CBI MARKET SURVEY

THE ELECTRONIC COMPONENTS MARKET IN PORTUGAL

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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 Portugal. 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
Portugal used to be a major outsourcing country for brown goods in the past. However, this was transferred to three Turkish companies. With small foreign investment flows in the past, and the new attractiveness of North Africa for low cost production clusters, the Portuguese electronic component market growth will remain limited and below the EU15 trend. Table 1.1 gives the developments in the several subgroups. With less than € 400 million, the Portuguese component market is positioned at the sixteenth position, just behind Austria but ahead of Slovakia and Denmark.

Table 1.1 Portugal's market of electronic components, 2003-2010, € million

	Market value				Growth rates (%)	
	2003	2004	2005	2010	04/05	05/10 (annual)
Active components	240	264	256	291	-3.3	2.6
Passive components	31	31	30	26	-1.7	-3.2
Electromechanical components	97	98	99	101	1.4	0.4
Total	**368**	**393**	**385**	**418**	**-2.0**	**1.6**

Source: Decision (July 2006)

End users
Local end users of components are in the three segments cable trees, telecommunications and information technology and consumer electronics (in particular car audio). Some examples of companies are Alcatel (http://www.alcatel.pt), Efacec (http://www.efacec.pt; electrical engineering), Schreder (http://www.schreder.pt; lightning), SEW-Eurodrive (http://www.sew-eurodrive.pt) and Siemens (http://www.siemens.pt).

Production
Table 1.2 shows an indication of the production of electronic components in Portugal. Please note that reliability of Eurostat data is limited. However, they can be used to analyse the development over the years.

Table 1.2 Portuguese production of electronic components, 2000-2004, € million and million units

	2000		2002		2004	
	value	volume	value	volume	value	volume
Active components	-	-	-	-	-	-
Electromechanical components	50	156	55	152	70	211
Passive components	2	0	48	74	3	0
Electronic components (excl ass)	**52**	**157**	**102**	**227**	**73**	**212**
Electronic assemblies	129	23	311	2	415	5

Source: Eurostat (2006)

Contrary to the European trend, total production value in Portugal increased 40% in the period 2000-2004. This is mainly due to the 40% growth in electromechanicals in the same period. In total production value, Portugal was one of the smaller producers in Europe in 2004, ranked just behind Belgium, but ahead of Ireland and Greece. Domestic electronic assemblies showed an even more promising trend: in the period 2002-2004 this group more than tripled in value.

There is a relevant semiconductor activity, with a.o. Infineon (http://www.infineon.com), Visteon (http://www.visteon.com) and Tyco (http://www.tyco.com) providing jobs to more than 30,000 electronics workers. Especially the Porto region has many semiconductor related industries with electronics manufacturers in their vicinities. Both the University of Porto and Porto polytechnic college have an orientation towards this technology to provide qualified technicians to local manufacturers. Some examples of Portuguese component producers are Kemet (http://www.kemet.com; tantalum capacitors), Nipotechnica (http://www.nipotecnica.pt; passives and PCBs) and Siemens (semiconductors, chip capacitators). Furthermore, Vitrohm (http://www.vitrohm.com; part of Yageo) is a large producer of resistors.

Trends
- In the period 2000-2004 the production of assemblies more than tripled in value.
- Strong cooperation of industry with universities.

Opportunities and threats
+ Local production of electromechanicals is small but showed good growth in the period 2002-2004.
− Local production of assemblies spurred growth in the period 2000-2004.
− Local market is small.

Useful sources
- Electric and Electronic Portuguese Enterprises Association - http://www.animee.pt
- Invest in Portugal Agency - http://www.investinportugal.pt
- Portugal Virtual - http://www.portugalvirtual.pt
- Portuguese Association of IT & Electronics Companies - http://www.anetie.pt

2. Trade: imports and exports

Imports
In 2005, Portugal's imports of components and assemblies totalled € 389 million and € 252 million respectively. The country was a small importer of electronic components in Europe, behind Finland and Ireland but ahead of Denmark and the Baltic states. The total import value of components in Portugal declined fast in recent years: 70% in the period 2001-2005. Electromechanicals (45%) accounted for the largest share of total imports, followed by actives (28%) and passives (27%). Assemblies imports declined less steeply: only 6%. DCs' shares in 2005 were 3% (components) and 4% (assemblies) respectively. China was the most important DC supplier of components (1%) and assemblies (2%). India accounted for 1% of assemblies supplies.

Exports
The total export value of components (excluding electronic assemblies) of Portugal declined fast in recent years: almost 75% in the period 2001-2005, totalling € 259 million in 2005. In the same period, electronic assemblies exports almost tripled, amounting to € 601 million in 2005. Unfortunately, the value of re-exports is unknown, as Eurostat doesn't allow such detailed analysis.

Opportunities and threats
+ Export value of assemblies has been growing very fast in recent years.
− Small import shares for DCs.

− Import value of components 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. In Portugal, beside the distributors with European presence, there are some local ones like Digicontrole-Equipamentos e Componentes Electrónicos (http://www.digicontrole.com) and Centro Electronico de Coimbra (http://www.cec-coimbra.pt). 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 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 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 Portugal, the VAT tariff is 21% - 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 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

A relevant trade fair in Portugal is Endiel - http://www.animee.pt/uk/eventos/idx_info.htm. Further, a good option could be to visit the largest components trade fair in Europe, 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.