

European Market for Passives Expectation 2005 and first Outlook 2006

During its meeting in Munich, Germany, on March 16, 2005, the EECA - European Passive Components Industry Association (EPCIA) discussed the expectation 2005 and the first outlook for 2006.

EECA-EPCIA President, Pier Sacchi, commented:

The European Passives market in 2004 showed good growth during the first 5 months, but a large part of that disappeared due to a disappointing second half of the year. It resulted in a growth of +3 % for all Passives, up to a level of 3,7 billion Euros.

Per product family the increase was:

+1 % for capacitors (+8% for the recovering tantalums and -5% for the film caps)

+1 % for resistors (-1% for the fixed & variable and +3% for varistors, Thermistors & sensors)

+5 % for "other passives" (+11% for inductors, EMC filters & chokes and -4% for HF filters)

The "picture" for 2005 is not clear at all. Industry tends to be a bit pessimistic. The key issue remains, as before, the price level trend!

*The expectation for total Passives is that the market will show the same level as in 2004. Most product families reckon with a minimal **growth between 0% and +1%**.*

Film caps (-3%) and tantalums (-8%) cause the total capacitor forecast to be -1%.

*For 2006 the different product families expect a marginal increase, ranging from 0% to +3%, resulting in an overall conservative growth of **+2% for Total Passives**.*

Overall situation

The market development as reported in the adjacent text is seen in all Western European countries.

No substantial trend differences between countries were reported

Growth in Eastern Europe continues.

Main European markets for passive components

The **Automotive** sector remains to be the major driver, very important for Passives, and showing a moderate growth. The number of electronic functions in the car is growing further and specifically in power components.

In **Telecom**, a very important application segment for Passives. The world-wide growth of the production of the mobile phones, from 2004 to 2005, is expected to be in the range of 10 to 15%. The number of (also passive) components will increase further, due to the many new functions. The upcoming UMTS will boost the number further.

Industrial, significant and stable in many countries, is very fragmented. Lighting and Medical are two of the strong and important parts of this segment.

Audio/Video has shifted to East Europe and Turkey during the last years. This market is felt to be stable at the moment

Sub-contracting (EMS) is moving more and more out of Europe, which caused a clear decline in the Passive sales to that sector.

Distribution did have huge stocks, which they are now selling. This destocking should also be seen as their preparation for the start of the RoHS Directive. ("Lead free")

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