

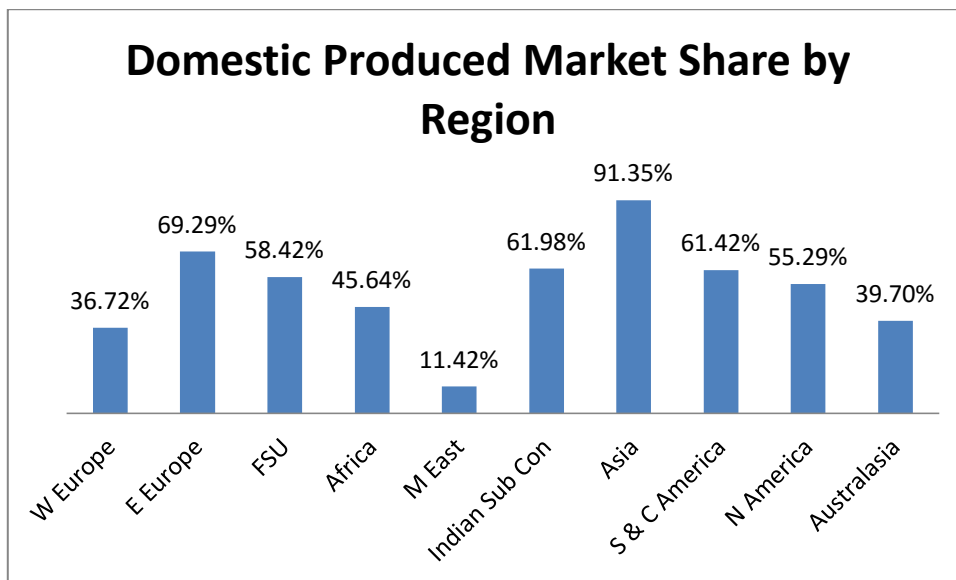
TRANSFORMERS

One Global Market or Many Regional Islands?

The global market for transformers approaches \$40 billion annually and trade accounts for nearly \$12 billion or 30% of the market.

So, on the face of it with pretty much globally accepted and acceptable standards and products, few other trade barriers and almost one third of transformers being supplied by imports there is a global market.

However on closer examination the picture is very much more complex with the proportion of markets supplied by imported products varying greatly. The share of each regional market that is satisfied by “home produced” products compared with imported ones are shown in table 1 below.



The table shows that the region with the lowest percentage of home produced products is the Middle East where only 11% are home produced and imports have a 89% share of the market. This can be compared with Asia where over 90% of the market is supplied by home produced products. So the conclusion is that the Middle East is the most open market in the world and the imports are from many areas of the world. 30% are from Western Europe, 20% are from other Middle Eastern countries, 32% are from Asia, 5% from Eastern Europe and the remainder are from other regions.

Compare this with Asia where 91.4% of the market is supplied by home production and of the imports 5% of the remainder are from other Asian countries. On the face of it the Middle East is a far more open market but the 5% of available Asian imports are worth US\$1.5 billion and the 89% of available Middle Eastern imports are worth US\$1.8 billion, not so very different.

Western Europe – market size US\$3.6 billion - is another region with less than half of the market supplied by home produced products; the actual figure is 36.7% which leaves over 63% of the market available for imports. This looks like a very open prospect and indeed open it is if you happen to be a manufacturer in a European country. Out of 63% of non-indigenous market 47% of imports are from other intra-Western European countries and 9% are from neighbouring Eastern

European countries. Not much joy for the rest of the world sharing US\$160 million of business and very difficult to break into the market for the rest of the world suppliers.

Remarkably North America only has 55% of products supplied by domestic suppliers and 45% by imported products and of the US\$2.5 billion imports only 8.5% are from intra-region suppliers. This means that US\$2.0 billion of transformer business goes to non-North American suppliers. It is no wonder that there are vociferous anti-dumping claims emanating from the USA.

Region	Intra Regional Share of Imports	Extra Regional Share of Imports	Extra Regional Market Share %	Extra Regional Market share Million \$
W Europe	74.15%	25.85%	16.36%	588.2
E Europe	30.16%	69.84%	21.45%	196.0
FSU	53.40%	46.60%	19.38%	424.9
Africa	4.86%	95.14%	51.72%	1,116.4
M East	22.65%	77.35%	68.52%	1,387.9
Indian Sub Con	4.90%	95.10%	36.16%	489.7
Asia	59.92%	40.08%	3.47%	584.1
S & C America	33.68%	66.32%	25.59%	513.5
N America	19.15%	80.85%	36.15%	1,988.6
Australasia	14.52%	85.48%	51.55%	207.2
Global Total	36.92%	63.08%	20.27%	7,496.4

To re-cap extra regional suppliers won \$7.5 billion of business out of \$37 billion market.

Looking at exports by destination the pattern shown below emerges.

Region	Intra Regional Share of Exports	Extra Regional Share of Exports	Extra Regional Market share Million \$
W Europe	38.05%	61.95%	2,746.9
E Europe	12.79%	87.21%	577.0
FSU	89.54%	10.46%	56.9
Africa	93.21%	6.79%	4.2
M East	50.33%	49.67%	401.0
Indian Sub Con	6.68%	93.32%	352.6
Asia	30.10%	69.90%	2,027.8
S & C America	21.83%	78.17%	933.9
N America	54.99%	45.01%	385.6
Australasia	76.83%	23.17%	10.6
Global Total	36.92%	63.08%	7,496.4