

Asia-Pacific Region to Become the Largest Geared Products Market by 2014

Austin, TX – 6th December 2011 Asia-Pacific is poised to become the largest regional market for geared products by 2014, and possibly sooner if the anemic growth of the EMEA market persists in 2012 as widely feared. The forecast of the geared products market over the next few years shows almost two thirds of the growth is expected to come from the Asia-Pacific region, as predicted in the latest Gearboxes and Geared Motors report from IMS Research. This equates to almost \$3 billion of revenue growth by 2015 in that region alone; good news to say the least. The bad news is that European and US-based suppliers may not be able to benefit from this growth.

Between 2008 and 2010, Asia-Pacific's share of revenues for geared products grew by 6%, indicating a phenomenal shift in the market's geographic composition, according to findings in the report. One of the reasons that European and North American companies may not be benefitting from this growth is that during the 2008-2009 recession, it was found that many of them de-emphasized the emerging markets to focus on core domestic business. The majority of suppliers completely exited the Japanese market, reporting no revenues in the country; therefore, any projected growth in the coming 18 months is attributed to the local companies strengthening their positions in the Japanese market. Another key finding in the report is that China and other Asian countries are increasingly encouraging domestic consumption of domestic production, and if a company doesn't have a local presence already established, it will be difficult for them to capture a significant portion of this expected growth.

"The combination of slower regional growth expected in the Eurozone, coupled with the Asian emphasis on local consumption over importing, bodes well for the Asian suppliers capable of meeting production demands, and creates interesting challenges for the European and American suppliers not yet located there," said Paul Sundberg, the author of the Gearboxes and Geared Motors report. "It's quite possible that they may miss out on this massive shift with Asia becoming the largest geared products market."

Materials handling, mining, energy generation, and food/beverage/tobacco were found to be the largest application segments, together comprising over 50% of 2010 revenues. The forecast growth rates for these applications are over 15% per year through 2015, supporting the demand necessary to overtake the EMEA region's revenues as predicted.

"The bottom line" continues Sundberg, "is that if a company isn't willing or able to establish a significant presence in Asia going forward, and provide the ability to both customize their product lines for local customers and provide after-sales services, they will have a very hard time capturing a share of the expected growth

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over the next five years, and as a result, will lose market share over time.”

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