

European Market for Passives 2009 and Outlook 2010

During its October meeting at ZVEI in Frankfurt (Germany), the EECA - European Passive Components Industry Association (EPCIA) has discussed the market development 2009 and 2010. EECA-EPCIA President, Ralph Bronold, commented:

"The experts of EPCIA reported about a significant decrease of the European Passives market in the first half of 2009, beginning in the 4th quarter 2008. The drop of market as a consequence of the global economic recession is much higher (minus 23%) than initially expected at the EPCIA spring meeting (minus 17%). Since third quarter this year the markets of Passive Components seems to slowly recover.

For **Capacitors** 2009 is expected to end with a minus of **24%**, the **Resistors** market will decrease by **21%**. The combined market for **Electromagnetic Components, EMC- and RF-Filters** will shrink by **22%** in 2009.

*The overall outlook for **Total Passives in 2009** will be a minus of **23%** against 2008. In 2010 the markets are expected to grow by 5% fuelled by the recovery of the improving world economy.*

Overall situation

The market development as reported above is similar in most European countries.

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. In the first half of

2009, this market segment has been affected most by the economic crisis. In the second half the situation has improved partly, mainly as a positive consequence of the wrecking bonus scheme which has been introduced in several countries. Nevertheless, an overall fundamental improvement within the next months seems not very likely.

The **Industrial market** is expected to remain important 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. The Industrial market segment has also been hit heavily in 2009 and with few exceptions it is still not showing significant signs of recovery.

The **Telecom** segment, including the base station segment, is also under pressure in consequence to the current market environment and the ongoing production shift to Far East. On top of that, Chinese and Korean competitors gaining market shares from European companies.

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

Distribution: This sector is facing a considerable downturn in business since the third quarter of 2008 and has not improved much in the major part of 2009. However, since the distribution stocks reached a record low mid of 2009, we now see some activity starting again in order to cater for short-term customer demands.

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