

# The valve market

## Europe/Africa valve market

By Bob McIlvaine, President, McIlvaine Company

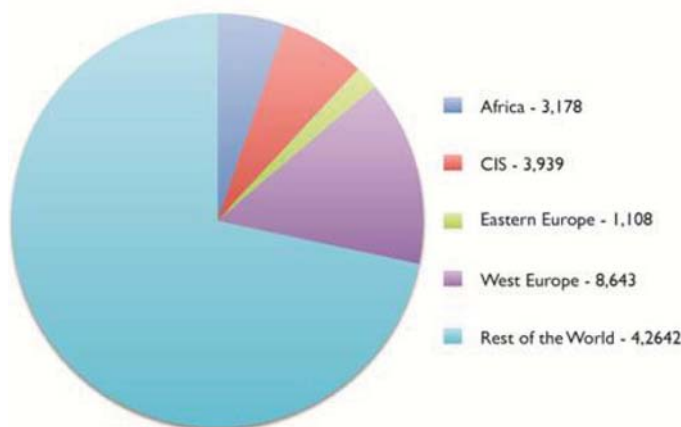
Valve sales in Europe and Africa next year are projected at \$16.9 billion. This forecast appears in a new report by McIlvaine scheduled to coincide with the Valve World Conference in Düsseldorf and available through KCI Publishing – see box at the end of the article.

Sales managers need to set targets in each country. Salesmen need to prioritize their efforts based on the opportunities for specific products in specific markets. The availability of more than 10,000 such forecasts for the Europe/Africa market will provide the necessary tools for the management and sales team. Europe and Africa will account for 29% of the industrial valve market in 2015.

Russia will be the largest valve purchaser next year unless there is some traumatic political event which is not now anticipated.

Rank	Country	Revenues \$ million 2015
1	Russia	2825
2	Germany	1937
3	UK	1274
4	France	1049
5	Italy	1019

2015 World Valve Sales (\$ millions)



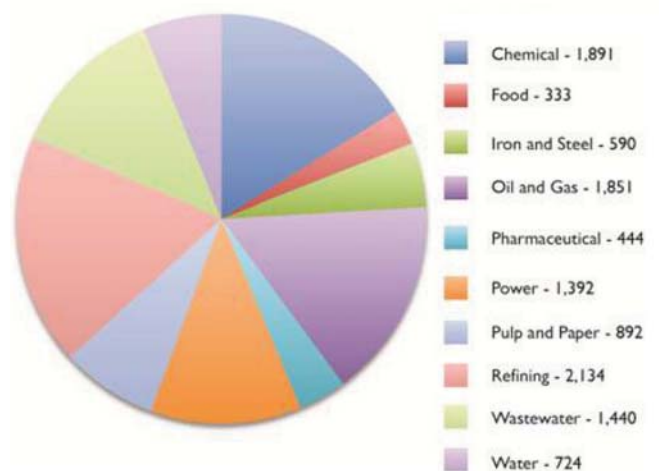
Sales in Europe include three segments, western Europe, eastern Europe and CIS. Africa is divided into 9 sub groups. These include the 8 largest valve purchasers and an aggregation of smaller purchasers.

EUROPE	AFRICA
CIS:	Algeria
Belarus	Egypt
Kazakhstan	Kenya
Russia	Libya
Ukraine	Morocco
Uzbekistan	Nigeria
Other CIS	South Africa
	Tunisia
	Other Africa

The alienation of Russia could slow down projects. There is the opposite effect in other countries in the group. Projects are being planned to reduce dependence on Russian gas. Ukraine is now slated to spend billions of dollars on two coal to syngas plants. These will require more than 50,000 valves. Other countries in the region are stepping up shale gas and underground gasification projects. The UK government has established a working party to investigate the merits of underground coal gasification due to the vast resources of coal sitting under the North Sea. CO<sub>2</sub> generated from the combustion of the gas could be used to enhance the oil recovery from the dwindling north sea oil.

**Application outlook:** Oil and gas is the largest combined valve market for the two continents, but refining is the largest in Europe.

2015 Europe Valve Sales (\$ millions)



The refining sector is the largest market in Europe/Africa. However, it is experiencing negative growth. The availability of new crude sources in the U.S. and the subsequent increases in refining capacity have had a negative impact on valve sales in Europe. Fourteen refineries have closed in Europe since 2007, with the highest number in France, where refining capacity has shrunk since 2008 by 30% to 1.4 million b/d. The refiners are planning more closures with refining margins plunging. Closures are likely to come from Italy. Capacity there has shrunk by 10% over the past six years compared with 15% in Germany and 22% in the UK. In the meantime, demand for oil products in Europe has slumped by 14% since 2008. Industry players and analysts say the downward trend will continue with car manufacturers increasingly building more efficient engines.

Total, which has focused its strategy on investing in its larger, integrated petrochemical and refining plants such as Gonfreville in northern France or Antwerp in Belgium, aims for integrated platforms to make up 75% of profits by 2017.

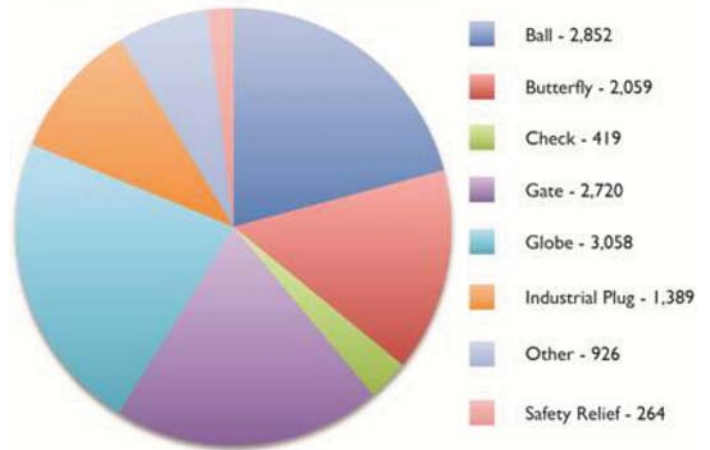
The steady and growing markets in Europe are the pharmaceutical, food and chemical sectors. The European Union accounts for 18% of the valve purchases by the world's chemical industry. During the years from 2002 to 2014, the European Union gradually lost its top spot in world chemicals sales to China and the rest of Asia (excluding Japan). The total value of sales in the European Union has actually been continuously growing, however, while overall world chemicals sales have been growing faster. World chemicals sales increased by 2.6 times in value terms in 2014 compared with 2002.

**Africa applications:** The largest market in Africa is oil and gas.

Countries (OPEC). These are Libya (which has 48 billion barrels worth of reserves), Nigeria (37.2 billion barrels), Angola (12.7 billion barrels) and Algeria (12.2 billion barrels). In fact, these four countries held 84.5% of Africa's reserves at the end of 2012. Other countries with notable proven oil resources are Egypt, South Sudan and Gabon. Uganda, Kenya and Ghana are all promising prospects.

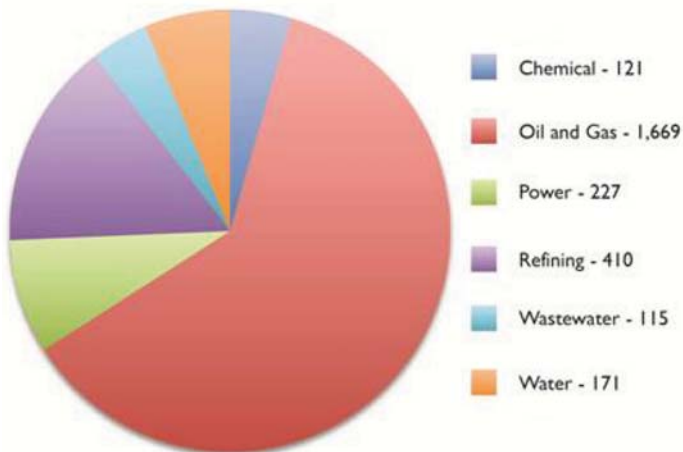
**European Valve sales by type:** Sales of ball valves in Europe next year will exceed \$2.8 billion. Globe valves will be the most popular choice with sales over \$3 billion.

2015 Europe Valve Sales (\$ millions)



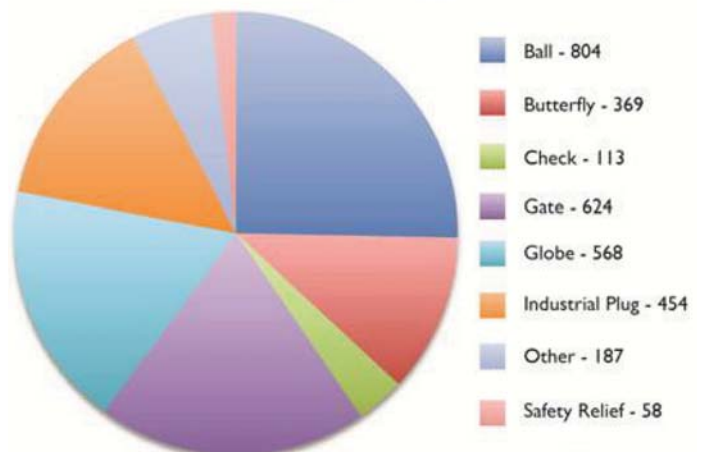
**Africa sales by valve type:** Ball valves will be the leading choice in Africa in 2015. Globe valves will be relegated to third place behind gate valves.

2015 Africa Valve Sales (\$ millions)



Africa produces over 9 million bpd of crude oil, but refining capacity is only 3.3 million bpd. Refineries do not operate at full capacity; in fact, refinery throughput is only 2.2 million bpd. There are several new refineries under consideration Dangote Group, plans to construct a \$9bn refinery and petrochemical & fertiliser plant, as well as a natural gas power plant in Nigeria. Africa's proven oil reserves are concentrated in the four members of the Organisation of the Petroleum Exporting

2015 Africa Valve Sales (\$ millions)



**Bob McIlvaine** will be speaking at this year's Valve World Conference & Expo. Join him on Tuesday, 2<sup>nd</sup> December at 11:00 am in the Valve World Expo Forum in Hall 5. Full reports on Europe and Africa Valve Market with forecasts through 2019, are available through the Valve World webshop. To order your copies, go to: [www.kci-webshop.com](http://www.kci-webshop.com)