European News

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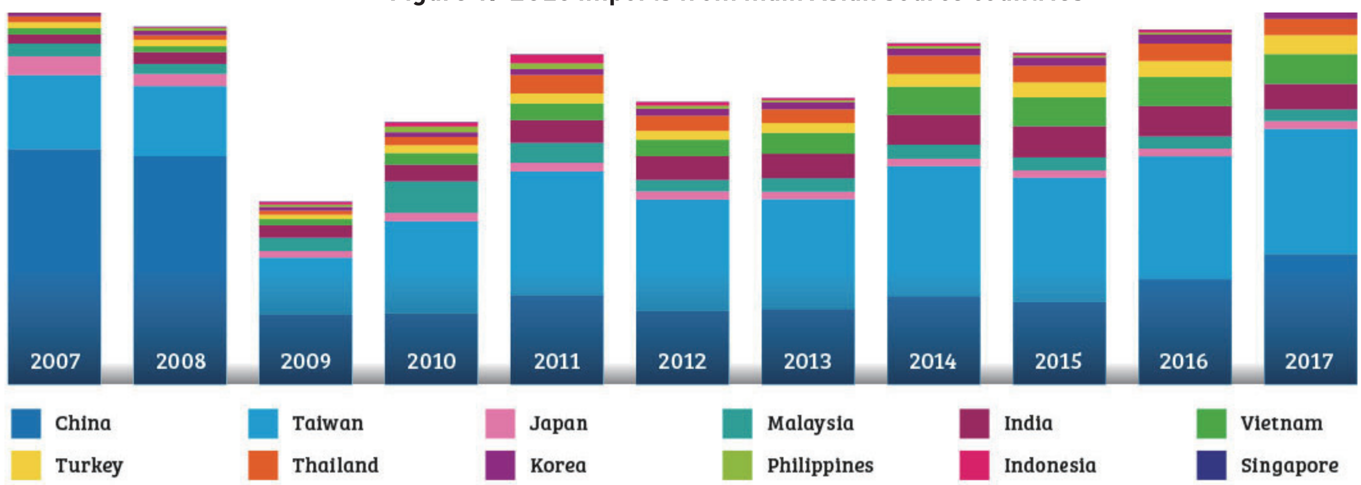
2017 EU Import Trends

Eurostat data providing details of 2017 fastener imports into the EU's twenty-eight member countries was recently published. Here's a brief summary, looking firstly across all fastener types and then specifically at those subject to EU prior surveillance import licensing.

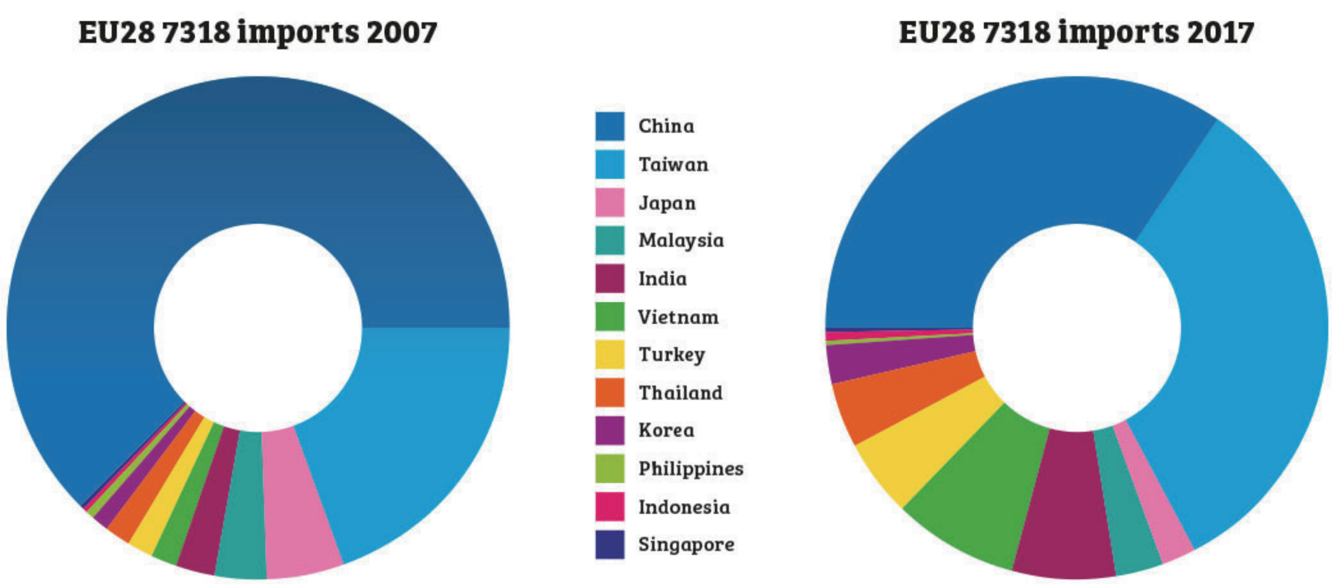
Figure 1 summarises imports of all iron/steel fasteners under the 7318 CN4 tariff code from the main Asian sources over the last decade. It shows the dominant import share commanded by China prior to the implementation of EU anti-dumping tariffs. In 2009 and 2010, the effect of the tariffs can be seen, but overall import volumes were suppressed by the financial crisis. Inventories were slashed and there was a strong swing towards short range, shorter lead-time sourcing. As markets recovered and importers returned to long range, longer lead-time sourcing, purchasing refocused on Taiwan from which imports continued to grow - even after the anti-dumping duties on China were repealed.

Figure 1. EU28 imports from main Asian source countries

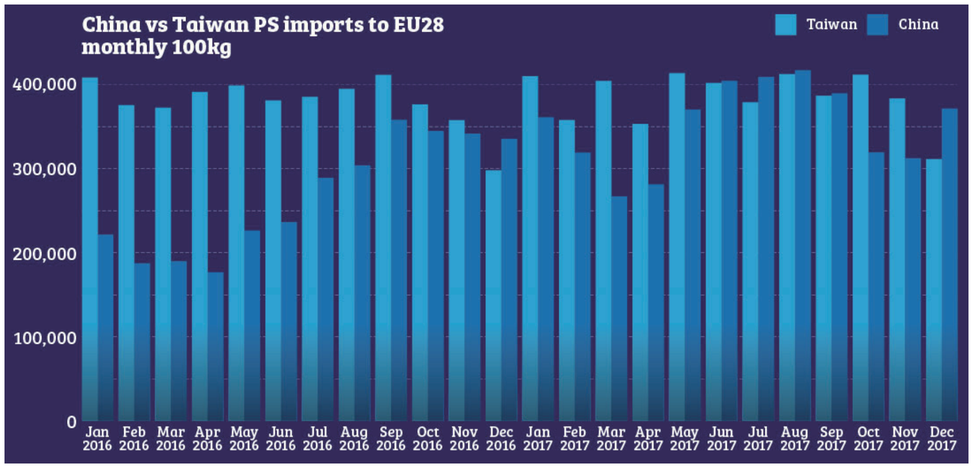


Other countries also became increasingly significant. Some of these import volumes represented trans-shipment of Chinese fasteners via third countries – progressively blocked by EU investigators. However, the growth of genuine manufacturing capacity in other countries also becomes increasingly significant. Vietnam's growth – nearly five-fold in ten years – reflects the continued pursuit of lower manufacturing costs. Turkey's 300% growth, by contrast, reflects its expanding manufacturing capacity for higher grade fasteners, combined with short delivery times to major European markets.

The pie charts compare 2007 and 2017 import shares, again for all iron/steel fasteners. Total import volume from these countries was around 7% higher in 2017 than in 2007. What the charts really demonstrate, however, is how many other countries, in addition to China and Taiwan, now play a significant role supplying fasteners to Europe.



Following the repeal of the anti-dumping duties on carbon steel fasteners from China the import trends have, inevitably, come under intense scrutiny. The pattern, however, has proven less linear and far harder to read than many anticipated. The following figure focuses, this time, solely on the products subject to EU prior surveillance measures and on the key comparison between China and Taiwan.



Imports from China grew rapidly in the months immediately following the repeal of the anti-dumping duties, mainly driven by washers and small screws, which showed the greatest cost differential, as opposed to high tensile fasteners. Then, almost as dramatically, they declined. Following a resurgence from Summer 2017 they, again, declined towards the end of the year. Taking the whole of 2017, import volumes from China stood at 55% of those experienced in 2007. The significance of that figure will vary depending on whether you are a manufacturer or a distributor. However, it is almost certainly not what most people expected to see.

So why has China, with the EU doors reopened, not reclaimed the dominant share it enjoyed in 2007? There are a number of key influences. Other countries have entered the fray, some with lower costs of production. Established fastener supply bases have increased productivity and quality – influential on higher added value fastener grades. European supply-chain reliability requirements have intensified. Uncertainty over the potential for new anti-dumping duties has tempered re-engagement with China.

Perhaps most significantly, the China of 2017 is patently not the same as 2007. Average manufacturing wages more than doubled between 2008 and 2016. Other costs of production have also risen substantially. Stringent measures to reduce air and water pollution have impacted steel, coatings and fastener industries, on occasions coming close to completely interrupting fastener supply in some areas. The steel cost trend has been upward for the last two years. More significantly it has on several occasions been extremely volatile, bringing quotation validity down to a matter of days.

Does that make China the market economy it now claims to be? In respect of steel the European Commission is emphatic that significant distortions continue to influence export costs. What does it all mean for the prospect of renewed trade defence measures on China? Again, your viewpoint will differ depending on your company's activity

but the issue has clearly has not gone away, although the crystal ball remains densely opaque.

Geoff Budd Steps Down from Trifast Board

Trifast PLC also announced that with effect from 31st March 2018 Geoff Budd, commercial director and European managing director will step down from its main board.

Geoff joined the board when Trifast listed on the London Stock Exchange in 1994. Prior to that Geoff had been a member of the TR Fastenings Board since 1986. Overall he has served the business for 42 years. On behalf of colleagues and investors the Board thanked Geoff for the huge contribution and guidance he has provided to the business throughout his tenure. Although Geoff has decided to relinquish his Board duties he will remain working with the operational team at TR Fastenings with responsibilities for the commercial and technical aspects of the business in the UK, Europe and Asia.

"Geoff has been a big part of the TR family since the early days and over my 19 years I have had the privilege of working closely with him, learning about the industry for which I thank him. From an operational stance he will remain part of the business, allowing us to retain his greatly respected experience and vast knowledge of our industry as well as his ability to get straight to the point," added Mark Belton, CEO.

SFS Raises Stake in HECO

SFS is deepening its strategic partnership with HECO, a leading manufacturer of fastening solutions for structural timberwork, and raising its interest in the German company to 51%.

In August 2015, HECO (Ludwig Hettich GmbH & Co KG) and SFS signed an agreement establishing a strategic partnership. SFS concurrently acquired a minority interest of 30% in HECO.

Both companies are active in the structural timber market and have built strong reputations for quality and innovation. Thanks to the two companies' largely complementary product portfolios, customers have since benefited from a more comprehensive range of products and services. Close collaboration between the two partners has created operational synergies in their manufacturing operations and sharpened their competitiveness.

This two-year old partnership has yielded very positive results for both HECO and SFS. The advantages are becoming increasingly visible, both on the sales and the manufacturing front. In a move to further strengthen this strategic partnership, SFS will increase its stake in HECO to 51% effective 1st July 2018. This will allow both companies to better capture growth and synergy potential and take better advantage of their respective competencies.

Acquiring a majority interest in HECO will facilitate the targeted improvement in HECO's performance within the SFS Group and have a positive effect on the headcount and business activity at the different HECO locations. HECO generated €41 million in sales in 2017 and employed 322 employees (end of 2017). The company was consolidated by SFS Group as of 1st July 2018.

EU Applies 'Rebalancing' Tariffs on US Fastener Imports

The European Union will apply 25% 'rebalancing' tariffs on a wide range of products imported from the United States, including seven categories of fasteners, effective from Friday 22nd June 2018.

The tariffs are in response to the Section 232 tariffs applied by President Donald Trump to steel and aluminium from the EU. Commissioner for Trade Cecilia Malmström said: "We did not want to be in this position. However, the unilateral and unjustified decision of the US to impose steel and aluminium tariffs on the EU means that we are left with no other choice. The rules of international trade, which we have developed over the years hand in hand with our American partners, cannot be violated without a reaction from our side. Our response is measured, proportionate and fully in line with WTO rules. Needless to say, if the US removes its tariffs, our measures will also be removed."

The EU will rebalance bilateral trade with the US taking as a basis the value of its steel and aluminium exports affected by the US measures. Those are worth €6.4 billion. Of this amount, the EU will rebalance on €2.8 billion worth of exports immediately. The remaining rebalancing on trade valued at €3.6 billion will take place at a later stage – in three years time or after a positive finding in WTO dispute settlement if that should come sooner.

The EU rebalancing measures will be effective for as long as the US measures are in place, in line with the WTO Safeguards Agreement and EU legislation.

Assuming they were alert to the publication of the regulation in the Official Journal, importers had just one day's notice of the imposition of the tariffs on Friday 22nd June, although the European Commission had previously published lists of products on which it was minded to apply duties. The list of products incurring the 25% tariffs included seven fastener CN codes. They are:

73181410 - self tapping screws of iron or steel, other than stainless (not woodscrews)

73181491 - Spaced-thread screws or iron or steel, other than stainless

73181499 - Self tapping screws of iron or steel other than stainless

73181640 - Blind rivet nuts of iron or steel, other than stainless

73181660 - Self-locking nuts of iron or steel other than stainless
73181692 - Nuts of iron or steel, other than stainless, with inside diameter ≤12mm

73181699 - Nuts of iron or steel, other than stainless, with inside diameter >12mm

According to Eurostat figures, the European Union imported 5.3 million kilograms of these fasteners from the United States in 2017, worth just over €119 million. An average of €22.4/Kg suggests a high proportion of these fasteners are specialist, with the highest value components in the self-locking nut and self-tapping screw groups. It is early to assess the significance to European fastener companies, but one importer has said the impact on its imports could be as high as an additional €100,000 per year unless it is able to find alternative sourcing arrangements.

Hilti Continues to Boost Sales

In the first four months of 2018, the Hilti Group grew sales by 16% to CHF 1,818 million (€1.6 billion). In local currencies, the company's sales increased 13% over the same period last year.

Hilti credits the successful start into 2018 on continued investments in its product portfolio and direct sales combined with a generally positive market environment. CEO Christoph Loos remains confident: "Our positive start confirms that the course we continue to consistently follow is the right one. We expect double-digit growth over the entire financial year despite more pronounced political uncertainties in certain regions."

In local currencies, almost all business regions posted double-digit sales growth rates in the first four months of 2018: North America was up 12% to CHF 411 million, while Europe grew by 13% to CHF 914 million. Significantly better sales figures were recorded both in Latin America (+11% to CHF 42 million) and the Asia/Pacific region (+9% to CHF 239 million). Sales in the Eastern Europe / Middle East / Africa region were up 19% (CHF 212 million).

Anders Nyström New President and CEO of Bulten

The Board of Bulten AB has appointed Anders Nyström as new President and CEO. He will take up the post on 8th February 2019.

Anders Nyström is a mechanical engineer with supplementary education in leadership and economics. He has extensive international experience from the automotive industry and has previously held several leading positions within, amongst others, Kongsberg Automotive, Volvo Cars and Ford Motor Company. Anders joins Bulten from IAC Group where he has been vice-president commercial since 2018.

"The Board is delighted with the appointment of Anders Nyström who brings solid experience and knowledge of the automotive industry to Bulten. With his background and leadership I am convinced that he will be able to further develop the company and take it to new successes", says Ulf Liljedahl, chairman of the board.

"Bulten is an extremely well-managed company with a very strong platform and position as supplier and partner of fastener solutions to the global automotive industry. I look forward to taking part in the continued journey that this exciting company faces," says Anders Nyström, incoming president and CEO.

Anders takes over as president and CEO after Tommy Andersson, who retires after nineteen successful years at Bulten as previously announced on 26th October 2017. Tommy Andersson will remain president and CEO up to and including 7th February 2019.

SHANGHAI ATM PRECISION FASTENING TECHNOLOGY CO.,LTD.

SHANGHAI ATM is a specialized maker of fasteners and mechanical components made of special materials. Our main materials are stainless steel, duplex stainless steel, high temperature stainless steel, special stainless steel, high temperature alloy, anti-corrosion alloy, high strength alloy and high temperature alloy steel, totaling over 100 types. We have batch supplied products made of over a dozen of material types.

We produce fasteners and industrial components made of the following materials for the long term: **SUS304, SUS310, SUS316, SUS317, SUS321, SUS347, SUS431, SUS440, SUS630, SUS631, N10276, N06625, N07750, N07718, N08926, NW2201, A453 660, 2205, 2507, 2520, 1.4529, 904L, HC276, 17-4PH, 17-7PH, GH2132, GH4033, GH4169, A2-80, A4-80, A4-90, A5-80, C1-70, C1-110, C3-80, C4-70, F51, F53, F55, P1-90, A193 B7, A193 B8.**

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Bulten Polska Employee Commitment Recognised

Bulten Polska has received the Employee Friendly Employer Award for 2017. The award was presented by Poland's President Andrzej Duda in Warsaw to Bulten's Managing Director in Poland Anders Karlsson.

"We are very proud of this award and we see it is a recognition of us being a responsible and attractive employer," says Anders Karlsson, managing director Bulten Polska.

The award is the only one an employer can get in Poland where the employees have nominated the winners. The prize is awarded to employers who are distinguished by complying with legal requirements and collective agreements, health and safety and how to work with the trade unions at the workplace. The idea is to recognise employers who are characterised by good cooperation with the trade unions.

DORMOLE LTD

Tucks Fasteners & Fixings

Dormole Purchases Tucks in Ireland

Dormole has purchased 100% of the share capital of Dublin-based Tucks O'Brien Ltd (TOB) and Tucks Fasteners & Fixings Ltd (TFF), from the Gardiner Group, which aims to invest for growth in other of its businesses.

Privately owned Dormole owns Toolbank and also ForgeFix in the United Kingdom, amongst other tools and hardware distribution operations. Toolbank chairman, Andrew Strong, said: "We are proud to have developed our business in Ireland with great support from our customers, the total commitment of our sales team in Ireland and those within our business that support them. However, we believe that if we are to continue to grow our business, offer our Irish customers the full range of products and services we have available, we also need to have access to a locally based team and distribution facilities – as we do in all other regions."

Tucks O'Brien has traded since 1877 and has a 35,000 square feet warehouse from which it supplies 16,000 product lines. Tucks Fasteners & Fixings carries a 6,000 article range of fasteners, fixings and power tools supplying the hardware, builders merchants and electrical wholesale trade throughout Ireland. The acquisition is being welcomed by Tucks' management and employees as Toolbank will bring investment and knowledge focused on developing and growing the businesses.

In the short term, Dormole says there will be no change, having entered an agreement with Gardiner to oversee the development of TOB and TFF, with support and input from Toolbank. "TOB and TFF will continue to be Irish businesses with Irish leadership," Dormole said. Bob Boxwell will continue as TOB managing director and Gary Hogan as managing director of TFF. Toolbank's Irish business will continue to operate under regional director Kevin Carver.

Details of the transaction were not disclosed.

BOSSARD

Proven Productivity

Bossard Further Maps Management Succession

The board of directors of Bossard has appointed Dr. Frank Hilgers as the manager of its businesses in northern and eastern Europe from 1st May 2019. From that date, Dr. Daniel Bossard, current holder of these responsibilities, will take over operational management of the Group from current CEO David Dean, as announced in January.

Frank Hilgers is currently responsible for global category management and with this for the distribution brands of high-quality fastening solutions. He has been running this growth area very successfully for 6 years, since 2015 as a member of the executive committee.

On 1st May 2019, he will additionally take on the responsibility for the core markets of Germany, Scandinavia, Poland and other eastern European growth markets from Dr. Daniel Bossard, who takes over operational management of the Bossard Group from CEO David Dean.

Bossard says the announcement is in line with the long-term orientation of the Group and that the Board had consciously decided early on the succession arrangements made necessary by the planned retirement of David Dean as CEO.

"Dr. Frank Hilgers has an impressive track record. With his many years of industry and market experience he is the ideal person to drive growth in existing markets via innovative new technologies and services and in market niches," according to Chairman of the Board Dr. Thomas Schmuckli.

Before his appointment to Bossard's executive board in 2015, Frank Hilgers ran the KVT-Fastening business units. From 2009 to 2012, when Bossard acquired KVT Fastening, he was responsible for the distribution, product management and fastening technology division of KVT-Koenig. His previous career was in the automotive sector with Continental, Siemens VDO Automotive and Andersen Consulting.