Asia Pacific Electric Drives Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 120 pages | Mordor Intelligence

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Report description:

The Asia Pacific electric drives market is expected to register a CAGR of 4.8% over the forecast period (2022-2027). Electric drives deliver a highly-efficient production process at a low cost. As electricity consumption is the major cost component across end-user industries, the demand for electric drives has increased considerably to gain an advantage over electricity consumption.

Key Highlights
The massive shifts in manufacturing due to Industry 4.0 and the acceptance of IoT to advance production, with technologies to achieve greater production capacity and output, have propelled the demand for the electric drives market. Also, the additional drive benefits such as minimized maintenance requirements and improved process control are the factors fueling adoption.
The increasing usage of electric drives in the manufacturing processes and their automation across different industry verticals is boosting the demand. The growing need for greater output energy efficiency further strengthens the electric drive market.
Furthermore, the automation in the industries of Japan and the development of Industrial version 4.0 is speeding up faster. Japan has emerged to become a manufacturing hub for factory automation products, supplying them to other regional markets in the Asia-Pacific region, making factory automation more affordable in the area.
Several government initiatives in India, such as the Production Linked Incentive (PLI) schemes, announced that the electronics manufacturing and pharmaceuticals sectors could be usefully combined with the Section 65 scheme for added benefits. This resulted in the growth and expansion of manufacturing industries with the adoption of technology to cater to the market's demand. For instance, according to Goldman Sachs, new investment and order activities in the manufacturing industry in India have witnessed a 210% increase in FY 2022.
Moreover, the made-in-China 2025 initiative to reduce China's dependence on foreign technology is helping the domestic manufacturing industry to strengthen their businesses and cater to a large market by expanding their businesses, adding up the demand for electric drives.

The growth in industrialization has raised the demand for automated and motor-driven equipment that needs AC drives in the countries such as China, India, etc. However, the initial setup cost, maintenance, and presence of alternative options to Electric drives are the factors impeding the market's growth.
The shutdown of factories and plants during the Covid-19 pandemic significantly impacted manufacturing facilities and decreased the demand for electric drives across different industry verticals such as oil & gas, construction machinery, and power generation. The pandemic has also highlighted the need for factory automation to replace labor to deal with a skilled labor shortage and avoid disruption in the workflow due to the unprecedented nature of the situation.

APAC Electric Drives Market Trends

Power Generation Industry to Drive Market Growth

The power generation plants consume 5-10% of the power they produce due to various devices. The power generation processes are driven by electric motors that consume large amounts of electricity. This has resulted in the growth in the use of variable speed and voltage electric drives as it helps reduce electricity consumption and make the processes energy efficient. Also, these drives are being used as pumps and fans that are part of the power generation process.
According to Indian Energy Agency (IEA), electricity demand is expected to increase by 4.5% in 2021, supported by rebounding economic activity and rapid growth in major emerging economies such as China. Demand in emerging and developing economies remains on the growth trajectory that resumed in the second half of 2020. This trajectory will be accelerated by China and India's projected strong economic recovery.
With a projected 2021 GDP growth of 9% in China and 12% in India, electricity demand is expected to grow by around 8% in both countries compared with 2020. Southeast Asian countries are also expected to see a strong return to growth, with demand increasing 5% in 2021, putting total demand 3% above 2019 levels.
Thus, the growth in the demand for electricity in the major countries of the region is creating the demand for variable speed drive and is further expected to propel the growth during the forecast period as power generation companies are investing in capacity expansion and power infrastructure. For instance, as of 2021, there were 33 gigawatts (GW) of coal-fired power plants under construction, and another 29 GW of proposed projects are under various stages of regulatory approval in India.

China is Expected to Hold Significant Share

China has led the industrial robot demand, owing to the rising production by manufacturing industries in the Asia Pacific region.
The increase in the adoption of industrial robots in the country and the Industrial Control System in the country facilitate the demand for electric drives.
Manufacturing is one of the pillars of China's economy and is undergoing a rapid transformation as the population ages, rising labor costs, and inexpensive migrant workers are no longer sustainable. Moreover, 70% of the world's computers, communication equipment, and consumer electronics are made in China.
Continuous industrial automation in production processes is growing owing to the emphasis on automating manufacturing processes, construction, power generation, and mining end-users, boosting the application of electric drives.
The manufacturers are focusing on modernization and digitization of production processes to combat the pandemic hindrance by adopting robots in their operations. For instance, according to The Ministry of Industry and Information Technology, the operating income of China's robotics industry is expected to grow at an annual rate of 20 % from 2021 to 2025. And China aims to double its manufacturing robot density by 2025 owing to increased demand from automobile, aerospace, logistics, and mining industries.
The companies are deploying process automation and robotics in their manufacturing process to increase production speed. For

instance, in November 2021, Honor opened its highly automated Manufacturing Industrial Park in Shenzhen, China, and is now able to produce the brand's major products with a production speed of about 126 units every hour.

APAC Electric Drives Market Competitor Analysis

The Asia Pacific electric drives market is fragmented owing to the presence of regional and international players such as Danfoss, ABB, Nidec Corporation, TMEIC, etc., in the market that offers high-quality, reliable devices with technological advancement. The competition will likely intensify due to rising activities such as mergers and acquisitions and product launches by vendors to enhance their presence in the market.

July 2021 - Toshiba Mitsubishi-Electric Industrial Systems Corporation has delivered a motor drive system and an automation system for a cutting-edge hot strip mill facility set up by Shougang Jingtang Iron & Steel Co., Ltd. in Tangshan City, Hebei Province, China. The final delivery was completed in May 2021.

Additional Benefits:

The market estimate (ME) sheet in Excel format
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