

### European Market for Passives 2008 and Outlook 2009

During its meeting at ZVEI\* in Frankfurt (Germany), on July 8<sup>th</sup> 2008, the EECA - European Passive Components Industry Association (EPCIA) discussed the year 2008 and the outlook for 2009. EECA-EPCIA President, Cees de Wit, commented:

*While the European Passives market developed very well in 2007 the experts of EPCIA see a weakening market in the second half 2008 and a further decreasing in 2009.*

*For **Capacitors** and **Resistors** 2008 is expected to end with a growth of around **1%**; the **Electromagnetic Components** and **HF-Filters** will grow with around **6%**.*

*Compared to 2007 it is expected that all passives show growth but less strong than the year before.*

The overall Passives Market for 2008 will increase with around **3%** in 2008.

*Beginning with the second half **2008** a softening of the market for 2009 is forecasted. Different product categories expect slightly diverging developments. The overall outlook for **2009** will be a **2%** growth over 2008 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 still suffering most from the shift of production to low labour cost areas (automotive and EMS). Germany maintains relatively well.

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

\* German Electrical and Electronic Manufacturers' Association

#### Main European markets for passive components

The **Automotive** sector, of major importance for Passives, continues to grow further. The number of electronic functions in the car is still expanding in fuel saving, safety and comfort applications.

**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 expected to remain 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 recovery in the second half of the year in 2007 the distribution has modestly grown in the first half of 2008 and is expected to continue at this pace in the 2<sup>nd</sup> half.

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