

## **World Industrial Gases: Industry Study with Forecasts for 2011**

*The Asia/Pacific region will continue to record better than average gains in industrial gases demand, as will the other developing regions of Latin America, Eastern Europe and Africa/Mideast.*

### **Global gas demand to rise 6.9% yearly through 2011**

World demand for industrial gases is forecast to increase 6.9 percent annually to \$36.8 billion in 2011, with volume exceeding 300 billion cubic meters. Asia/Pacific is the largest consuming region because of rapid growth in developing industrial markets, especially those of China and India. In fact, China will soon surpass Japan as the world's second largest industrial gas market behind the U.S. The Asia/Pacific region will continue to record better than average gains, as will the other developing regions of Latin America, Eastern Europe and Africa/ Mideast. The developed markets of North America, Western Europe and Japan will record below-average growth.

### **Diverse gas uses, demand "creep" to fuel consumption**

Industrial gases are essential commodities that are critical to the markets they serve. Although demand for industrial gases is subject to the cyclical nature of those markets, the diversity of gases' applications helps mitigate the effects of the cyclicity of any single business sector. Industrial gas cyclicity is further muted by a high degree of stability in markets such as health care and food and beverage processing, which are resistant to economic downturns.

Additionally, and perhaps more importantly, the steady and ongoing development of new products and technologies is often a breeding ground for new industrial gas applications. These new markets fuel an underlying component of growth that may be defined as industrial gases demand "creep." This effect, along with increases in countries' economic output, stimulates increased industrial gas consumption rates.

### **Medical, electronics markets to grow the fastest**

Metals production and fabrication will continue to be the largest market for industrial gases. Industrial gas consumption in steelmaking will increase as the result of technological advances and upgrades to Basic Oxygen Furnace (BOF) technologies in major steel-producing countries, such as China. The second largest market will be the chemical processing/petroleum refining segment. The medical/health care market, though smaller in size, will be the fastest growing and record gains from the expansion of health care services in developing nations and rapidly increasing use of home health care respiratory therapies in advanced economies. The second-fastest growing sector, electronics, is twice the market size of the health care segment. The electronics industry will benefit from existing and rapidly emerging manufacturing centers, especially in Asia/Pacific.

*The above was excerpted from the "World Industrial Gases Report" produced by the Freedonia Group, located in Cleveland, Ohio, and on the Web at [www.freedoniagroup.com](http://www.freedoniagroup.com).*