

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

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Report description:

The Latin America Electric Drives market is analyzed to grow at a CAGR of 7.21% during the forecast period 2022-2027. An electric drive (also known as an electric controller) is a device that controls the output of a motor, such as an electric actuator, to produce linear motion. As a principal source of energy, this drive uses a prime mover such as a gasoline engine, otherwise diesel, steam turbines, otherwise gas, electrical, and hydraulic motors. These prime movers will provide mechanical energy to the drive system for motion control.

Key Highlights

The significant adoption of electric drives in various sectors in the region is contributing to the market growth rate. For instance, Fazenda Brasileiro is an underground gold mine with a 3,500-tonne daily capacity carbon-in-pulp facility in Bahia, a state in north-eastern Brazil. The mine has been operating for more than three decades, and it has constantly renewed its mineral reserves as they have been depleted. Vacon Latin America has delivered 18 VACON X-series AC drives to manage ventilation and pumping systems underground to help with this retrofitting project. The primary cost of the electric drives is high, hence is considered a challenge for the market during the forecast period.

The growing adoption of automation in the region is majorly contributing to the demand for the electric drives market. Manufacturing is moving closer to the customer as a result of trade tensions and COVID-19. Companies are considering nearshoring with automation as a solution to supply-chain concerns.

After Mexico, Brazil is regarded as one of the top manufacturers in Latin America and one of the largest exporters of electrical equipment (including medical equipment) and appliances. This fuels the country's demand for factory automation. Furthermore, AI-driven simulation is likely to boost the metallurgical production sector's efficiency, which now lags behind that of industrialized nations.

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COVID-19 pandemic had a huge impact on the Latin American electric drive business, causing problems for various end-user industries that employ electric drives. Lockdowns were imposed across the region, bringing the industry to a halt. However, with the gradual businesses reopening in the post-COVID-19 period, the industry is expected to see an increase in the need for energy-efficient gadgets, resulting in an ancillary demand for electric drives.

Latin America Electric Drives Market Trends

AC drives are Expected to hold Major Share in the Market

AC drives are expected to hold a major share owing to their widespread applications in various sectors. They are primarily deployed in variable torque applications, HVAC systems, power plants, boiler feeder pumps, and so on. The major applications include AC drive in water supply pump in power plant, AC drives on condensing pump of power generator, and so on that include operation in the power generation industry.

With two-thirds of the continent's total capacity, Brazil has the most installed hydroelectric capacity in South America. The hydropower sector in Brazil accounts for two-thirds of total energy capacity and more than three-quarters of electricity demand. Brazil's electricity generation is heavily reliant on hydropower; in 2020, hydropower accounted for 66% of the country's electrical consumption. The Amazon River Basin has the majority of Brazil's hydropower capacity, although electrical consumption centers are primarily found along the eastern coast, particularly in the south (source: EIA)

According to regulator Aneel, Brazil raised its electricity generation capacity by 347MW in March 2022, with new plants coming online. Thermoelectric plants accounted for 36% of the monthly capacity increase, followed by solar with 29%, wind with 21%, and small hydropower plants with 14%.

HVAC is Expected to Hold Significant Share During the Forecast Period

The AC drive is among the most effective energy management methods currently applied to building HVAC systems (or variable speed drive). The primary advantage of employing an AC drive is that it saves energy. Major savings in system motor energy use are gained by matching system capacity to actual demand throughout the year.

Due to the growing demand for energy-efficient air-conditioning and refrigeration solutions, demand for HVAC units is expanding as the economy continues to show signs of significant growth and the housing and commercial building sectors expand. Many regulations have been enacted to reduce the usage of HVAC systems, which are more energy-intensive than traditional heating alternatives. Nonetheless, with the growing trend of linked homes and the adoption of greener technologies, HVAC equipment vendors are likely to see a significant increase in income.

According to the WEDC (Wisconsin Economic Development Corporation), Mexico's HVAC industry consists of around 600 enterprises across the country. Heat exchangers are manufactured by 400 different firms. Carrier Corp., Goodman Manufacturing Co., Lennox International Inc., Nortek Global HVAC, Rheem Manufacturing Co., Trane Inc., and York International Corp. are among the HVAC manufacturers. This is analyzed to boost the demand for AC drives in the region.

For instance, in 2021, Nidec Global Appliance, a branch of Nidec Corporation committed to providing solutions for the global residential and commercial appliance industries, has begun a significant expansion of its manufacturing capacity. The extra capacity will enable variable speed motors for heating, ventilation, and air conditioning (HVAC) systems from the US Motors and Rescue brands. The estimated USD 18 million investment will expand annual production capacity by 1.5 million units. Three Nidec Global Appliance manufacturing factories in Monterrey, Mexico, will receive the investment for this production expansion. In September 2020, Chile's ministry of energy launched a program to develop district heating in the south-central Magallanes region of Chile. The Global Environment Facility (GEF) supported project will develop the regulatory, technology, finance, and

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other requirements to advance district heating in the region.

Latin America Electric Drives Market Competitor Analysis

The market for Latin America electric drives is estimated to be highly competitive over the forecast period, as the players in the market are increasingly working on new product development with a sharp focus on overcoming the shortcomings of the prosecutor. The players are also focusing on partnerships and mergers and acquisitions in order to expand their consumer base. Major players in the market include Rockwell Automation, ABB Ltd., Schneider Electric, Siemens AG, and Emerson Electric, among others.

January 2021 - The Kinetix 5100 servo drive with Kinetix TLP servo motor standalone motion solution from Rockwell Automation is launched in 480V for applications in packaging, converting, print, and web, machine and assembly, and life sciences OEM applications. By providing a market-competitive motion-control capability for versatile, freestanding machines, the Kinetix 5100 servo system addresses growing consumer demand for more product variety. OEMs can design a motorized or automated system with the Kinetix 5100 servo drive to assist speed up changeovers.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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