Taiwan's planners predict bullish growth for automotive electronics

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Emerging automotive production in China could help Taiwan grow its sales to OEMs, TEEMA's Luo Huai-Jia told *Automotive Engineering*.

Strong global automotive market growth has sparked optimism in Taiwan's automotive electronic market. Suppliers and government planners predict considerable growth over the next few years, with many hoping to make OEM sales a solid portion of that expansion.

Taiwan's government is looking to the automotive industry as a key area for growth as the personal computer market, where it's a major global supplier, wanes. Automotive components and equipment already are significant in the region, though small globally. Regional studies peg Taiwan's output of automotive electronics, referred to in the region as "autotronics," at around $488 million in U.S. dollars.

"Taiwan's autotronics production is currently $15.6 billion New Taiwan dollars, that's only 2% of the world market," said Fu-Hsiong Cheng, Vice Chairman of the Taiwan Electrical and Electronic Manufacturers' Association (TEEMA). "It's not impossible to say that it can get to one trillion New Taiwan dollars ($31 billion) by 2020."

Shih-ChaoCho, Deputy Minister of Taiwan's Ministry of Economic Affairs, predicted that exports will have similar bullish growth. Part of that will come from motorcycles and components that will be shipped to Iran. He thinks that with the removal of sanctions, "Iran will be a very big market."

Taiwanese suppliers at the recent AMPA/Autotronics conference in Taipei hope to make these optimistic predictions come true. Many hope to expand beyond aftermarket sales to OEM customers.

Light-emitting diodes (LEDs) will play a significant role, building on expertise gained in other markets. Depo Auto Parts has a large new factory that will make primarily LED headlamps and tail lamps. The $500 million company expects to ride a rapid transition from conventional lighting.

"In the next five years, we will be at more than 50% LEDs globally," said Michael Hu, Depo's Vice President. "Now they're only about 3-5% of our shipments."

Eagle Eye, which also makes exterior lamps, just unveiled conventional headlights that adjust beam levels when oncoming vehicles are sensed. But it expects to quickly phase them out.

"Our goal is to produce only LEDs within two years," said Shawn Li, Senior Sales Manager at Eagle Eye. "We're about 50-50 with LEDs at this point."

LEDs also could play a role in ongoing efforts to increase sales to OEMs – and the emergence of automotive OEMs in China and Southeast Asia could bolster that effort. Luo Huai-Jia, Vice President of TEEMA noted those Asia markets "are emerging areas near us, so it's easier to get in there."

He added that "Taiwan's LED companies still sell primarily to into aftermarkets, but they're trying to sell more to OEMs. Most carmakers in China are purchasing Taiwanese headlamps."

As suppliers and government planners focus on rapid growth, chipmakers at the trade show detailed their efforts to increase their presence in Taiwan. Texas Instruments touted its close working relationships with suppliers including Young Optics, Alpha Networks, Kentec and McCloudware. Renesas detailed its work with 21 universities while noting that it's established relationships with several partners since a program began in 2009.

"Our Taiwanese customers support many carmakers and Tier 1s," said Eric Wang, Marketing director for Renesas Electronics Taiwan. "Those customers are in Europe, the U.S. and Japan. Taiwan and China have a special relationship; mainland China is a strong market."

Suppliers also hope to grow with the nascent electric-vehicle market. As with LEDs, suppliers will leverage longstanding experience in commercial and industrial markets.

"EVs will be a good market, our companies are famous for motors and motor control," Luo said. "They also know how to provide energy savings."

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