

### European Market for Passives 2007 and Outlook 2008

During its meeting in Barcelona (Sitges, Spain), on October 29, 2007, the EECA - European Passive Components Industry Association (EPCIA) discussed the year 2007 and the outlook for 2008. EECA-EPCIA President, Cees de Wit, commented:

*The European Passives market developed well in 2007 and the members are in general also expecting a reasonable year 2008.*

*For **Capacitors** 2007 is expected to end with a growth of around **3%**, the **Resistors** market will increase by **3%** and the **Electromagnetic Components** and **Filters** is expected to grow with around **8%**.*

*Compared to 2006 all passives showed stability or growth in their market.*

*Standard EMC-filters, Ceramic Caps, Fixed Variable Resistors and Chokes grow between **3%** and **7%** and the **overall Passives Market** for **2007** will increase with around **5%**.*

*For **2008** a slight softening is forecasted. Different product categories expect slightly diverging developments, ranging from flat for Film Caps a weaker market for Ceramic Caps, but also continued growth for the Electromagnetic Components and Filters with **8%**.*

*The overall outlook for **2008** will be a **4%** growth over 2007 for **Total Passives**.*

#### Overall situation

The market development as reported above is shown in most Western European countries. The highest growth expectations are for Central Eastern Europe. France is suffering most from the production to low labour cost areas (automotive and EMS).

Growth in the Eastern European countries continues; absolute market size is still modest and further growth requires high

investments. Business in Asia was good and USA showed a small positive growth.

#### Main European markets for passive components

The **Automotive** sector, of major importance for Passives, has grown further. The number of electronic functions in the car is still expanding in applications as tire pressure systems and key-less entry.

**Telecom** has weakened further due to ongoing shifts to the Far East for mobile phone production as well as telecom infrastructure shifting partly to Asia and having increased competition from Asian manufacturers' products.

**The Industrial market is significant** with stable continued growth. In this sector there are various stronger growing segments like 'Power Supplies', 'Lighting', 'Industrial Production Equipment'.

**Consumer Electronics** has shifted to East Europe and Turkey in the last 10 years. The LCD-TVs market continuous to grow rapidly but is only partly assembled in Europe. The consumer market is again growing but the effect on the European Passives market is limited.

**Sub-contracting (EMS)** Indications are that OEMs are taking back the responsibility for negotiating/purchasing components taking over cost/quality responsibility again from their EMS sub-contractor.

**Distribution:** After a weak second quarter with some low book to bills distribution has recovered in the second half of the year in 2007.