


Insights from Associations' Presidents

arranged by *Fastener World*

In the past couple of months, the global industry has continuously faced many tough challenges due to unexpected political and economic turbulence. Some companies consider them the best chance to grow further and extend their business reach around the world, while still some others worry that they may destroy the current balanced operation of the global supply chain, which could be catastrophic to maintaining industrial sustainability. Accordingly, in our most important flagship issue of the year in November, *Fastener World Buyers' Guide*, we are pleased to have EFDA, FAI, HKSFC and UPIVEB presidents joining us to share with their precious point-of-views on the current industrial scenarios and what their associations are going to do or have already done to help members get challenges over or create business opportunities. Through this specially arranged "Insights from Association Presidents," you are able to continuously understand how the associations are trying hard to speak for their members and sparing no effort to shoot for a better industrial environment.



European Fastener
Distributor Association
(EFDA) President Dr.
Volker Lederer

Unione Produttori Italiani
Viteria e Bulloneria (UPIVEB)
President Sergio Pirovano

Fastener Association
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Abhijat Sanghvi

Hong Kong Screw and
Fastener Council (HKSFC)
President Wai-Yee Wu

The hottest issue in the industry worldwide this year is definitely the trade war between the USA and China. According to your observation, since August 2018, what significant change in the industry in your region has been revealed? Has the change led to any positive or negative impact on the local industrial development?

EFDA: We notice that the Chinese are trying to sell a larger part of their production, which they no longer sell in the USA, on the European market. However, demand from European importers is more subdued than before due to the overall deteriorating economic situation.

FAI: The USA and China Trade War has and will continue to have serious global repercussions. Trade outlook is going through a paradigm change & let alone industry people, even economic and political pundits are finding it difficult to predict how it will pave in the future.

What the Indian Fastener Industry has witnessed is a sudden buoyancy in demand especially from the USA which is exploring alternative countries to source from. India is gaining from this as was witnessed in the spurt in visitor traffic and inquiries in the last couple of years edition of the International Fastener Expo, Las Vegas, USA. Indian manufacturers have come a long way in the last decade with growing focus on quality, cost competitiveness and service levels.

It is yet a tall ask to beat China on pricing with India especially on standard products. Also many U.S. buyers yet prefer to source from Taiwan if they want quality. Prices of India raw materials have been an obstacle with local mill prices rising to unprecedented levels till early 2019. However, with domestic steel prices softening since then, it would definitely cause an upswing in exports with more to USA considering India's market share was already very small.

As explained, the change has been positive with the current status for the Indian fastener industry. However, there has been an economic slowdown in many world major economies including India. This has currently impacted businesses in a major way. Automotive demand has dropped considerably and this has, in effect, hurt fastener manufacturers. The slowdown is showing no signs of relenting soon & in some cases, and this negative impact can be partially turned around for companies looking at increasing exports to USA.

HKSFC: The industry has different opinions about the influence of U.S.-China trade war.

We have a few companies replying that their orders from the U.S. have obviously decreased and they clearly felt a drastic impact on the business. The impact even caused the same decrease in the orders from some domestic clients. The trade war did cause some negative impacts on them.

On the other hand, some other companies were not affected and even benefited from the trade war. Some of our members don't see any impact on their incoming orders thanks to their product uniqueness, and their technical and quality level. Some of them have benefited because of their increased export to Southeast Asia and Mexico.

Continuing from above, certainly we can see the decrease in orders as a negative impact, but every company is actively seeking a way out of this situation. They seek to improve their quality and technical capabilities, look for more client sources, and evaluate the possibility of investing in new plants. In longer terms this will turn into a positive result.

UPIVEB: EU28 imports of fasteners from PRC significantly increased in the last period. The change had a negative impact on the local industrial development.

With the global market full of uncertainties, does the Association have any resources, programs or projects to help members do market surveys or guide them to carry out business transformation?

EFDA: Not with regard to business transformation. However, EFDA uses its good network and import and market data to be prepared for possible scenarios that could lead the European Commission to take protectionist measures. I am thinking, for example, of an anti-dumping case concerning imports of fasteners from the People's Republic of China. Our continuous information helps our member companies to be well prepared in any case.

FAI: Access to quality & accurate information for the Global Fastener Industry is limited while that to India, is negligible. The Association is building market intelligence on the Indian fastener industry which will take time given that more than 90% of Indian fastener manufacturers are MSMEs (Micro, Small and Medium Enterprises). We have built several platforms for online discussion and are constantly assimilating resources which can help our members further. Our quarterly publication, "Fasteners India" is India's leading Fastener magazine and now has global reach.



HKSFC: March 2019 was the first time Hong Kong Screw & Fastener Council brought a group of delegates to Fastener Fair Stuttgart. This time was our second since our founding. We are thankful for the support of the Hong Kong government and the assistance of Hong Kong Productivity Council. We hope that the Hong Kong Pavilion built in Fastener Fair Stuttgart will help establish the brand image of Hong Kong fastener industry across the world and make more people aware that there is manufacturing and a fastener industry in Hong Kong. Meanwhile, we hope to take our members abroad for business opportunities to resolve the losses from the trade war. After the Fair, our members who exhibited said plenty of European clients came to make inquiries and placed their orders.

Additionally, we arranged a factory tour in Europe to help members get to know the latest fasteners and professional technology and equipment of MTM, in order to help them improve their quality and technical capabilities. After they returned to Hong Kong, they all said they benefited a great deal. Some members kept communications with German companies, hoping to introduce German technology into Hong Kong.

Additionally, we are considering scaling up promotion of resources for investing in factories in different regions. We are in close communication with different institutions for related resources.

We are also working closely with the government to promote the government's different preferential policies. We even advise our members on funds application to the government to tide them over.

UPIVEB: Our association is constantly monitoring all the fastener markets worldwide and constantly inform their associates about the latest developments and trends of the market. On annual basis, we carry out comprehensive surveys with the support of external consultants to develop the major issues and challenges our members are confronted to.

The EU and the USA have in recent years signed tariff reduction or zero tariff agreements (e.g., USMCA and Europe-Vietnam Free Trade Agreement) with several new emerging countries. Do you think such agreements are favorable to the industry in your region or do you think they will only result in more fierce competition on the market? Why?

EFDA: Wholesalers and distributors benefit from measures that reduce trade barriers and facilitate imports and exports. Tariff reduction agreements are also useful from the point of view of the end-user industry in Europe because they lead to cheaper products.

FAI: In our opinion, policies are contradictory, if on one hand, they want to source locally with an effort to support domestic manufacturers, and on the other hand, sign zero tariff agreements with other countries. In India's case, the proposed Regional Comprehensive Economic Partnership (RCEP) being a free trade agreement between sixteen countries will have far reaching consequences in stifling among other major industries, also the Indian fastener manufacturing industry. We understand the government's current stand is to keep RCEP in abeyance which personally, is a move we support.

HKSFC: Certainly, global free trade is beneficial to all businesspeople in the world. We hope all trade barriers can be eliminated, but given the status quo, we should find a way out of the current problems. Some of our members have set up plants in Eastern Europe or Vietnam, and some have their clients from Mexico. They are witnessing drastic revenues growth in spite of the trade war. Some members have no decrease in orders thanks to their strengths in technology and quality as well as loyal clients. We cannot change the environment but we can change ourselves to adapt to the environment. Hong Kong Screw & Fastener Council will continue to seek more opportunities, provide more training programs, increase the strengths of our members, and create more opportunities for members to keep in contact with the world.

UPIVEB: The prevailing of fair rules in the market represents the only way to develop a fair competition for the benefits of the consumers.

What are the major trends in the fastener demands of the industry in your region? To which aspect (quality, service, standards, certifications, patents, license, for example) must the foreign suppliers interested in tapping into the market pay more attention?

EFDA: All these aspects are important for our industry. Quality is a prerequisite for doing business with European fastener distributors. The importance of services is increasing. Since fastener distributors have to offer our customers more and more services, we expect the same from our suppliers. Standards and certification, too, are very important for our industry, especially in individual areas such as automotive and aerospace.



FAI: There has been an increasing focus on quality in the last decade not only by the leading manufacturers but also many growing MSMEs. Capital expenditure on quality new machinery is on the rise in a market where inherently smaller companies earlier would be procuring used machines especially at entry level. This change has spruced up the image of Indian manufacturers and export thrust is on the rise. The India growth story is yet very strong and over the next ten years, the exponential growth is estimated to be high. Currently, with the slowdown, capex has dipped but this can be seen as an economic cycle correction. Quality, without a doubt, should be the single most important criteria. All the other parameters would follow automatically, once a solid process control and quality system is in place.

UPIVEB: Both Italian and European markets require high quality, service and safe products, usually these high standards are granted by certifications both at Company and at product level.

According to the intelligence you heard from your members over the past few months, is there any potential markets most of your members are currently interested in?

EFDA: After the removal of antidumping duties on imports of iron and steel fasteners from PR China in 2016, imports from China have increased and the dominant share of imports from Taiwan has slightly increased.

HKSFC: Our members have suggested Europe, Southeast Asia, Japan and South Korea for future development.

UPIVEB: All markets are interesting for our members, if these allow the application of fair rules, which are “conditions sine qua non” for our Companies’ survival.

In addition to collaboration with other associations or organizations, does your Association have any plan to help members in your region face external competition and achieve the goal of sustainable growth?

EFDA: One of EFDA’s central tasks is to lobby for free and fair trade and a good market conditions for EU fastener distributors. But we don’t take initiatives to protect them against external competition. This is not what our members need nor wish us to do. Nevertheless, we pursue the goal that our members can grow sustainably and advocate the appropriate framework conditions, especially at the European level.

FAI: For the Indian members, our association hosts technical seminars & industry meetings and it also facilitates government agency supported India pavilions in overseas trade fairs which is bringing positive technological and financial growth. We also did sign a MoU with the Taiwan Industrial Fastener Institute (TIFI) in January 2018 for promotion of business as well as potential technical tie-ups and joint ventures. These have yet to be actively implemented provided there is a strategic synergy for both countries’ industries.

HKSFC: We have acquired government funds and will set up a Hong Kong Pavilion in M-Tech Tokyo 2020 and Fastener Fair Stuttgart 2021, in anticipation of giving our members more opportunities to expand abroad. We will continue working closely with the government to provide different learning opportunities, such as arranging learning trips to Japan and Europe. We also work with schools and science research institutions to train talents. We just signed a collaboration project on technical training with Mowming City of China to provide good talents for the industry. Now we are discussing the details on training. We are considering collaboration with the government, science research institutions and foreign companies on ways to improve the production technology and intelligent manufacturing in Hong Kong Fastener industry.

UPIVEB: The goal of our association and of the EU association is to create fair condition in the market place.

Has the Association already arranged any activity or cross-country exchange program for the year 2020?

EFDA: Next year EFDA will have its 20th anniversary. We are planning to celebrate this event in the European Union’s capital Brussels.



FAI: No plans yet but we would be happy to commence discussion with our potential partner countries. There should be an annual global conference event of the country's or the region's associations.

HKSFC: We will set up a Hong Kong Pavilion in M-Tech Tokyo 2020. We hope the Japanese manufacturing industry will notice Hong Kong fastener industry and hope to arouse the interest of our members in actively exploring business opportunities in Japan and other Asian countries.

UPIVEB: UPIVEB is a founding member of EIFI, European Industrial Fasteners Institute, and therefore systematically meets the other member associations to exchange programs and ideas.

Is there anything else you'd like to share with our readers?

HKSFC: Hong Kong Screw & Fastener Council will be committed to consolidating Hong Kong fastener industry and seeking for more benefits and opportunities for the industry.

UPIVEB: Both Taiwan and Italy have a long history in the fasteners sector, with very structured and strong markets. The cooperation between our countries has always been fair and we look forward to continuing cooperation in such a fair climate.

Association News

The 2019 EIFI conference was held from 16 to 19 May 2019 in Lyon, France, capital of French cuisine and home of cinema, since it was the city where the Lumiere brothers invented the cinematograph at the end of the 1800s and produced the world's first movie.

The program commenced on Thursday, 16 May 2019, with a welcome dinner at the Novotel Part Dieu. Owners and representatives from the most important European fastener manufacturers, and members of EIFI, had the pleasure of gathering in an atmosphere of friendship, spending an enjoyable evening together.

Lyon: Host of the 2019 EIFI Conference

The next day was entirely dedicated to meetings. There were many special guests of the EIFI representing different associations around the world, such as the President of EFDA (European Fastener Distributors Association) Volker Lederer, Past President of the US Association IFI (Industrial Fasteners Institute) Preston Boyd, President of the South-African SAFMA (South African Fastener Manufacturers Association) Rob Pietersma, and President of the Taiwanese TFTA (Taiwan Fastener Trading Association) Jim Chen accompanied by Ivan Lin, President of the International Committee of TFTA. They all gave very interesting presentations on their markets, which were greatly appreciated by the EIFI members.

ARTEMA, the French Mechatronic Industries Association, organiser of the event, invited two external speakers: Marc Gohlke, CEO of CARA – European Cluster for Mobility Solutions – who during the session dedicated to the Automotive industry gave a very interesting speech on the impact of the Regulations on the European automotive sector, and Denis Ferrand, CEO of Rexecode, who during the opening session of the conference gave an excellent report on the global economic situation.





The meeting sessions

Furthermore, like every year, many EIFI members were called up on stage to talk.

Paolo Pozzi, President of the Automotive Group, gave an overview of the current global economic situation, analysing in detail the trend of the automotive industry, noting how world car sales dropped significantly in the first quarter of 2019 compared to the same period last year (China -11.3%, Europe -3.3%, Korea -3%, USA -2.5%, Japan -0.9%), with the exception of Brazil, which recorded an increase of 10.4%.

Stefan Beyer, director of the Executive Committee, also gave a very interesting presentation. He updated members on the various activities carried out by his Committee over the past year, and presented a detailed update of the global and specific statistics for the European fastener industry.

Ramon Ceravalls, President of the EIFI General Fasteners Group, talked about the performance of the global construction sector (particularly in Europe), which is expected to grow until 2022, led by South-East Asia, the Middle East, USA and Africa.



The gala dinner

During the gala dinner at the “Cour des Loges” restaurant, President Karlsson and Vice-Presidents Fontana and Fuchs presented the Robert Dicke Award to Sergio Pirovano, with the congratulations and applause of all those present.

The next day, Saturday 18 May, was spent visiting the beautiful French region of Beaujolais and in particular the villages of Oingt, Theize and Bagnoles, famous for their wine production and golden-coloured stones.

The next annual EIFI conference will be hosted by the member, Deutscher Schraubenverband e.V., and will take place in beautiful Garmisch, Germany, from 14 to 17 May 2020. ■



Presentation of the Robert Dicke Award to Sergio Pirovano by EIFI President Anders Karlsson and Vice Presidents Enio Fontana and Tillmann Fuchs

