

# Fastener Trade Analysis of Italy and France

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## Introduction

Italy with a population of 60.6 million and France with a population of 67.10 million are two industrial countries in the EU region. With a GDP of approximately \$2.57 trillion in 2017 (+1.9% compared to 2016), France is the world's seventh-largest economy and the EU's third largest economy after Germany and the UK; on the other hand, Italy is the world's 8th largest economy with a GDP of \$1.9 trillion in 2017. Although Italy emerged from the recession in the first quarter of 2015, Italian GDP remains 5 percentage points below its pre-crisis peak. Italy's GDP grew by 1.6% in 2017 and is projected to grow by 1.5% in 2018.

So many famous brands like Lamborghini, Ferrari, Ducati are made in Italy; on the other hand, Citroën, Peugeot are made in France.

## The Fastener Industry

### Export Sector

Although in the macro economy the numbers of France are better than those of Italy, in the fastener sector (export part), Italian producers have acted better than French fastener producers.

The exported fastener value of Italy is about 27% higher than French exported fastener value.

Just in the last month of 2017 and August 2018, French exported fastener value was higher than Italian's but in the other 10 months of the following table Italian exporters acted better than French exporters.

Unit: 1,000 USD

Importers	2017-M10	2017-M11	2017-M12	2018-M01	2018-M02	2018-M03
World from Italy	180,991	174,723	137,921	190,292	184,220	202,549
	2018-M04	2018-M05	2018-M06	2018-M07	2018-M08	2018-M09
	181,754	188,403	186,486	188,846	123,660	164,709

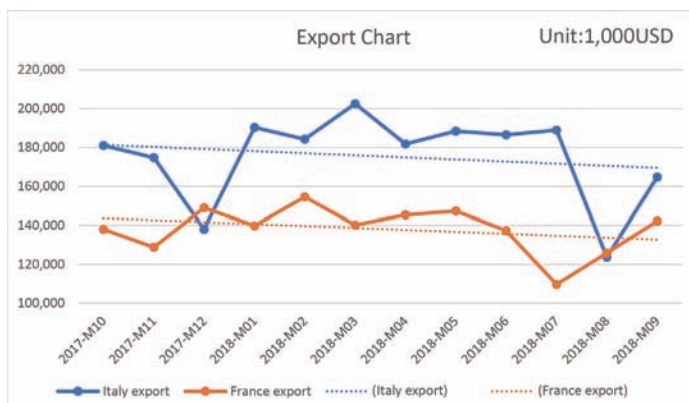
Importers	2017-M10	2017-M11	2017-M12	2018-M01	2018-M02	2018-M03
World from France	137,997	128,706	148,915	139,788	154,532	140,139
	2018-M04	2018-M05	2018-M06	2018-M07	2018-M08	2018-M09
	145,313	147,262	137,294	109,666	125,844	142,135

Some notes about the fastener industry in both countries:

1. The following graph shows that the export values of both countries decreased very smoothly.

2. In terms of price, the average price of French exported fasteners was more than 2 times the average price of Italian exported fasteners.

2018-M09	Value (1,000 USD)	Weight (Tons)	USD/KG.
Italy	164,709	36,650	4.50
France	142,135	15,392	9.23



## Importer Countries:

To compare the destination of fasteners produced in both countries, it reveals that in the top 10 markets of these two countries, 4 countries are common markets (see the following tables). These countries are:

1. Germany was the main market for both countries, 31.5% of the exported fasteners from Italy went to Germany. On the other hand, 15.4% of the exported fasteners from France were delivered to German consumers.

2. Spain was the 3rd biggest market for Italian fastener producers, representing 5% of the value of the total exported fasteners from Italy. On the other hands, Spain was the 2nd biggest market for French fastener production, representing 14.0% of the total exported value of France.

3. USA was the 5th biggest market for Italian fastener production, representing 4.7% of the total exported value from Italy. On the other hand, USA was the 3rd biggest market for French fastener production, representing 9.5% of the total exported value of France.

4. UK was the 6th biggest market for Italian fastener production, representing 4.1% of the total exported value of

Italy. On the other hand, UK was the 5th biggest market for French fasteners representing 8.1% of the total exported value of France.

The competition between Italy and France in these 4 common markets is summarized in the following graph.

Numbers in the following tables are for the period of September 2018.

Importers FROM ITALY	Value (1,000 USD)	Weight (Tons)	Unit Price (USD/KG)	Share
World	164,709	36,650	4.5	100.0%
Germany	51,891	12,949	4.0	31.5%
France	26,357	6,201	4.3	16.0%
Spain	8,253	2,299	3.6	5.0%
Poland	8,186	1,742	4.7	5.0%
USA	7,746	1,459	5.3	4.7%
UK	6,708	1,404	4.8	4.1%
Switzerland	5,143	677	7.6	3.1%
Czech	4,004	924	4.3	2.4%
Austria	3,571	635	5.6	2.2%
Hungary	3,532	802	4.4	2.1%
OTHERS	39,318	7,560	5.2	23.9%

Importers FROM FRANCE	Value (1,000 USD)	Weight (Tons)	Unit Price (USD/KG)	Share
World	142,135	15,392	9.2	100.0%
Germany	21,954	1,933	11.4	15.4%
Spain	19,909	3,678	5.4	14.0%
USA	13,481	148	91.0	9.5%
UK	11,462	626	18.3	8.1%
Romania	7,293	1,644	4.4	5.1%
Turkey	5,459	802	6.8	3.8%
Belgium	4,409	875	5.0	3.1%
Italy	4,351	537	8.1	3.1%
China	3,748	187	20.0	2.6%
Morocco	3,728	207	18.0	2.6%
OTHERS	46,341	4,756	9.7	32.6%

## What is the Relation Between These 2 Countries?

The 2nd biggest market for Italian fastener production was France; however, Italy was the 8th biggest buyer for French fastener production. In a simple world, French consumers also believe that Italian fasteners are quite good for purchasing.

16% of the total exported fasteners through Italy were bought by French consumers. On the other hand, just 3.1% of the total exported fasteners through France were bought by Italian consumers.

## Different Strategies

The competition between these two countries never stops and the winner of this competition in the fastener field must be selected by the capacity of their industry to innovate and upgrade. Companies gain advantages against the world's best competitors because of pressure and challenge. They benefit from having strong domestic rivals, aggressive home-based suppliers, and demanding local customers.

The strategies that have been chosen by Italy and France are very different.

Italian suppliers have focused on German market with a lower price so they could supply about 13.4% of German fastener needs and they are the 1st supplier of German fastener consumption. Note that France just satisfies 4.0% of German needs and is ranked the 9th biggest supplier for German market. Italian suppliers can focus on this message for better penetration in the global market. "We are the leading fastener seller in the most industrialized market-Germany."

French suppliers have focused on the high price and they have lost their geographic focus. On the other hand, their fasteners are not the most expensive in the world, and therefore, they are a leader in nothing.

I believe it is the main reason that Italy acted better than France in the fastener industry.

## Last Word

The competition between these two countries in the fastener field have become more important than ever. As the basis of competition has shifted more and more to the creation and assimilation of knowledge, the role of the country has grown. Competitive advantages are created and sustained through a highly localized process. Differences in national values, culture, economic structures, institutions, and histories all contribute to competitive success. There are striking differences in the patterns of competitiveness in every country; no nation can or will be competitive in every or even most industries. Ultimately, nations succeed in particular industries because their home environment is the most forward-looking, dynamic, and challenging. ■