

## Industry Update

### Vietnamese Fasteners to Enjoy Tariff Exemption After the Signing of EU-Vietnam FTA

#### Experts predict an acceleration of companies moving out of China

On June 30th, representatives from the EU and Vietnam completed negotiation and the signing of the EU-Vietnam Free Trade Agreement and Investment Protection Agreement, which is believed to further facilitate the economic development on both sides and reinforce bilateral investment ties. These Agreements will be presented to the National Assembly of Vietnam for ratification and to the European Parliament for its consent, and to the respective national parliaments of all EU Member States. All relevant regulatory procedures in the aforementioned legislative bodies are expected to be completed in a few months.

Pursuant to the Agreement, the customs duties on fasteners falling within CN codes 7318 included in the list of “Category A” shall be entirely eliminated and shall be free of any customs duty from the date of entry into force of this Agreement. The EU’s 3.7% customs duty originally imposed against Vietnamese products categorized into CN code 7318 will be reduced to 0% once the Agreement comes into effect.

The EU signed a free trade agreement (FTA) with Vietnam on June 30th. According to the Agreement, 99% of goods traded between the EU and Vietnam will be tariff-free when the Agreement comes into effect after the regulatory approval procedures are completed on both sides. 65% of EU’s goods exported to Vietnam will be tariff-free immediately and so are 71% of Vietnam’s goods exported to the EU. Tariffs imposed on the rest of the goods will be gradually reduced to zero in the following ten years.

This Agreement will greatly arouse the will of investors to set up their own manufacturing operations in Vietnam, which is then expected to accelerate foreign investors’ factory relocation out of China. Economist Adam McCarty forecast that the FTA between the EU and Vietnam will push enterprises with factories in China to relocate to Vietnam. Some foreign media also reported that if EU enterprises are considering lowering their production cost, perhaps Vietnam is their priority choice.



### U.S. DoC Issues Preliminary AD Duty Determinations on Carbon and Alloy Steel Threaded Rod from China, India, and Taiwan



On Sep. 20, the U.S. Department of Commerce announced the affirmative preliminary determinations in the antidumping duty (AD) investigations of imports of carbon and alloy steel threaded rod from China, India, and Taiwan, finding that exporters from China, India, and Taiwan have dumped carbon and alloy steel threaded rod at the following rates:

China – 4.81 percent to 59.45 percent

India – 2.04 percent

Taiwan – 32.26 percent

As a result of today’s decisions, Commerce will instruct U.S. Customs and Border Protection to collect cash deposits from importers of carbon and alloy steel threaded rod from China, India, and Taiwan as applicable.

In 2018, imports of carbon and alloy steel threaded rod from China, India, and Taiwan were valued at an estimated \$325 million, \$111 million, and \$156 million, respectively.

The petitioner is Vulcan Threaded Products, Inc. (Pelham, AL).

Commerce is scheduled to announce the final determination with respect to Taiwan on or about December 4, 2019, and with respect to China and India, on or about February 11, 2020.

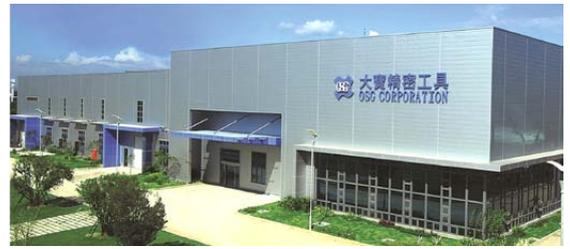
If Commerce’s final determinations are affirmative, the U.S. International Trade Commission (ITC) will be scheduled to make its final injury determination with respect to Taiwan on or about January 24, 2020, and with respect to China and India, on or about March 26, 2020. If Commerce makes affirmative final determinations of dumping, and the ITC makes affirmative final injury determinations, Commerce will issue AD orders. If Commerce makes negative final determinations of dumping, or the ITC makes negative final determinations of injury, the investigations will be terminated and no orders will be issued.



### Japanese OSG to Increase Thread Taps Production in Taiwan by 30%

OSG is going to increase its thread taps capacity in Taiwan by 30%. With an investment capital of JPY 4 billion, it will build a new plant in Kaohsiung City (Taiwan) to raise monthly taps capacity from 450 to 600 thousand pieces. It will increase production of nut taps to cope with the large demand in the automotive and construction industries, and utilize the plant as a base to export to the U.S., Europe and Asia.

OSG's third plant in Taiwan will start construction this year. The plant will monthly produce 200 thousand pieces of scrap-free thread taps, 170 thousand pieces of nut taps, with the remaining being other taps. The nut taps to be produced in Taiwan account for 7% of OSG's global nut tap production (250 thousand pieces). Therefore, the new plant will mainly increase nut taps production and export to Canada, Italy, India, Turkey and China.



OSG will plan an equipment investment worth JPY 22 billion. It will build a new plant in Aichi Prefecture (Japan) coping with small-batch special products as well as mass-produced products, and increase taps capacity in Mexico and Germany.

### Japan's Fastener Export to China Drops in Jan.- July 2019

Japan's fastener export to China is decreasing. The Japanese steel bolt export value to China during Jan. and July 2019 landed at JPY 17.2 billion, down 13%; the export volume was 24.9 thousand tons, down 19%. In the backdrop of U.S.-China trade conflict, China's economic downturn seems to have cast an impact on Japan's fastener export.

In Japan's steel fastener export to the U.S., the export value of the same period was JPY 1.635 billion, a minor drop of 0.7% from the last

period; the export volume was 29.47 thousand tons, a 3.1% drop. Comparatively, Japan's steel fastener export to China decreased significantly under the U.S.-China trade conflict, while there was no sign of stagnation in the export to the U.S.

### Broken Bolt Results in Japan Self-Defense Force's Helicopter Crash

Last year Japan Self-Defense Force's attack helicopter crashed into a civilian house because the metal bolts for securing the helicopter blades ruptured and caused the blades to come off. The bolts originally had embedded pins that spun with the bolts as the blades rotated.

The investigation result released on September 27, 2019 revealed that the failure of the rust inhibitor caused the pins to jam with other components and disabled the blades' rotation before the accident occurred. Bolts could rupture because of friction generated from their rotation. On the other hand, the investigators did not rule out the possibility of the bolts already having cracks for a certain cause before they were installed.



The helicopter crashed into a civilian house in a test flight on February 5, 2018. The accident led to the injury of a girl in the house and the death of two helicopter crews.

### Chin Well Profits Could Bottom up After Stagnant Final Quarter Financial Performance

Chin Well saw a stagnant final quarter performance ended June 30, 2019 where its profits shrank over 35% year on year. However, the company's sales remained on a healthy growth path, given its revenues growing 10.78% year on year. The reason for decreased profits is that its two business pillars— carbon steel fasteners and metal wires—had different problems to tackle in the final quarter.

Chin Well's fastener business in the final quarter rose 10.71% year on year to MYR 126.88 million, but its pretax profit fell 20.72% to MYR 15.26 million. This was because its trading business with a lower profit margin had increased proportion of income that undermined the profits.

Its metal wire business in the final quarter rose 11% to MYR 39.34 million. However, Chin Well launched a new production line this April, and higher initial expenses increased the production cost, rendering the business to turn profits into a loss of MYR 250 thousand before tax.

The above indicates that Chin Well's undermined performance in the final quarter was not triggered by structural factors, which means its current weakness is only temporary. The company's fundamentals remain unharmed and the future profits are expected to bottom up. Meanwhile, Chin Well is one of the beneficiaries in China-U.S. trade war. Its sales to the American market





quality-approved enterprise, which has been certified to ISO 9001 quality management system by SGS for more than 15 consecutive years.

Zyh Yin President Chi-Hsiang Chen said, "Although fasteners look small in size, they play a critical role in creating high quality facilities. Adhering to the core value of technology, efficiency, quality and service, we've got a superior and professional fastener supply team and successfully sold our products to more than 60 countries. With the certification of ISO 28000:2007, we want to exhibit our resolution for

continued to increase in the final quarter. During the whole financial year, it exported MYR 72 million worth of products to the U.S. at a year-on-year 363% growth.

## Zyh Yin Enterprise Receives ISO 28000 Certification

Taiwan's largest furniture screws manufacturer and the largest furniture screws supplier for Sweden IKEA, Zyh Yin Enterprise Co., Ltd., has been recently awarded the certificate of ISO 28000:2007, which was presented by SGS Senior Regional Executive Mr. Tsai. Zyh Yin is also a

sustainability and the idea of customer-centric operation, in order to create a win-win for customers, suppliers and Zyh Yin."

## Chen Nan Iron Wire Becomes Listed at Emerging Stock Market Since Sep. 23



Taiwan's wire processing and various fastener production, R&D and sales enterprise, Chen Nan Iron Wire ("the Company"), has recently announced that it has become a listed company at the emerging stock market of Taiwan since September 23rd. According to the data shown in Chen Nan's 2018 financial report, the Company's annual combined revenue was 1.892 bn NTD, earnings before tax was 0.112 bn NTD and EPS was 2.39 NTD.

Thus far, the four plants in the New Plant Construction Project (Phase I) of Chen Nan Iron Wire have been put into operation. The four plants were divided into Semi-finished Wire Zone, Spheroidizing Furnace Zone, Finished Wire Zone, Fastener Forming Zone and Heat Treating Zone. In addition, several sets of multi-stroke machines were also introduced into the new plants in order to correspond to the increasing capacity and demands for wire and special screw exports. The automated inventory & packaging plants and the new office building (Phase II) is also scheduled to be completed by the third quarter of 2021, including design, production, sales, service and logistics.

## 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 billion 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

The total plant of the Project spans the area of around 138,000 sq. m.

## Boltun Corporation to Establish New Plants in Tainan, Taiwan



The world's largest weld nuts manufacturer, Boltun Corporation, has recently announced that in order to support the "Homecoming" policy proposed by Taiwanese Government, Boltun is planning to establish new plants in Rende Dist. and Yongkang Dist. of Tainan (Taiwan). The total investment value is around 1 bn NTD, which is expected to create more job opportunities for the local industry.

As a manufacturer of special automotive screws, nuts and extruded parts, Boltun has thus far had manufacturing operations in Taiwan, Germany and China, providing the global market with a complete and vertically integrated manufacturing and sales service. According to Boltun, the new investment project



will include the new plant establishment in Rende Dist. and the other one located at Yongkang Technology Park in Tainan.

## Gem-Year (China) Signs an RMB 230 Bn Railway Fastener Supply Contract

Gem-Year Industrial Co., Ltd announced this September that it has signed a contract with Nanchang-Jiujiang Intercity Railway Company to supply 863,732 pieces of fasteners worth RMB 230 million for high-speed railway stemming from Ganzhou City to Shenzhen City in China. This contract accounts for 6.99% of Gem-Year's total audited operating income in the financial year of 2018.

Gem-Year is a professional fastener maker with an innovative corporate system to develop intelligent manufacturing and e-commerce. It puts effort into high-end fasteners. Through technical reform on production and inspection equipment, it greatly improves the R&D and manufacturing of high-end fasteners, particularly automotive fasteners, providing clients with full support



Company dropped 38.4% to RMB 115 million in the same period of 2019.

## Hangzhou City of China Cashes in on Aerospace-driven "New Manufacturing"

Hangzhou City is determined to develop its "new manufacturing" centering on the aerospace industry and its rapid deployment is underway. Hangzhou is one of the major cities of digitalized economy in China. It recently announced a new manufacturing plan to propel economic growth by centering on the aerospace industry. In recent years, Hangzhou has become a platform combining the aerial and aerospace industrial park in Qiantang New District, Hangzhou airport economic zone, and Jiande aviation town.



The aerial and aerospace industrial park in Qiantang New District is the heart of the platform. Spanning 5.43 square kilometers comprising two core areas of R&D and manufacturing, it neighbors Hangzhou Xiaoshan International Airport and is only a straight-line distance of 135 kilometers away from Shanghai. The industrial park already houses Xizi Aviation, Xizi Aviation Fasteners and other critical companies. Xizi Aviation is a supplier to Aviation Industry Corporation of China, Commercial Aircraft Corporation of China, Airbus, Boeing,

Bombardier and other top airplane makers domestic and abroad.

## Ian Clarke Appointed as President of General Fasteners Company



General Fasteners Company (GFC), a full-service distributor of fasteners and assembly components for manufacturers, is pleased to announce the appointment of Ian Clarke as President of General Fasteners Company and General Fasteners de México.

Ian comes to GFC with over 35 years of success in the fastener distribution and manufacturing industries. His impressive credentials align with GFC's Board of Directors' objective of creating a culture of growth based on superior customer service and operational excellence.

"We are very excited to have someone with Ian's impressive background join the GFC team," said John Kovatch, Vice President of Sales and Marketing at General Fasteners. "We look forward to the influence of his proven leadership to help guide us successfully into the future."

Ian Clarke's past positions include President and CEO at Optimas OE Solutions, Executive Vice President at Anixter Fasteners, and Managing Director at Caparo Atlas Fastenings



We manufacture & export specialty fasteners to global markets.



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

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



**Ed McIlhon** **Marty Nolan** **Baron Yarborough**

### 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 (NCFA), previously serving as president for four years where he was instrumental in the development of many initiatives, including the NCFA annual Distributor Social. He also served as chairman on the Fastener Industry Coalition (FIC), and has tirelessly promoted the fastener industry.

### 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



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- Plastic Screw

• Plastic Nut

- Rubber O-Ring
- Various Plastic Products

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- 墊圈、戴帽
- 塑膠螺絲

• 塑膠螺帽

- 橡膠O型環
- 各類塑膠橡膠製品



member of the Board of Directors at the Southwestern Fastener Association.

## Updates of U.S. Fastener Associations' Event Calendar 2020

Association	Event	Dates	Location
IFI	IFI Spring Meeting	2020/03/07~03/10	Hyatt Regency Clearwater Beach Resort & Spa 301 S. Bayview Boulevard Clearwater, FL
NFDA	2020 Pac-West and NFDA Joint Conference and Tabletop Show	2020/03/04~03/06	The Westin Long Beach 333 E Ocean Blvd Long Beach, CA
	2020 Annual Meeting and ESPS® (Executive Sales Planning Sessions®)	2020/06/23~06/25	Embassy Suites Minneapolis Downtown Minneapolis, MN 55402 USA

**防水螺絲 OEM**      **埋入射出 OEM**      **華司墊片 Own Product**  
**尼龍壁虎 Own Product**      **刀具盒 Own Product**      **吸震產品 OEM**  
**塑膠壁虎 Own Product**      **彈簧扣件 OEM**      **塑膠扣件 OEM**

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Southeastern Fastener Association	Fall Conference
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### Sad News - Joe Greenslade

We were shocked and saddened to learn that Joe Greenslade passed away suddenly.

Joe served as Technical Director for the Industrial Fasteners Institute from 2007 until 2015. He was a fastener industry icon, having started his career in 1970 working for various fastener manufacturers before founding Greenslade and Company in 1978. He sold the company in 2007 and came to work for the IFI. In a recent conversation with IFI managing director, Joe said that working for IFI had been his dream job. You could tell he thoroughly



enjoyed working in the industry, and he put 100% of his effort into anything he set out to accomplish.

Joe retired from IFI in 2015 when Salim Brahimi took over as Technical Director. Joe stayed on as a special consultant to IFI, maintaining the upkeep of the IFI Technology Connection software that he had developed and is