecast analysis and data covering the period 2012 to 2016 includes a preview of market developments, PV incentive policies, supply requirement versus manufacturer plans, and analysis of factory-gate prices, manufacturing costs and gross margins through the manufacturing chain from polysilicon to modules. [Marketbuzz](#) [1] contains the essential data and commercial insights for companies to navigate the turbulent PV market growth prospects that lie ahead over the next five years.

To learn more about the 2012 [Marketbuzz](#) [1] report, contact us at our [seven global locations](#) [3], email us at [contact@solarbuzz.com](mailto:contact@solarbuzz.com) [4], or call 1.516.625.2452.

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hedge fund companies, and a vast range of other multi-nationals. Solarbuzz offers a wide array of reports, including [Marketbuzz](#) [1]®, an annual global PV industry report, and [Solarbuzz® Quarterly](#) [5], which details both historical and forecast data on the global PV supply chain. The company's research also provides annual downstream PV market reports by region for Europe, Asia Pacific and US markets. In addition, [Solarbuzz.com](#) [6] is a recognized and respected online resource within the solar industry. For more information, visit [solarbuzz.com](#) [6] or follow us on Twitter at [@Solarbuzz](#) [7].

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