Tongwei subsidiary announces joint venture with Longi

Sichuan Yonxiang Co. Ltd, a subsidiary of Chinese industrial giants Tongwei, has announced the creation of a joint venture with Longi Green Energy Technology. The joint venture plans to build a new polysilicon production plant in Sichuan Province, China, with an annual capacity of 50,000 metric tonnes.

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An announcement from Tongwei states that the company has signed an ‘investment agreement’ with Leshan Wutongqiao District People’s Government to invest in the construction of the facility, which will be built in two phases.

The joint venture will have a total investment capital of CNY 1.2 billion (US$173 million). Yongxiang Sichuan will invest CNY 1.02 billion (85%) of the shares, with Longi putting in CNY 180 million (15%).

According to Tongwei, the first phase of the project will begin construction on June 30 2017, with the plant expected to begin operation in 2018. The second phase will then be implemented based on market demand.

Last month Daqo Energy’s new facility in Xinjiang came online, and several other polysilicon producers are expanding their production in China. There have been estimates that as much as 50,000 MT of new capacity could be in place by the end of 2017. So, if successful, this new joint venture could have major market implications, particularly for those importing into China.

“Tongwei’s announced construction schedule for the first 25,000 MT of the polysilicon plant in Leshan is very ambitious,” comments Johannes Bernreuter, head of Bernreuter Research. “If successfully implemented, the additional capacity will exacerbate the cut-throat competition on the polysilicon market.”

Longi, the largest monocrystalline wafer supplier in the world, continues to pursue an aggressive expansion strategy as its products increase their share of the crystalline silicon market.

In August 2016 the company announced plans for a fab in Malaysia producing ingots, wafers, cells and modules. With this joint venture, Longi is covering another step in the PV supply chain, by adding polysilicon production capacity.

“Tongwei is going to build the backbone for Longi’s monocrystalline expansion strategy,” Bernreuter told pv magazine. “Both together are trying to emulate the thriving business model that GCL-Poly has established with its massive combined production capacities for polysilicon and multicrystalline wafers.”