

CBI MARKET SURVEY

THE ELECTRONIC COMPONENTS MARKET IN LUXEMBOURG

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Introduction

This CBI market survey gives exporters in developing countries information on some main developments concerning the electronic components market in Luxembourg. 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

Data of the Belgium and Luxembourg markets have been combined, since local Luxembourgian demand is small and mostly driven by small repair needs, small home devices production and IT system adaptations. Table 1.1 gives the developments in the several subgroups. After a strong recovery in 2004, its component market growth is now on the same trend as other EU15 markets. In fact, one can observe a growth of some 0.2 point more than the average for the EU15, due to a good position in IT professional equipment and automotive. Together, Belgium and Luxembourg were the thirteenth market in the EU, behind the Netherlands, but far ahead of Estonia and Austria.

Table 1.1 Belgium and Luxembourg market of electronic components, 2003-2010, € million

	Market value				Growth rates (%)	
	2003	2004	2005	2010	04/05	05/10 (annual)
Active components	831	913	897	1 110	-1.7	4.3
Passive components	105	104	100	95	-3.7	-1.0
Electromechanical components	398	408	417	471	2.3	2.4
Total	1,334	1,425	1,415	1,676	-0.7	3.4

Source: Decision (July 2006)

End users

One example of a company with a demand for components in Luxembourg is Moog Hydrolux (<http://www.moog.com>).

Production

In Luxembourg, there might be some local manufacturing, but output is negligible.

Opportunities and threats

- + Market growth is in line with EU15 market.
- Very small market and production.

2. Trade: imports and exports

Imports

In 2005, Luxembourg's imports of components and assemblies totalled € 72 million and € 182 million respectively. The country was one of the smallest importers of electronic components in Europe, comparable to Malta. The total import value of components in Luxembourg declined fast in recent years: 76% in the period 2001-2005. Electromechanicals (49%) accounted for

the largest share of total imports, followed by actives (33%) and passives (17%). Assemblies imports increased more than 20%, making the country almost a medium sized importer in Europe. DC shares in 2005 were respectively 7% (components) and 1% (assemblies). China was by far the most important DC components supplier (6%), followed by the Philippines (1%).

Exports

The total export value of Luxembourg declined fast in recent years: 60% in the period 2001-2005, totalling € 146 million in 2005. In the same period, electronic assemblies exports increased 15%, totalling € 177 million in 2005. Unfortunately, the value of re-exports is unknown, as Eurostat doesn't allow such detailed analysis.

Opportunities and threats

- + Import value of assemblies has been increasing in recent years.
- Relatively small import shares for DCs, especially for assemblies.
- Import value of components is very small and has been declining fast in recent years.
- Export value of components has been declining fast in recent years.

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. Some examples of distributors in Luxembourg are AVE (<http://www.ave-nl.com>), Secto (<http://www.secto.lu>), Moeller Electric (<http://benelux.moeller.net>) and TTMS (<http://www.ttms.nl>). Furthermore, the GE Industrial equipment division has an important logistics centre in Luxembourg. Please refer to the CBI market survey "The Electronic Components market in the EU" for general information on trade structures in Europe. For more information on finding prospects in this country, please refer to section 6.

4. Prices

Prices of electronic components and assemblies continue decreasing year after year. While electromechanicals and assemblies are down by 5-10% annually, semiconductors and most passive components decrease by 10-30% annually. However, there might be exceptions, depending on supply in relation to demand and raw material costs. Websites of distributors (refer to section 3) may include prices of components. One example is the site of distributor Spoerle (<http://www.spoerle.com>; click at 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 and safety and social concerns.
- For more information go to 'Search CBI database' at <http://www.cbi.nl/marketinfo>
- EU Expanding Exports Helpdesk - <http://export-help.cec.eu.int/>
- In Luxembourg, the VAT tariff is 15% - <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.

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 European 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

The largest components trade fair in Europe is 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.

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