



## U.S. Fastener Demand at 2.7% CAGR Through 2023

U.S. demand for industrial fasteners is expected to increase 2.7% per year through 2023 to \$16.5 billion, according to Industrial Fasteners, a news report by the Freedonia Group. Gains will largely stem from pricing growth supported by an expected improvement in durable goods manufacturing. Competitive pressure from alternative joining technologies, while still a factor in the market, is expected to have only a minimal effect on fastener use going forward. “Much of the shift toward lightweighting has already occurred in easily adaptable applications, so further technological development will be necessary before fasteners see competition in applications where they are more difficult to replace,” according to Freedonia Group.

Growth will be strongest in aerospace-grade fasteners, the report found. Rising production of aircraft, and the widespread use of expensive fasteners in their manufacture for both civilian and military use will cause demand for associated fastening products to grow. Military aerospace equipment will register particularly strong gains through 2023, the fastest of any major market segment, because of a sharp increase in military spending, which has been a priority of the Trump administration, according to the report. Increasing demand from end users beyond aerospace equipment for stronger, better performing fasteners will also support rapid gains, Freedonia Group found.

Motor vehicles and machinery markets will account for more than 40% of all additional fastener sales through 2023. Demand for fasteners will be supported by: strong gains in light truck and medium and heavy vehicle production; a rebound in machinery production following a long period of decline.

Competition from alternative fastening technologies is waning, the group stated. The maturity of the fastener industry makes it susceptible to competition from alternative joining technologies. In some instances, manufacturers have replaced fasteners with adhesives and welding to shorten assembly time and, in the case of motor vehicles and some machinery, to reduce equipment weight.” However, “much of this change has already occurred, and while equipment engineers continue to look for additional ways to improve productivity or reduce weight, the further adoption of other fastening systems to achieve these goals is slowing,” the report found.

Industrial Fasteners analyzes the \$14.4 billion U.S. industrial fasteners market. It presents historical demand data (2008, 2013, 2018) and forecasts (2023) by product (standard-grade or aerospace-grade), physical design (externally threaded, internally threaded, nonthreaded), and market (OEM, maintenance and repair operations, construction). The study also evaluates company market share and competitive analysis on industry competitors, including Agrati, Arconic, Berkshire Hathaway, Hilti, Illinois Tool Works, LISI, Stanley Black & Decker, and TriMas.



## Würth’s Riggs Tells NFDA: Know the Importing Rules

Have a customs broker? It isn’t cover for you if U.S. Customs arrives at your office, Danielle Riggs cautioned the National Fastener Distributors Association. “One hundred percent is on the importer,” the director of international compliance for Würth Industry of North America. You need to learn the records you need such as PO and sales contracts. It

includes all emails touching on the importing as Customs can take your computers to check emails. If tooling was paid separately, Customs will “look at records to find.” If they ask for records you don’t have ready for Customs, “you have 30 days to produce” the records.

When Customs calls on you, trying to pass off certain questions with reference to “my broker,” indicates to Customs there is a problem. “They’ll stay longer,” Riggs warned. “The Customers broker has no onus like your tax preparer,” Riggs explained.

Riggs noted that not only are there new tariffs for U.S. Customs to regulate, but unlike a decade ago, “there is now money for enforcement.” Carefully read your service agreement with brokers, she urged. Riggs’ suggestions start with “Know the rules,” followed by “Use reasonable care and do your due diligence; have policies and processes; and know your product. A company’s successful Customs program can reduce costs, be more flexible and reduce risk.

Riggs pointed out that the fastener industry is not in the Customs spotlight, and thus a “low level.” There are 4,000 pages of rules, she noted. Topping Riggs’ must list: Have a written Customs manual for your company. “If U.S. Customs visits you, they will ask for your manual.” In 2016, Riggs developed a five-year importing “vision” for Würth. If challenged by Customs, “I can show them I use best practices.”

U.S. Customs also will want five years of records – including email conversations. Customs can leave with your computers. They can go to your subsidiaries in other countries. You have 30 days to produce what they demand. That includes records back five years. If you can’t prove your process is good, your company can be fined back five years, Riggs pointed out. If you discover a mistake in your compliance process before Customs does, file a disclosure to avoid fines, Riggs recommended. Today you need to be monitoring everything that comes in– “from the time it touches a port,” Riggs said.

- Customs’ classifications of products can be difficult. For example, unheated thread products can be exempt, but threaded is at 25%.
- So much information is available online, Riggs pointed out. “You can see what Customs sees,” in monitoring movement of your imports. There also is online training. U.S. Customs gives importers access to what has been filed with U.S. Customs for import within the ACE system. Web: [ace.cbp.dhs.gov/](http://ace.cbp.dhs.gov/) “Here the importer can only see their data, as it is all of the filing details.” There also are services that have “some” of the ACE data and provide users – including competitors – with access. “Not plugging or officially supporting any one of the services, but two of the options are: Panjiva.com and Datamyne.com.”



- An advantage for fastener importers is that U.S. Customs is more likely “looking for big fish.”
- It isn’t just financial issues that can stall imports. She showed slides of sap dripping down a pallet of fasteners. The seed situation cost \$12,000 for cleaning. “One hundred percent you are responsible,” Riggs declared.
- The Trump tariffs have impacted bonds required from importers. If Customs determines your “bond is insufficient, you can’t import.”
- Customs is more than tariffs. Customs handles anti-dumping and countervailing duties.
- A fastener may have been classified in 1994 and you must know what the classification is. “It is not an option to not know.”
- Customs also monitors exports. A statement such as “our products are coming from the U.S.,” is not sufficient, Riggs explained. What countries are involved in portions of what you are exporting? For exporting, Iran “is a no-no,” Riggs said. “U.S. entities cannot export to Iran.” There are countries and entities that U.S. exporters “absolutely cannot export to; or where the goods and/or reason for export of the good would require U.S. exporters to get an export license; and situations where there is a licensing exception for the export.
- Different fasteners have different U.S. Customs numbers. There is a percentage difference in tariffs. For example, the 7318.15.8066 Hex head bolt has no tariff. The 7318.15.8066 other screws and bolts are taxed at 8.5%.



## Simmi Tells NFDA: There is Only So Much Importers Can Absorb

Tariffs dominated trade news for 2019, Simmi Sakhuja told the National Fastener Distributors Association executive summit. The tariffs created “a really big change in the business,” she explained. The year started with 10% tariffs on all fasteners except nuts. Effective June 1, tariffs were upped 15% on fasteners – excluding nuts. On July 27, a 23.83% tariff was placed on threaded rod and ST. On September 1, 2019, a 15% tariff was placed on nuts. More could be coming: The October 5% on all fasteners, except nuts is “still pending,” Simmi pointed out. In December there could be a determination on tariffs on threaded rod and studs from India and China.

Simmi, of LindFast Solutions Group, said a major result of tariffs is “sticker shock.” Importers try to “balance out” tariff costs, “but there is only so much they can absorb,” Simmi said. For importers there was “a huge impact on cash flow” with increased security charges from U.S. Customs. Simmi finds distributors are trying to buy to “stay ahead of next increase.” There is a “wait and see” attitude on tariff reduction, she added.

The tariffs had less impact on Taiwan and the government there has not stepped in as in China, Simmi said. Overall, imports from China are down. Imports are up from Taiwan, Thailand, Malaysia and Vietnam. There are new names & new faces in Asian production. That can be difficult for importers to “qualify factories they don’t know,” Simmi said. That requires travel, audits and inspection.

Second quarter 2019 imports from Asia declined to the U.S. West Coast, but increased to the East and Gulf coasts. There are huge risks for importing, as “costs can double retroactively,” Simmi said. Vessels pulling up to a dock can be turned away by U.S. Customs. Ahead are factory closings – yet expanded capacity – and increased access to raw materials beyond China & Taiwan, she predicted. Simmi forecast that 2020 will bring “more diversity of country of origin, complex logistics and continued tariff uncertainty.”



## Roberto: Batteries Driving Up Nickel Price And Thus Stainless Too

The price of nickel – which is 30% to 40% of the price of stainless – is up 60.6% thus far in 2019, Tim Roberto told the National Fastener Distributors Association executive summit. The price of nickel started 2019 at \$4.78/lb and climbed until April due to slowing supply and less inventory, the president of Star Stainless Steel Company said. The price leveled off until a spike in July attributed to rumors Indonesia will ban exports of nickel iron.

Indonesia confirmed the ban in September. Starting in 2020, Indonesia will reduce low-grade nickel exports until a complete ban by 2022. Indonesia is the largest producer of nickel with about 9% of global production, Roberto noted. By the end of October nickel had risen to 7.68 or up 60.6% from the beginning of 2019. Nickel is 8% to 14% of the makeup of stainless, but 30% to 40% of the price, Roberto explained. Indonesia wants “a larger part of the pie” by smelting instead of just exporting, he said. Indonesia now has 11 nickel smelters, with plans for 25 more.

The stainless market price has been “depressed” for four years, Roberto said. The four-year average price is 5.08/lb – or about 25% below the 20-year average price of 6.81. Beyond stainless, nickel is used in lithium ion batteries and demand is expected to grow with electric vehicles. A major stainless manufacturer is predicting nickel will go to \$17/lb, Roberto noted.

Nickel LME inventory is the lowest in five years. The supply chain has developed to be leaner. Copper prices are down to \$2.63/lb from \$2.75 a year ago. China and India demand has remained steady, but the rest of the world is down 3%, Roberto said. “Trade wars and economic uncertainty continue to play havoc on metals – especially copper,” Roberto said. Roberto predicted continued short-term volatility in nickel prices. “Relationships are key with suppliers and customers.”





## SPIROL Launches eCommerce in Europe

SPIROL has announced the launch of on-line purchasing of Coiled Spring Pins in the United Kingdom and Germany. SPIROL's new eCommerce site is quick, easy and secure. While all of SPIROL's engineered fasteners will eventually be available through the website, the first product available for purchase is the Coiled Pin.



## Fastenal Reveals Preliminary Designs for New Office

Fastenal has shared preliminary designs for a new downtown Winona, MN, USA, office. Currently, it is estimated that the office's construction will be completed in fall 2021. The new office is expected to have space for about 400 to 600 employees.



## Würth Industry North America Acquires Fasco Fastener

Würth Industry North America (WINA), Indianapolis, IN, USA, has acquired Fasco Fastener, a strong brand and 40-year distributor of stainless steel, silicon bronze and brass fasteners to the wholesale, OEM and large retailer trade. The purchase will better serve the needs of WINA customers in the recreational marine, solar and general manufacturing markets. The acquisition fits WINA's strategy to provide expert supply chain solutions, and complements WINA's strength in the marine market from Marine Fasteners, the top distributor of stainless steel fasteners for marine OEMs. With Marine Fasteners, Fasco will expand services to customers across the USA, Mexico, Canada and Brazil. The Fasco brand name will continue as a division of Marine Fasteners.

## U.S. Trims Tariffs On Japanese Fasteners

The U.S. and Japan have reached a partial trade agreement for certain agricultural and industrial goods, including fasteners manufactured in Japan, according to the Office of the U.S. Trade Representative. The U.S. will "reduce or eliminate" tariffs on fasteners and other industrial goods, including certain machine tools and steam turbines.

Further details on the amount and timetable of tariff reductions or eliminations were not provided.

In exchange, Japan will eliminate or reduce tariffs on an additional \$7.2 billion of U.S. food and agricultural products.

The agreement, which must be ratified by Japan's legislature, also addresses digital trade.

"The United States looks forward to further negotiations with Japan for a comprehensive agreement that addresses remaining tariff and non-tariff barriers and achieves fairer, more balanced trade," the Office of the U.S. Trade Representative added.

## Sherex Appoints G.L. Huyett a Master Distributor



Sherex Fastening Solutions LLC, has named G.L. Huyett a master distributor of Sherex Blind Rivet Nut Inserts and Rivet Nut Installation tools

in a strategic move meant to enrich the supply chain of the OEM fastener distribution market. Adam Pratt, Sherex President/CEO, said, "We see G.L. Huyett as a leading supply chain innovator in the industry with a unique combination of value-added technical tools, superior customer service and one of the most highly-trained field sales teams in the business."

## US Industrial Fasteners Market Report

According to Industrial Fasteners, a new study from The Freedonia Group, the industrial fasteners market in the USA is mature, but still growing, at a rate of nearly 3% per year through 2023. Reasons why include pricing growth, rising durable goods manufacturing and tapering competition. The Freedonia Group's Industrial Fasteners study analyzes the US\$14.4 billion USA industrial fasteners market,

presenting historical demand (in 2008, 2013, 2018) and forecasts for 2023 by product (standard-grade, aerospace-grade), physical design (externally threaded, internally threaded, nonthreaded), and market (OEM, maintenance and repair operations, construction). The study also breaks out company market share and analyzes industry participants including Arconic, Berkshire Hathaway, Hilti, Illinois Tool Works, Stanley Black & Decker, TriMas, and more.

