CBI MARKET SURVEY

THE ELECTRONIC COMPONENTS MARKET IN SPAIN

Publication date: May 2006

Introduction
This CBI market survey gives exporters in developing countries information on some main developments concerning the electronic components market in Spain. 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
The electronic industry in Spain was less affected by PC or GSM plant closures because it was not a major location for such productions. Meanwhile Spain remained an attractive place for automotive electronics with large investments engaged by car parts suppliers. In the consumer product segment Spain also maintained a dynamic household appliances industry and Spanish companies recently became more active in some professional markets like telecommunications, defence and aerospace. In the coming years, the component market is expected to grow fast; 2.5 percent above the EU15 level. This is also due to a strong increase in the mobile- and consumer products market. The country ranked ninth in the EU, behind the Czech Republic but ahead of Poland. Please refer to table 1.1 for the developments in the several subgroups.

Table 1.1 Spanish market electronic components, 2003-2010, € million

	Market value				Growth rates (%)	
	2003	**2004**	**2005**	**2010**	**04/05**	**05/10 (annual)**
Active components	1,481	1,634	1,608	2,243	-1.6	6.9
Passive components	226	225	208	213	-7.3	0.4
Electromechanical components	787	809	823	1,029	1.8	4.6
Total	**2,494**	**2,668**	**2,640**	**3,485**	**-1.0**	**5.7**

Source: Decision (July 2006)

End users
Some examples of end users are Indra (http://www.indra.es; defence electronics and information technology), Daewoo (http://www.daewoo-electronics.es), Televés (http://www.televes.es; professional electronics) and Sharp (http://sharp-world.com).

Production
Table 1.2 shows an indication of the production of electronic components in Spain. Please note that reliability of Eurostat data is limited. However, they can be used to analyse the development over the years. The total production value in Spain declined only 5% in the period 2000-2004, while volume increased by more than 20%. The most positive exception formed the group electromechanicals, which increased 12% and 47% in value and volume respectively. In total production value, Spain – still one of the large producers in Europe – ranked fifth in Europe in 2004, far behind France and the UK, but ahead of the Czech Republic and Hungary. Domestic electronic assemblies also decreased; 20% in value in the period 2000-2004.

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

	2000		2002		2004	
	value	volume	value	volume	value	volume
Active components	335	39	238	29	218	40
Electromechanical components	508	4,133	534	4,701	570	6,070
Passive components	389	974	321	97	377	113
Electronic components (excl ass)	**1,232**	**5,146**	**1,093**	**4,827**	**1,165**	**6,222**
Electronic assemblies	999	194	778	221	799	240

Source: Eurostat (2005)

Some major manufacturers in Spain are Epcos (http://www.epcos.com; capacitors), Fagor Electrónica (http://www.fagorelectronica.com), Tecnologica Componentes Electronicos (http://www.tecnologica.com) and Tyco Electronics España, (http://www.tycoelectronics.com). Examples of EMS providers are Diemen (http://www.hrdiemen.es), Elausa Electronica (http://www.elausa.com) and Sanmina-SCI (http://www.sanmina-sci.com).

Opportunities and threats

+ Growing market for electronic components.
+ Spain is a large producer of components in Europe.
− Local production of assemblies and components went up in the period 2002-2004

Useful sources

- National Association of Electronic Industries - http://www.aetic.es
- Association of Electronic Material Manufacturers - http://www.afme.es

2. Trade: imports and exports

Imports

In 2005, Spain's imports of components and assemblies totalled € 1.9 billion and € 892 million respectively. The country was a large importer of electronic components in Europe, ranking sixth behind Italy and Hungary but ahead of the Netherlands and the Czech Republic. In line with the market trend, the total import value of components in Spain declined in recent years: 26% in the period 2001-2005. Actives (46%) accounted for the largest share of total imports, followed by electromechanicals (38%) and passives (16%). Assemblies imports declined 24%. DCs' shares in 2005 were 8% (components) and 12% (assemblies) respectively. China was by far the most important DC components supplier (5%), followed by India, Brazil and Malaysia (all 1%). Malaysia was the largest supplier in assemblies (7%), followed by China (4%) and Thailand (1%).

Exports

In the period 2001-2005, the total export value of Spain declined more than 30%, totalling € 892 million in 2005. In the same period, electronic assemblies exports decreased 38%, totalling € 307 million in 2005. Unfortunately, the value of re-exports is unknown, as Eurostat doesn't allow such detailed analysis.

Opportunities and threats

+ Spain is a large importer of components and assemblies.
+ Considerable import shares for DCs, especially for assemblies.
+ Export value has been declining in recent years.
− Import value of components and assemblies 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 DC companies. In Spain, there are two basic types of electronic components distributors: large companies, mostly members of a multinational chain, and specialized distributors, selling to niche markets and offering more value added and technical support. 80% of the market is estimated to be in the hands of a few firms in the first category: Avnet, Arrow, EBV and Farnell. Company information can be found on the site of trade association AETIC (http://www.aetic.es). Moreover, some distribution groups (besides the ones with European presence) can be mentioned: Bilbao Electronica (http://www.biltron.com) and Eurocir (http://www.eurocir.com). One major trend can be mentioned: distribution is changing from exclusive distribution for foreign firms to distribution by several specialized firms each handling different product lines, or serving a specific geographical area within the country. 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 Spain, the VAT tariff is 16%. For more VAT tariffs, consult 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. Also, Spanish companies can be found at http://www.secartys.org. Choose for English language and click “Electronics & Communications Products” and “electronic components.” Furthermore, 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
Some relevant Spanish magazines are:
- Conectrónica - http://www.conectronica.com
- Electronica & Comunicaciones Magazine - http://www.cypsela.es

- Eurofach Electronica - http://www.goodman-bp.com

Trade fairs
A relevant trade fair in Spain is Matelec – http://www.matelec.ifema.es. Furthermore, 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.