

Alternating Current (AC) Electric Drives - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2025 - 2030)

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Report description:

The Alternating Current Electric Drives Market is expected to register a CAGR of 4.4% during the forecast period.

Key Highlights

- Due to the rising domestic consumption rate, the growing gas industry and improving manufacturing outlook are anticipated to augment the demand for AC electric drives. For instance, according to IEA, in China, the increasing heating demand, combined with a strong economic recovery, pushed y-o-y gas demand growth to 23% in January 2021.
- Manufacturers in the food industry are increasingly adopting automation to meet the guidelines and regulations set by the industry associations to maintain the quality of products offered. For instance, Food & Drug Administration's Food Safety Modernization Act (FSMA) introduced regulations that necessitate giant food manufacturers to meet preventive controls and Current Good Manufacturing Practice (CGMPs) requirements.
- The stringent government regulations regarding environmental concerns to cut down energy usage and carbon emission regulate the demand for low-power AC drive as it helps achieve energy efficiency and reduce operating costs by monitoring energy usage.
- Moreover, urbanization and industrialization have raised the demand for automated and motor-driven equipment that needs AC drives. However, the initial setup cost, maintenance, and presence of alternative options to Electric drives are the factors hindering the market's growth.
- The Covid-19 pandemic shutdown of factories has impacted manufacturing facilities and decreased the demand for electric drives across different industry verticals. The pandemic has also highlighted the need for factory automation to replace labor to deal with a skilled labor shortage and avoid workflow disruption due to the situation's unprecedented nature.

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Alternating Current (AC) Electric Drives Market Trends

Discrete Industries to Grow Significantly

- AC electric drives find robust applications across the discrete manufacturing industry, which deals with the mass production of automobiles, aircraft, defense equipment, electronic products, semiconductors, and textiles.
- The United States is currently the most attractive country for aerospace manufacturing due to excessive interest from private firms like SpaceX, Blue Origin, and the US military. The country's aerospace and defense (A&D) industry increased its funding for R&D. Since 2010; its R&D spending has increased, with the annual investments increasing by 14%, to reach a value of USD 17 billion. The growth in the manufacturing operations of the automotive and A&D industries is expected to propel the demand for AC drives.
- The production process of electronics consumes a huge amount of energy. With the increasing customer demand and the ever-surging production volumes, the manufacturers are adopting automation with energy-efficient devices. Hence, many end-users, especially in the discrete industries, are increasingly adopting customized motors with AC electric drives.
- Furthermore, electronics manufacturing companies are expanding their manufacturing capacities across the globe. For instance, in March 2022, Intel plans to spend more than EUR 33 billion to increase its manufacturing capacities across the EU to bring various parts of the semiconductor value chain and increase supply chain resiliency in Europe.

Asia Pacific is Expected to Hold Major Share

- The regional organizations are making progress and seeing results from more reliable, efficient, and predictive processes at the plant and expect further increase in operational efficiency from investments in the industrial Internet of Things (IIoT) that connect machines and automate processes.
- For instance, in June 2022, Japanese engineering company Mitsubishi Electric Corporation said that it would spend approximately USD 2200 million on its subsidiary Mitsubishi Electric India Pvt. Ltd. to set up a new factory in the country to manufacture inverters and factory automation (FA) control system products.
- 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 consumer electronics are made in China.
- With the emphasis on automating manufacturing processes in different industry verticals such as power generation, oil & gas, textile, and mining, end-users are increasing continuous industrial automation in production processes, enhancing the application of AC electric drives.
- Moreover, the changing environment in the region has been driving the demand for HVAC systems in commercial, institutional, real estate, etc. sectors. Also, the growing number of infrastructure projects and buildings creates demand for energy-efficient HVAC systems. Hence, HVAC manufacturers are investing in expansion to cater to the demand. For instance, according to the Ministry of Commerce & Industry India, 26 companies are investing 3898 Crore in AC conditioner components manufacturing in India under PLI Scheme.

Alternating Current (AC) Electric Drives Industry Overview

The global AC drives market is highly fragmented as the demand for AC electric drives is increasing with the growing manufacturing industry across the globe. The key players in the market, like Danfoss, ABB, Siemens AG, and others, are continuously innovating new products and rising activities such as mergers and acquisitions and capacity expansion, further

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increasing the competition.

- May 2022 - Rockwell Automation, one of the largest companies dedicated to industrial automation and digital transformation, announced the release of its new Allen-Bradley Armor PowerFlex AC variable frequency drives for industrial motor control applications. These on-machine drives provide quicker installation, simple commissioning, and predictive maintenance.

Additional Benefits:

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

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