

CBI MARKET SURVEY

THE ELECTRONIC COMPONENTS MARKET IN LITHUANIA

Publication date: September 2006

Introduction

This CBI market survey gives exporters in developing countries information on some main developments concerning the electronic components market in Lithuania. The information is complementary to the information provided in the CBI market survey 'The electronic components market in the EU' which covers the EU in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used as well as information on other available documents for this sector. It can be downloaded from <http://www.cbi.nl/marketinfo>

1. Market description: industrial demand and production

Industrial demand

Lithuania is a small market, mostly pulled by local demand for deployment, repair or adaptations of IT infrastructure. Some small to medium size facilities settled by European EMS or OEM companies supplement this limited local demand. Ranked twenty-second among the EU25 – only ahead of Cyprus and Malta – the Lithuanian market has an important growth potential. However, compared to other countries the Lithuanian market will remain small. Table 1.1 gives the developments in the several subgroups.

Table 1.1 Lithuanian market of electronic components, 2003-2010, € million

| | Market value | | | | Growth rates (%) | |
|------------------------------|--------------|-----------|-----------|-----------|------------------|----------------|
| | 2003 | 2004 | 2005 | 2010 | 04/05 | 05/10 (annual) |
| Active components | 6 | 7 | 7 | 11 | 6.3 | 9.8 |
| Passive components | 1 | 1 | 1 | 1 | 5.8 | 2.1 |
| Electromechanical components | 3 | 3 | 3 | 4 | 10.9 | 5.1 |
| Total | 10 | 11 | 12 | 17 | 7.6 | 7.9 |

Source: Decision (July 2006)

End users

End users operate in three major areas:

- Production of TV sets, radio receivers, and parts: Siauliu Tauro Televizoriai (<http://www.tauras.lt>), Selteka (<http://www.selteka.lt>) and Teleorbita (<http://www.teleorbita.lt>).
- Communications transmission and reception equipment, remote controls: Vigintos Elektronika (<http://www.vigintos.com>) and Geozondas (<http://www.geozondas.com>).
- Production of telephones, telephone exchanges, and telecommunications power supplies: Vilniaus Sigma (<http://www.sigma.lt>) and Fonas (<http://www.fonas.lt>).

Some examples of foreign investors in the electronics sector are Siemens (<http://www.siemens.lt>) and Samsung (<http://www.samsung.com>).

Production

Lithuania is one of the smaller component producers in the EU. According to Eurostat, the country's product range comprises electromechanicals and assemblies. In its production value for 2004, the country can be compared to its neighbour Estonia. Reports mention that electronic component producers in Lithuania focus on scientific research and innovation, with an orientation to foreign markets. Although most Lithuanian producers are comparatively small compared to the multinationals in the Nordic countries, there are exceptions: Vilniaus Vingis (<http://www.vingis.lt>) is one of the largest producers of deflection yokes in the EU. Other examples of component producers are listed in table 1.2.

Table 1.2 Examples of component producers

| Company | Products | Website |
|--------------------|--|---|
| Carlo Gavazzi | Sensors | http://www.carlogavazzi.com |
| Ekranas | Glass components (panels and funnels), TV tubes | http://www.ekranas.lt |
| Hibridas | Integrated circuits and micro blocks | http://www.hibridas.lt |
| Telga | PCBs | http://www.telga.lt |
| Vilniaus Ventos P. | Semiconductors, integrated circuits, solar sensors | http://www.vvp-uab.lt |

Sources: Engineering Industries Association of Lithuania (2006) and Facts Figures Future (2006).

Trends

- EMS operations are expected to take off in the coming years. The Swedish based EDC (<http://www.edc.se>) is an example of an EMS-provider that recently started operations in Lithuania. EDC acquired a majority of Elsis' electronics production and recently it ordered a new wave solder machine.

Opportunities and threats

- + Growing market for electronic components
- + EMS operations have been started in the country in recent years.
- Local market remains very small compared to other countries.

Useful sources

- Engineering Industries Association of Lithuania - <http://www.linpra.org>
- Lithuanian Development Agency - <http://www.lida.lt>
- Statistical Office - <http://www.std.lt>

2. Trade: imports and exports

Imports

In 2005, Lithuania's imports of components and assemblies totalled € 130 million and € 65 million respectively. The country was a small importer of electronic components in the EU, only larger than countries such as Greece, Malta and Luxembourg. The total import value of components in Lithuania increased faster than the local market in recent years: 25% in the period 2001-2005. Electromechanicals (55%) accounted for the largest share of total imports, followed by actives (36%) and passives (9%). Assemblies imports increased enormously – almost 60%. DCs' shares in 2005 were 6% (components) and 13% (assemblies) respectively. China was by far the most important components supplier (4%), followed by Malaysia and Brazil (both 1%). China was easily the most important assemblies supplier (11%) as well.

Exports

The total export value of Lithuania declined 17% in the period 2003-2005, totalling € 139 million in 2005. In the same period, electronic assemblies exports increased 126%, totalling € 35.8 million in 2005. Unfortunately, the value of re-exports is unknown, as Eurostat doesn't allow such detailed analysis.

Opportunities and threats

- + Lithuania is a net importer of assemblies, with considerable import shares for DCs.
- + Import value of components and assemblies has been up in recent years.
- + Export value of assemblies more than doubled in recent years.
- Relatively small imports

Useful sources

- EU Expanding Exports Helpdesk - <http://export-help.cec.eu.int/>
- Eurostat – official statistical office of the EU - <http://epp.eurostat.cec.eu.int>

3. Trade structure

Generally, the intermediary channels (importers, agents, distributors) are the most suitable trade channels for DCs. Examples of distributors in Lithuania are Arrow (<http://www.arrowne.com>), Automatikos komponentai (<http://www.ak-rele.lt>), Beckhoff (<http://www.beckhoff.com>), Future Electronics (<http://www.futureelectronics.com>) and Klinkmann (<http://www.klinkmann.com>). Please refer to the CBI market survey "The Electronic Components market in the EU" for general information on trade structures in the EU. For more information on finding prospects in this country, please refer to section 6.

4. Prices

Generally, prices of Lithuanian components are relatively low. Regarding price development, in Lithuania, too, prices of components and assemblies continue decreasing year after year. While electromechanicals and assemblies are down by 5-10% annually, semiconductors and most passive components decrease 10-30% annually. However, there might be exceptions, depending on supply in relation to demand and raw material costs. Both websites of distributors (refer to section 3) and websites of associations (refer to section 1) may include prices of components. One example is the site of distributor Spoerle (<http://www.spoerle.com>; click on the icon of the shopping cart).

5. Market access requirements

- Manufacturers in developing countries should be aware of the market access requirements of their trading partners and the country government. Requirements are demanded through legislation and through labels, codes and management systems. These requirements are based on environmental, consumer health, safety and social concerns.
- For more information go to 'Search CBI database' at <http://www.cbi.nl/marketinfo>
- In Lithuania, the VAT tariff is 18% - <http://www.expatax.nl/vatrates>.

6. Business practices

Finding prospects

Among the helpful websites that can be used to identify prospects are the company databases such as Europages - <http://www.europages.com>, KellySearch - <http://www.kellysearch.co.uk>, Kompass - <http://www.kompass.com> and Thomas Global Register - <http://www.trem.biz>. Refer to the manual "Digging for Gold" for guidelines on searching with these databases. In addition, the exhibitor database of trade fair Electronica (refer to trade fairs; below) can be used to identify key players in the industry. Moreover, trade associations mentioned in section 1 might contain company data as well.

Trade press

In general, German trade magazines contain very good information, also for this country. Another good option might be the magazines of neighbouring countries. To find relevant EU trade magazines, visit Components Source (<http://www.componentssource.com>; click 'magazines') or consult the CBI market survey "The Electronic Components Market in the EU".

Trade fairs

A relevant trade fair in Lithuania is Baltechnika - <http://www.litexpo.lt>. Furthermore, a good option could be to visit the largest components trade fair in the EU, held in Germany every other year: Electronica (<http://www.global-electronics.net>). Visiting trade fairs in neighbouring countries could be an option as well. Please refer to Auma (<http://www.auma.de>) and EventsEye (<http://www.eventseye.com>) to find relevant fairs.

This survey was compiled for CBI by Facts Figures Future in collaboration with Mr. G. Fandrich.

Disclaimer CBI market information tools: <http://www.cbi.nl/disclaimer>