

Hemlock Semiconductor to lay off 100 workers

The Michigan-based polysilicon maker has been in trouble since the imposition of Chinese trade duties on imported polysilicon in 2013.

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Hemlock Semiconductor

One of the forgotten casualties of previous rounds of the solar trade war is Hemlock Semiconductor. The company was the world's largest producer of polysilicon through 2011, however after Chinese authorities slapped heavy import duties on U.S. polysilicon in 2013 as retaliation for U.S. duties on solar cells the company has struggled to regain its footing.

This includes the painful decision in late 2014 to close its second U.S. production site in Tennessee, which was under construction for years but was shuttered before producing a single kilogram of polysilicon.

This week Hemlock is reporting that it will lay off 100 workers in Michigan, with most losing their jobs in the first quarter of 2018, as part of a plan which involves "simplifying and streamlining its organization to meet the new market realities".

Hemlock estimates that it has 800 full-time employees and 800 full-time contractors, including its Michigan production site and sales offices in Asia. The workers to be affected will be notified "in the next month".

It is unclear what the path forward is for Hemlock, which has been cut off from the world's largest solar polysilicon market by China's trade action. Like other U.S. polysilicon makers Hemlock is selling into the semiconductor market, however this represents a much smaller available market and Chinese duties may have also made it quite crowded.

Polysilicon expert Johannes Bernreuter of Bernreuter Research notes that Hemlock is heavily reliant on enforcing existing contracts from when polysilicon prices were much higher, most of which run through 2018 to 2020. But he notes that even though JA Solar has entered into a contract through 2026, that Hemlock is still in trouble, and estimates that the company's 43,000 metric ton facility in Michigan is likely running at no more than 60% capacity.

Bernreuter notes that Hemlock is likely having difficulty collecting from SolarWorld. "The announced layoff is probably a reaction to the insolvency of SolarWorld with Hemlock's claimed damage of \$800 million practically lost and the expiry of the first long-term contracts," Bernreuter told **pv magazine**.

Hemlock's statement on the layoffs is as follows:

The past 10 years have been a period of change for Hemlock Semiconductor ("HSC"), as we have moved from a period of rapid growth to a business environment characterized by international trade disputes, new competition and changes in the energy industry. HSC is focused on sustaining its more than 56 years of success as a leading provider of polysilicon to the electronics and solar markets. Consequently, HSC is simplifying and streamlining its organization to meet the new market realities. This will impact approximately 100 employees. HSC expects to notify employees in the next month, with most of those impacted leaving during the first quarter of 2018. HSC will provide outplacement support to employees through a third party provider to assist in identifying job openings and transitioning to new positions outside of the company.