



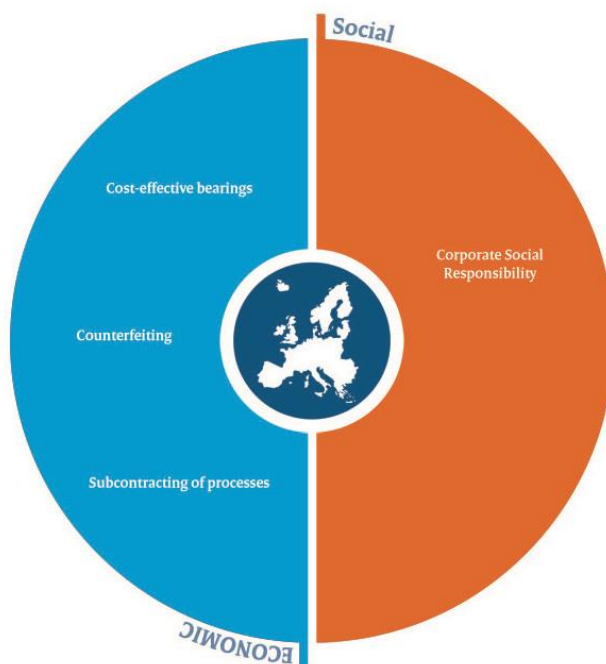
# CBI Trend Mapping - Motion, Drives, Control, and Automation: Anti-Friction Bearings

*'Insights and foresights into key European and EFTA market dynamics'*

As Europe recovers from the economic crisis and demand recovers along with it, so does the need for imported, cost effective bearings. For DC exporters of bearings that can offer strict quality controls, CSR compliance, integrity, and cost-effective products, there is an opportunity for exports to Europe.

Figure 1 reveals the main trends on the EU market.

**Figure 1: Overview of key trends on the European market for anti-friction bearings**



Source: Peer group MDCA and interview with industry experts (2012-2014)

## Social market driver

### Use CSR as a USP

- Corporate Social Responsibility is already of prime concern to large, global bearing manufacturers that subcontract components (rings, races, balls, and cages) to manufacturers from DCs.
- Companies, no matter where they originate from, that are audited and whose CSR is not compliant, are sometimes given the chance to address the situation, while others may be automatically eliminated from the possibility of entering the supply chain because they are not paying sufficient attention to labour laws, employees' rights or child labour issues.
- European manufacturing companies, which have a reputation to protect, are already examining and inspecting CSR and HR policies of their prospective suppliers. The auditing of new suppliers, which includes the issue of CSR, is becoming more and more common. Distributors in Europe are currently less likely to pay so much attention to CSR issues and focus more on price and quality. However, it is very likely that their attitudes to CSR too will change in the next few years. DC exporters that have implemented a solid CSR policy can use this as a Unique Selling Point.

**CFA<sup>1</sup>:** Show commitment to CSR; use it as a competitive edge.

**CFA:** Develop and implement a CSR policy, provide evidence to back it up.

**CFA:** Publicise your compliance to CSR in your marketing material (website and literature) to differentiate yourself.

**CFA:** Develop your workforce so that you become proud of them and their achievements and input into the company's success.

## Economic market drivers

### Demand for cost-effective bearings has increased since 2008

- Before the crisis, most of the demand for cheap bearings came from central and eastern Europe. Since 2008, cost competition has intensified and imports from China and India have emerged, mainly for standard bearings. Since the economic climate has worsened in Europe, buyers have been more actively pursuing bearings that are cheaper but still meet performance standards in application. This has been successful in some cases of course, while the quality has not been good enough in others.
- Although the economic climate is expected to show continuous improvement over the next few years, the demand for cost-effective bearings continues to offer opportunities for DC manufacturers of bearing components and complete bearing assemblies that can offer such cost-effective bearings and parts.

**CFA:** Benchmark your bearings against your industry peers on cost-effectiveness. Improve where necessary.

**CFA:** Improve your attractiveness to potential EU buyers:

- Prove consistent quality and reliable delivery performance.
- Offer transparency within QA policy and procedures.
- Promote the willingness to have your processes audited by potential clients.

**CFA:** Perform market research: look for EU distributors/importers.

**CFA:** Offer transparency and show your integrity in practice.

**CFA:** If you have (free) capacity and aim to attract subcontracting business, start actively approaching EU manufacturers. Sell your capacity and capability, but (remember!) be honest about it.

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<sup>1</sup> Consideration for Action for Developing Country Exporters.

### **Tackle the strengthening perception of counterfeiting by showing integrity**

- Although some of the large, global manufacturers are accused of exaggerating the issue in order to put a focus on brand loyalty, counterfeiting has continued to pose a threat to the bearing industry. This has severely curtailed the subcontracting of complete bearing assemblies from those large global manufacturers, and with it the subcontracting opportunities for many companies in DCs.
- The counterfeiting problem has also hardened the attitude of smaller manufacturers, which have also become aware of the risks of subcontracting to companies in DCs.
- Expectations are that European bearing manufacturers will be more likely to conduct (even more) frequent audits in their subcontractor's facilities, in an attempt to restrict the counterfeiting practice.

**CFA:** Offer transparency and show your integrity in practice.

**CFA:** Offer transparency within QA policy and procedures.

**CFA:** Visit the [Counterfeiting site](#) of the World Bearing Association. The site offers news and suggestions on how to spread the anti-counterfeiting message.

**CFA:** Be prepared to sign Non Disclosure Agreements.

**CFA:** Also refer to the [CBI Buyer's Black Box](#) for more information on which topics are decisive for buyers when looking for (new) suppliers.

### **More subcontracting of non-critical processes**

- Many EU bearing manufacturers prefer to buy bearing rings in a black (forged) state or in semi-finished condition and will finish machining to exact tolerance in-house. For manufacturers of other components such as cages, rollers, balls, and forged rings, there are very good opportunities for subcontracting work to European bearing producers in the short and medium term.
- While bearing manufacturers may be open to subcontracting of component manufacturing, several of them also strive for increasing their supply chain flexibility and agility. In practice, this can also include more local or regional sourcing. Although this can be a serious threat to DC exporters, by providing products regionally, this local service can also lead to opportunities for becoming a global supplier.

**CFA:** If you have (free) capacity and aim to attract subcontracting business, begin to actively approach EU manufacturers. Sell your capacity and capability, but do not make promises that you cannot keep.

**CFA:** Improve your attractiveness to EU manufacturers: 1) prove consistent quality and reliable delivery performance and 2) offer transparency within QA policy and procedures.

This survey was compiled for CBI by Facts Figures Future  
in collaboration with CBI sector expert Malcolm Sheryn

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