

German solar industry faces subsidy cut: minister

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A technician checks the panels of a solar power system on the roof of solar power company Conergy SolarModule GmbH & Co. in Frankfurt/Oder in 2009. Germany, the world's biggest market for solar cells, is poised to slash its subsidies for solar power by as much as 17 percent, Economy Minister Rainer Bruederle said on Tuesday.

Germany, the world's biggest market for solar cells, is poised to slash its subsidies for solar power by as much as 17 percent, Economy Minister Rainer Bruederle said on Tuesday.

"I envisage an order of magnitude of 16 to 17 percent," Bruederle said at an energy conference in Berlin.

Electricity produced by [solar power](#) in Germany is sold at a minimum price guaranteed by the government to help producers compete with firms using [fossil fuels](#) and [nuclear power](#) that can produce power much

more cheaply.

This guaranteed price has already been reduced gradually -- the subsidy was already cut by 10 percent from January 1 this year -- but pressure has grown on the government to accelerate the process.

Experts say the subsidy fails to spur competition in the industry, which represents less than one percent of the total electricity production in Germany, Europe's top economy.

The solar sector itself has said it is prepared to accept a cut in the subsidy, but that anything above 10 percent would be intolerable.

After years of dazzling results, Germany's solar industry has succumbed to the gloom enveloping the broader economy, with competition from Asia also taking the shine off the sector.

The world's top solar cell maker, Q-Cells, saw its turnover plunge by over 40 percent in the first nine months of 2009.

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