

German solar panel makers in trouble: federation

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Solar collectors stand on a field near Straubing, southern Germany in May 2009. German solar energy firms are in a bind, the head of a federation said in a report due out on Monday amid concern that the new German government will abandon the sector.

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"German solar energy companies are earning almost no money because demand has collapsed" with the economic crisis, Joerg Sutter told the magazine *Wirtschaftswoche*.

"If a solar panel is a good investment for households, they are not very interesting for institutional investors," he added.

[Solar energy](#) produces less than one percent of all electricity used by the biggest European economy and is currently heavily subsidised by the government.

According to the magazine Die Zeit, state subsidies could cost Berlin a total of 77 billion euros (billion dollars) by the time they are finally phased out.

The sector knows that the money will run out, but fears the process will be speeded up by a new centre-right coalition government that has also expressed interest in prolonging the life of Germany's nuclear reactors.

In Spain, one of the biggest markets for solar panel makers, state funds no longer underpin sales.

German manufacturers have enjoyed several years of strong growth but are now being hit by an [economic downturn](#) and also face stiff competition from Chinese rivals.

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