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Dear readers,

At the beginning of the year, I would like to reflect on the main market information related to the shortage of transformers. Obviously, 2023 was an exceptionally good business year for manufacturers of transformers, materials, components, etc. Most factories are filled with orders for the next two to three years or even longer, which is significant progress after 15 challenging years, although the situation is not the same in all parts of the world.

On the other hand, power utilities are feeling this in a different way: interest in tenders has declined as most factories have filled their capacities, as mentioned above. This is particularly difficult for utilities with more stringent requirements due to the harsher climatic and other conditions in which their transformers operate. Some utilities are even considering relaxing specifications and accepting new suppliers to ensure a reliable supply of transformers in the coming period. World-class experts Mazana Armstrong, Division Manager at BC Hydro, Secretary of IEEE PES and Editor of Transformers Magazine's WiPE (Women in Power Engineering) programme, and Luc Paulhiac, Chief Transformer Expert at EDF, talk about this in the excellent interviews we have prepared.

Our aim is to determine criticality of the situation in the supply chain, and to disseminate the results so that strategic decision-makers have a good basis on which to make their decisions

If we were to compare the current market situation with similar periods in the past, we could say that it is largely reminiscent of the years up to 2008. When we look back at what has happened since 2008, we all hope that we as an industry have become wiser and better at managing the risks, at least those that we can influence. The risks are linked to drivers that affect our market, the most important of which are:

- The state of the financial sector (stability, interest rates, etc.)
- Raw material prices
- The relationship between supply and demand for transformers.

Our industry has virtually no significant influence on the financial sector and raw material prices, while the supply and demand for transformers, and consequently materials and components, is largely determined by trends within our industry. Reducing the risks, i.e., the instability associated with changes in the supply and demand of transformers, can therefore contribute to positive market movements. However, the question is, how can this be achieved?

Reducing risk on a global scale is certainly not an easy task, especially under conditions of geopolitical tensions. It is certainly a very complex interaction of many processes, but certain steps forward are possible. One way is to identify and understand long-term needs for transformers through a collaborative approach. If we have at least a rough idea of the needs, e.g., for the next 10 years, if we know the utilisation of current production capacities and investment trends in new capacities, it is possible to better predict supply and demand trends, which is key to reducing risks in decision making related to future investments.

This is precisely the aim of the collaboration at the Industry Navigator conference and the related research project that we are currently preparing. Our aim is to determine how critical the situation is in the supply chain and what we can expect in the short and medium term, and to disseminate the results so that strategic decision-makers have a good basis on which to make their decisions. This is a well-established concept that we have used in previous research and that can yield very good results. However, the problems we are trying to solve now are much, much more complex.

Nevertheless, with a sincere and collaborative approach, I believe we will be able to meet the challenges and, when the research is completed, we will have results that will be indispensable in making strategic decisions for investments in new transformers, as well as for investments in new production capacities for transformers, materials, and components.

I therefore invite all our readers to participate in the research when it is published. By doing so, you will personally gain valuable information and make a significant contribution to the advancement of our industry.

By participating in the Industry Navigator research, you will personally gain valuable information and make a significant contribution to the advancement of our industry.

Finally, I wish you all a happy and successful 2024 and an enjoyable read of Transformers Magazine.

Yours sincerely,

Mladen Banovic, Editor-in-Chief