Newsletter

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European Market for Passives 2008 and Outlook 2009

At the occasion of its March meeting at the Cosmopolitan Conference Center in Frankfurt (Germany), the EECA - European Passive Components Industry Association (EPCIA) has discussed the market development 2008 and 2009. EPCIA President, Ralph M. Bronold, commented:

The experts of EPCIA see a significant decrease of the European Passives market in 2009 as a consequence of the global economic recession.

For **Capacitors** and **Resistors** 2009 is expected to end each with a minus of 20%; in 2008 the combined market has already dropped by 5%. The combined market for **Electromagnetic Components, EMC- and RF-Filters** will shrink by ***13%*** *in 2009.*

The overall outlook for ***Total Passives in 2009*** *will be a decrease by 17% against 2008.*

Overall situation

The market development as reported above is similar in most Western European countries. Only Central Eastern Europe and Scandinavia still show a positive trend.

Main European market segments for Passive Components

The **Automotive** sector, of major importance for Passives, will long-term continue to grow further due to the ever increasing requirements with regards to fuel saving, environmental- and safety regulations but also comfort and car-entertainment applications. Nevertheless, this market segment has been affected most by the present economic crisis and a fundamental improvement is not likely within the next months.

The **Industrial market** is expected to remain significant in Europe with continued long-term growth perspective. Applications in the renewable energy area like Wind or Solar power will support the long-term growth trend. Meanwhile also the Industrial market segment has been heavily hit by the consequences of dramatically lower investments in industrial equipment.

The **Telecom** segment is also under pressure in consequence to the current market environment and the ongoing production shift to Far East but especially the base station business is still running comparably well.

Consumer Electronics production has shifted to East Europe and Turkey in the last 10 years. Therefore the decline of the global consumer market has a smaller impact on the European Passives market.

Sub-contracting (EMS) indications are that OEMs are taking back the responsibility for negotiating/purchasing of components.

Distribution: This sector is facing a considerable downturn in business since the third quarter of 2008. However, adjustment of distribution stocks comes gradually to an end and we see some slow recovery now. Most likely, the first quarter has been the bottom in 2009.

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