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## Semico Research Studies Competition for Wafers

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Market research firm [Semico Research Corp.](#) (Phoenix) has issued a study of the supply of polysilicon and silicon wafers, predicting that demand for silicon wafers for semiconductor production will grow at a compound annual growth rate (CAGR) of 13% over the next five years.

That growth comes as the photovoltaic industry is increasingly competing for silicon wafers, said Joanne Itow, manufacturing analyst for Semico Research.

The top six polysilicon suppliers, which have controlled >80% of the polysilicon supply, have announced plans that would increase polysilicon supply by as much as 65% by the end of 2008. In addition, there are several new entrants into the market, attracted by the increased demand for solar panels, Itow said.

"Most major silicon wafer suppliers were not focused on the photovoltaic market," Itow said, noting that silicon wafers used for solar applications do not have the same stringent requirements for flatness and consistency that a semiconductor wafer requires. As solar cell demand has increased, wafer manufacturers have increased production targeted at solar panel manufacturers.

Itow said solar panel manufacturers are impacted by wafer price increases. While a semiconductor wafer sells for a much higher price than a solar wafer, the silicon wafer amounts to a small fraction of a semiconductor chip. However, the silicon wafer is approaching one-half of the total cost of a solar cell. A 5% increase in a semiconductor wafer has a much smaller impact on the semiconductor manufacturer than a similar 5% increase in a solar grade wafer to a solar panel manufacturer, she said.

The Semico report provides an analysis of the factors driving the wafer and polysilicon markets, and includes detailed profiles of the top wafer manufacturers.

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