



Fastener World News

compiled by Fastener World

Industry Updates

China's Fastener Export to the U.S. Shows a 26% Drop in First 4 Months

In the first 4 months of 2019, China exported 225,480 tons of fasteners to the U.S., which is a significant drop of 26% compared to its record last year. The avg. fastener export value of China was USD 1.86 per kg (+6.29% from last year). Influenced by the additional 25% tariff (which was originally 10% before Jan. 2019) the U.S. Government imposed against China, China's fastener export to the U.S. last Nov. shows a short-term skyrocketing rise, which has resulted in an excessive inventory level in the U.S. fastener industry. However, China's fastener export to the U.S. started to decline after Dec. 2018 and still shows no sign of turnaround at the moment.



China's Fastener Export Drops in H1 2019

China's fastener export in the first half of 2019 reached 2,094,346 tons, down 2.4% from the same period last year and the average export price per KG was US\$ 1.91, up 2.34% from the same period last year. The cumulative export volume in the first half of 2019 was less than 2.1 million tons. Till 2018, China's fastener export had demonstrated an increase in volume for 3 consecutive years and an increase in price for 2 consecutive years; however, in the first half of 2019, China's fastener export already showed a decline in its export volume. In Jan. 2019 China's fastener export amounted to 417,918 tons (the highest volume in a single month of the year); in Feb. 2019 it shrank to 218,447 tons; in Mar. 2019 it started to increase again and this growth continued till May. The export volume in May reached 410,235 tons. In June 2019, the volume dropped again to 370,156 tons. It is estimated that China will suffer a difficult time in increasing its fastener export again in 2019.



China's Fastener Export to Europe in First 4 Months of 2019 Shows Growth in Volume and Decline in Price

Influenced by the U.S./China trade war, China is currently suffering from its fastener export to the U.S., so lots of Chinese suppliers have switched their focus to the European market. However, the existence of too many competitors on the market has also resulted in the drop of the avg. price despite the increase in the total export volume. In April 2019, China exported more than 70,000 tons of fasteners to Europe, a significant increase of 20.5% from March this year, but the avg. price was USD 1.84 per kg, down 4.46% from March this year and down 7.21% from the same period last year. In the first 4 months of 2019, China exported 0.257 million tons of fasteners to the EU, up 16% from the same period last year and the avg. price was USD 1.91 per kg, down 1.65% from the same period last year.



Changshu Standard Parts Factory's Anti-loosening Screws for China High Speed Rail

Changshu Standard Parts Factory is China's largest production base of high-strength fasteners. It was on the brink of bankruptcy in 2017 and was purchased by a private company. It changed the management and invested a great deal in R&D. Within 3 months after the purchase it successfully turned a loss into a profit and last year it achieved a production value of RMB 780 million.



Through years of technical development, the company passed the acceptance check this July titled "high-performing fasteners for high-speed locomotive power system". It became the only fastener company in China selected into "The Industrial Infrastructure Project" proposed by Ministry of Industry and Information Technology of China.

Yong-Feng Jiang, president of the company, said that China's demands for this type of screws were mostly satisfied by imports. However, after passing the acceptance check on July 6th the Company is now able to fully replace those imported products commonly used on railroads in China.



Auto Screw Fastening Machines Drive the Innovation of China Manufacturing

Auto screw fastening machines are a new drive for conventional companies in the manufacturing sector to modernize and innovate their production. The annual amount of auto screw fastening machine supply to the manufacturing sector in China will exceed 20 thousand sets. The amount of the machine in possession by this sector will exceed 130 thousand sets. China has been rolling out supportive policies to propel the domestic industry of auto screw fastening machines. Ministry of Industry and Information Technology sets to form a well-established auto screw fastening machines industry by 2020 to meet the demands in national defense, national economy and social development. Auto screw fastening machines play an important part in the manufacturing and processing industries, and they will be widely applied in the future.



China is Developing Sensor-embedded Bolts Priced at Only RMB 300

China Academy of Engineering Physics (CAEP) showcased its smart bolts which can inspect prevailing torque. In terms of precision instruments, airplanes and critical buildings, the existence of yield point in fasteners like bolts affects the running state of machines, stability of buildings and people's safety and properties. Therefore, bolts capable of detecting prevailing torque are becoming widespread in fields such as aerospace, radar and heavy engineering.



Smart bolts used by China are mostly imported and their prices can get as high as USD300. It is not the bolt that is expensive but the sensor and the ancillary test system that come with the bolt. Currently, the smart bolts on the market indicate prevailing torque by color change, misaligned mark on bolt head with the mark on the fastened material, or by means of inspection rings and mark-engraved rings. Unlike other brands that "patch" sensors to smart bolts, CAEP developed a PVDF (polyvinylidene difluoride) sensor film which utilizes materials technology to enable the sensor to directly "form" on the surface of the bolt.

The formed sensor sends ultra-sound waves to measure the length change of the shank of the fastened bolt. It calculates the prevailing torque of the bolt by comparing parameters such as the speed of sound in different stress states. While the vibration of high-end equipment running on aircraft and space crafts may cause the patched sensor to come off, the sensor film made by CAEP is a natural part of the bolt and can effectively prevent this problem from happening.

Some high-end equipment makers including Chengdu Aircraft Industry Group and Xi'an Aircraft Industrial Corporation have made contact with CAEP. CAEP is looking to lower its smart bolt price to RMB300 to expand market share.

Haiyan County of China to Take on Technical Transformation and Smart Manufacturing



In recent years, Haiyan County has been optimizing and transforming the local fastener sector. Last year, the county eliminated capacity-incapable companies and cut off low-end companies from the supply chain, shutting down 333 fastener companies. On the other hand, the county is bringing in high-end companies, including the renowned fastener company Würth, to the supply chain in Haiyan.

As leaders in the Haiyan fastener industry, Haiyan Yuxing Nuts and Zhejiang Dingsheng Automotive Fastener actively improve their digital management. Haiyan Yuxing Nuts utilizes big data in production and has gained positive results. Zhejiang Dingsheng Automotive Fastener invested RMB 70 million and built the County's first fastener smart factory integrating R&D, production, logistics and sales.

The future of the Internet era is Data Cloud. Since last year, the County paced up developing an Internet platform for the fastener industry in a form of "Haiyan Fastener Cloud" to facilitate digital transformation of the industry players. Statistically, there were 198 Haiyan fastener companies up in the fastener cloud last year. The County is set to upgrade the local companies from low to high end via cloud management.

Vietnam's Car Import Volume Hikes by 6 Times in H1 2019



According to the statistics of Vietnamese Customs, in the first 6 months of 2019, 75,437 units of cars were imported to Vietnam. This figure is around 6 times the record in the same period last year. In terms of the import value, the figure also increased by at least 5 times, reaching USD 1.63 bn.

To view the data by car type, 5,427 units are vehicles for 9 or less passengers (increasing by 6 times from the same period last year) and 17,879 units for trucks (also increasing by more than 6 times from the same period last year).

If to calculate one single month in June, 10,540 units (valued at USD around 0.254 bn) were imported to Vietnam (up 26.5% from the same month in 2018). Amongst the figure, 7,145 units (valued at USD 0.137 bn) are vehicles for 9 or less passengers, representing around 67.8% of its total car import. 2,731 units (valued at USD 77.10 million) are trucks. 654 units (valued at USD 40.30 million) are vehicles for special purposes.

In addition, in June 2019 Vietnam imported around USD 0.291 bn worth of auto parts, down 18.4% from the same period last year. Its main auto parts import origins are South Korea, Japan, Thailand, China, Indonesia and Germany.

Thailand is the largest car import origin of Vietnam. In June, Vietnam imported 7,575 units from Thailand, followed by Indonesia (1,468 units), China (653 units), S. Korea (274 units) and Japan (150 units). These 6 largest import origins represented 96% of the total car import of Vietnam in June.



U.S. DoC Announces Three Affirmative Preliminary Circumvention Rulings on Exports of Steel Products from Vietnam

Today, the U.S. Department of Commerce announced three preliminary affirmative circumvention rulings involving exports of steel products from Vietnam. The circumvention rulings cover certain steel products that are first produced in Korea and Taiwan, which are then shipped to Vietnam for minor processing, and finally exported to the United States as corrosion-resistant steel products (CORE) and cold-rolled steel (CRS).

As a result of today's affirmative circumvention determinations, Commerce will instruct Customs and Border Protection to begin collecting cash deposits on imports of corrosion-resistant steel products and cold-rolled steel produced in Vietnam using Korean- or Taiwanese-origin substrate. These duties will be imposed on future imports, and also on any unliquidated entries since August 2, 2018 (the date on which Commerce initiated these circumvention inquiries). The applicable cash deposit rates will be as high as 456.23 percent, depending on the origin of the substrate and the type of steel product exported to the United States.

U.S. law provides that Commerce may find circumvention of antidumping duty (AD) or countervailing duty (CVD) orders when merchandise that is the same class or kind as merchandise subject to existing orders is completed or assembled in a third country prior to importation into the United States.

Shipments of CORE from Vietnam to the United States increased from \$22 million (in the 40-month period of September 2012 until preliminary duties imposed on South Korean and Taiwanese products in December 2015) to \$933 million (40-month period from imposition of preliminary duties in January 2016 until April 2019), which is an increase of 4,076 percent. Additionally, shipments of CRS from Vietnam to the United States increased from \$49 million (in the 38-month period of January 2013 until preliminary duties imposed on South Korean and Taiwanese products in February 2016) to \$498 million (38-month period from imposition of preliminary duties in March 2016 until April 2019), which is an increase of 922 percent.

These inquiries were conducted pursuant to requests from U.S. domestic producers of CORE and CRS: Steel Dynamics, Inc. (IN), California Steel Industries (CA), AK Steel Corporation (OH), ArcelorMittal USA LLC (IN), Nucor Corporation (NC), and United States Steel Corporation (PA).

The strict enforcement of U.S. trade law is a primary focus on the Trump Administration. To date, the Trump Administration has issued 31 preliminary and/or final anti-circumvention determinations – this is a 417 percent increase from the number of preliminary and/or final circumvention determinations made during the comparable period in the previous administration.

The U.S. Department of Commerce's Enforcement and Compliance unit within the International Trade Administration is responsible for vigorously enforcing U.S. trade law and does so through an impartial, transparent process that abides by international law and is based on factual evidence provided on the record.

The Fasteners
Institute of Japan



Japan's Fastener Production Value Sets Historical Record

In a general assembly held on May 16, The Fasteners Institute of Japan reported Japan's fastener production value of 2018 at a historical record of JPY 916.1 billion, up 2.6% from the previous period. The volume of production grew 2.4% to 3.285 million tons. This means Japan's fastener production and production value grew simultaneously last year and that the production value broke the past records.

Company Focus

Zhejiang Mingtai Standard Component (China) Plans to Go Public



Zhejiang Mingtai Standard Component Co., Ltd. has had 30 years of history since its inception. It is the top fastener company in Wenzhou City of China, awarded as "one of top ten quality fastener brands" and "an exemplary fastener enterprise recognized for specialty and precision". It went from the manufacture of standard bike parts to scooter parts and then automotive parts. In the course of the past 3 decades, it undertook the "manufacture of high-strength automotive aluminum alloy bolts" as part of the national technical upgrade project.

Mingtai makes immense investments in product development. In recent years it used 8% of its annual revenues on product development to ensure its product advantage. At present, it is a supplier to many automakers such as local joint ventures between China and Volkswagen, Cummins, Toyota, and Honda. These automakers use Mingtai's fasteners in replacement of their imports.

2019 is a critical year for Mingtai. As a Wenzhou enterprise planning to go public, Mingtai is planning to optimize its equity structure and strengthen R&D capability. To help Mingtai go public, the taxation office put up a team of experts to help the company solve problems in the process and provide instructions on acquiring preferential tax benefits.



Volkswagen and Mercedes-Benz in China Recall a Portion of Defective Cars for Using Disqualified Rivets and Nuts

FAW-Volkswagen Automotive and Mercedes-Benz (China) filed a defected car recall plan recently. FAW-Volkswagen decided to announce a recall of a portion of imported Audi A8L models manufactured between September 26, 2018 to February 13, 2019, immediately effective. A total of 200 cars are involved. The cars within the range of recall are involved because of suppliers' incorrect production parameters and erroneous craft that cause the rivets on the rails of front passenger seat to have a head size incompatible to the requirement of Audi.

Mercedes-Benz (China) announced a recall of a portion of imported C class and CLS class cars manufactured on December 6 to 18, 2018, immediately effective. The cars within the range of recall are involved because of possible mixed installation with bolts on the oil tube and air tubes.



Shanghai Prime Machinery's 2019 Mid-term Profits Drop 38%

Shanghai Prime Machinery Company Limited reported 6-month profits attributable to shareholders at RMB 114.7 million ended on June 30 this year, down 38.4% and therefore there would be no dividend payout.

In the first half of 2019, the European and Chinese automotive market weakened, the demand from China's thermal power plants declined, the trade condition between the U.S. and China was unclear, and the overall industrial production was slowing down. In this backdrop, the Company's income in the first half of 2019 dropped 4.9% to RMB 4,485 million from the previous period mainly due to the decreased income from the fastener business. The overall gross profit margin was relatively stable between the first halves of 2019 (at 19.3%) and 2018. The total operating expense was RMB 711 million. Compared to the first half of 2018, sales and distribution expense were down 10.8% and administrative expense was up 8.0%.

EBITDA in the first half of 2019 was RMB 318 million. Compared to the first half of 2018, the profits attributable to the owners of the Company dropped 38.4% to RMB 115 million in the same period of 2019.



German Würth Group Celebrates 25 Years in China

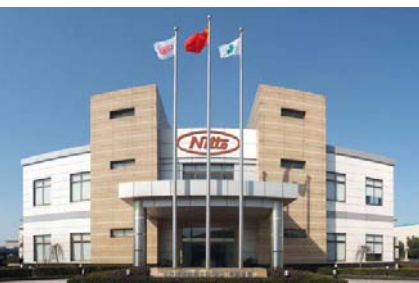
The China branch of Würth Group held a 5th anniversary celebration event at its second-phase distribution center in Haiyan County of Zhejiang Province, China. Currently the group has deployed businesses in China. To provide modern logistics service for clients, the group set the distribution center in Haiyan County. Spanning an area of 80 thousand square meters, the center is on a 3-phase construction. "We have a great future ahead of us with Haiyan," said CEO Larry Stevens. The group has been with China's industrial market and seen its rapid growth since the group's founding.



Japanese Nitto Seiko's New Base in Guangzhou (China) to Expand Screw Sales

Nitto Seiko set up a new base in Guangzhou City of China this June to boost sales in south China where the automotive industry converges. The new base is a spin-off of Nitto Seiko's subsidiary "Nitto Precision Screw Industrial

(Zhejiang) Co., Ltd." in Zhejiang Province of China. The new base focuses on increasing order intake of industrial screws and automatic screw fastening device which is used for automobiles.



Fastenal's Lower-Than-Expected H1 Revenues as the Negative Outcome of Tariff Battle

Fastenal, an industrial and construction materials distributor valued at USD 17 billion, reported lower-than-expected revenues and profits for the second quarter which underscores the impact of tariff costs and inflation caused by the U.S./China trade war. Fastenal is the largest industrial fastener distributor in North America. In a press release, Fastenal stated that it raised product price to mitigate the tariff of China's products, but that higher product pricing was not enough to mitigate the general inflation on the market.

Fastenal reported the second-quarter revenue at USD 1.37 billion which was lower than what analysts had expected. Peter Bookvar, Chief Investment Officer of Bleakley Advisory Group, said, "The global manufacturing sector is now in contraction. Definitely more companies will sound alarms on China tariffs heading into this earnings season."

In May, the U.S. raised the tariff rate from 10% to 25% on USD 200 billion worth of China's products, and China retaliated with a tariff on USD 60 billion worth of American products. Although the U.S. and China agreed on a truce in G20, a long-term trade protocol does not seem to be coming true anytime soon. According to Washington Post, China's negotiation team has a few new members including China's Commerce Minister Zhong Shan who is a hardliner in the eyes of White House officials. In the re-opened trade talk which is to come, the new development further undermines the hopes for China's concession.

Trump said multiple times that the U.S. is imposing a tariff of billions of US dollars on China, but many economists and institutions, including the IMF, have pointed out that the American companies will pay the price. Research by IMF finds that the tariff on China's products are almost absorbed by the American importers.



Atotech Appoints Josh M. McMorrow as Vice President and Group General Counsel

Atotech announced that effective June 1, 2019, Josh McMorrow has joined the company as Vice President and Group General Counsel. Mr. McMorrow is part of the company's senior management team and reports to the CEO, Geoff Wild.

In his role, Mr. McMorrow oversees Atotech's legal, compliance and intellectual property teams. In addition, he manages the company's HSEQ matters. Atotech is a company dedicated to the absolute safety of those who manufacture its products, those who use them, and their impact on the environment. As such, Mr. McMorrow will facilitate a systematic approach to ensure the utmost safety while providing the highest quality products and equipment to Atotech's customers.

Prior to joining Atotech, Mr. McMorrow served as Vice President, Chief Commercial Counsel and Global Head of Litigation at Weatherford International's global headquarters near Zurich, Switzerland. He began his career as a trial attorney and has worked as a General Counsel for such varied industrial businesses as Air Liquide and PSC (an industrial and environmental services company).

Mr. McMorrow succeeds Mr. Gregor Frank, who is retiring this year.

Vossloh: Another Major Order Won for Rail Fastening Systems in China

Vossloh Fastening Systems has won another important order for the delivery of rail fastening systems for high-speed lines in China. This new order encompasses an equivalent volume of more than €40 million. The fastening systems are produced for the new-built high speed line connecting the cities Hangzhou and Taizhou, located south of Shanghai. The deliveries are to be started already in 2019, but are mainly expected from 2020 onwards. This order won confirms Vossloh's expectation that sales in China in 2020 will substantially increase compared to the current year. In 2018, Vossloh had already received three major orders in China with a cumulated volume of about €85 million. Most of these deliveries will also occur after 2019.



Andreas Busemann, Chief Executive Officer of Vossloh AG: "The Vossloh Group has started the fiscal year 2019 with high order intakes. This new order from China continues this trend and underscores again strongly our continued good market positioning in the high-speed segment for fastening systems in the Chinese market. Since the first major order in fiscal year 2018, the order backlog in the Chinese company of the business unit has more than tripled."

Vossloh has been present in China since 2006. Kunshan-based Vossloh Fastening Systems China Co. Ltd. is one of the locally leading providers of rail fastening systems for use on high-speed lines. At about 25,000 kilometers, China possesses the largest and most modern high-speed network in the world. Additional high-speed projects are under construction or in the planning stage, and should expand the rail network to 38,000 kilometers by 2025.

Association News

2019 IFE Hall of Fame and Young Fastener Professional of the Year Awards



Ed McIlhon



Marty Nolan



Baron Yarborough

NFDA would like to congratulate the winners of this years prestigious fastener industry awards! Ed McIlhon and Marty Nolan will be inducted into the 2019 Fastener Hall of Fame, and Baron Yarborough has been named Young Fastener Professional of the Year. All three will be honored in Las Vegas on Wednesday, September 18 at the Sessions Corner on the show floor.

- *Ed McIlhon, Assembled Products Inc. - 2019 Fastener Hall of Fame Inductee*

Ed McIlhon got his start in the industry at his father's Iowa Industrial Products (IIP), where he served as president, developing IIP into a \$60 million company in 1998. IIP was sold to Bossard International in 1999, and McIlhon served as president until 2005 when he purchased their kitting and bundling unit and created API, a key supplier to John Deere. McIlhon played an integral role in negotiating the Fastener Quality Act, serving as co-chairman of the Public Law Task Force and testifying before Congress on behalf of the industry.

- *Marty Nolan, R.L. English Co. - 2019 Fastener Hall of Fame Inductee*

Marty Nolan has been a manufacturer's representative with R.L. English Co. in Cleveland, Ohio for 34 years. He is currently the vice president of the North Coast Fastener Association (NCFCA), previously serving as president for four years where he was instrumental in the development of many initiatives, including the NCFCA annual Distributor Social. He also served as chairman on the Fastener Industry Coalition (FIC), and has tirelessly promoted the fastener industry through www.fastenerblog.net and social media.

- *Baron Yarborough, Spring Bolt and Nut Manufacturing - 2019 Young Fastener Professional of the Year*

Baron Yarborough is a third-generation fastener professional holding a BBA degree in management from Texas Wesleyan University. In 2014, Yarborough started a hands-on training program at Spring Bolt and Nut Manufacturing, and currently is director of sales where he leads the sales force, new business development, and marketing functions. He remains active as chairman of the Young Fastener Professionals, previously serving as president, and as a member of the Board of Directors at the Southwestern Fastener Association. ▣