

2021 Industry Survey and Interview with **NFDA and EFDA Presidents**

compiled by *Fastener World*



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Good times of the past in the industry are going to come back again soon?

For many presidents of national-level fastener associations, the answer may vary depending upon where the market is and which specific industry sector is taken into consideration. The pandemic, of course, is the main reason, not to mention those circumstances and other external factors also under the significant impact of covid-19, which has been with us for almost 2 years.

In this issue, we are very pleased to have two well-known industry characters from certain fastener associations join us to have their say on the industrial development this year and talk about their forecast and expectation toward the upcoming year of the tiger in terms of certain critical issues for discussions among industry professionals such as antidumping, Carbon Border Adjustment Mechanism (CBAM), regional market cooperation frameworks, and many other elements that may influence the industry in 2022.



President **Kevin Godin**



Kevin Godin

Fastener World: **What is your opinion about the overall performance, domestic fastener demand, and fastener export of U.S. fastener industry in 2021? What is your expectation toward the development of U.S. fastener industry in 2022?**

NFDA: The overall performance of U.S. fastener industry in 2021, according to my observation, showed a very good result, while U.S. domestic fastener demand also revealed an average 15% of increase possibly due to the rebound from Covid disruption. As for U.S. fastener export in 2021, we do not have the most recent export data but the total industrial goods and manufactured goods data which generally tracks with fasteners has increased dramatically year over year. I have an optimistic expectation toward the development of U.S. fastener industry in 2022 and nearly 70% of fastener distributors expect 2022 to be strong as long as supply chain disruptions do not prohibit the supply of material.

Fastener World: **Could you please share with us the new housing starts and vehicle production/sales statistics of the U.S. for the first 9 months of this year?**

NFDA: Housing starts in the US were up 3.9% to a seasonally adjusted annual rate of 1.615 million units in August of 2021, rebounding from a downwardly revised 6.2% fall in July and beating market forecasts of 1.554 million. In September of 2021 U.S. auto production was down 36% from September of 2020. The shortage of chips and other materials has had a significant impact on domestic auto production schedules. Production levels are just under 130,000 units and would typically have been expected to be closer to 200,000 per month.



Fastener World: Is there any fastener manufacturing heartland or industry cluster in the U.S.?

NFDA: There are clusters of fastener manufacturing in certain areas. Chicago, Cleveland, and Detroit are traditional manufacturing centers. Large production centers also exist in Texas, California, and various other states.

Fastener World: Has President Biden's infrastructure plan caused any impact on U.S. fastener industry so far?

NFDA: We have yet to see any broad impact.

Fastener World: Is there any trade agreement or economic cooperation framework the U.S. has signed with other countries/economic entities you think should be favorable to domestic U.S. fastener industry? Why?

NFDA: Nothing recently.

Fastener World: International Fastener Expo held this Sep. has come to a perfect closure. What is your thought on the result of the show this year?

NFDA: Many people were happy to begin meeting in person again although travel restrictions, particularly with regard to Asian suppliers, meant that several companies did not participate at pre-Covid levels.

Fastener World: What is the expectation of NFDA toward the development of U.S. fastener industry in 2022 and the collaboration with suppliers in Europe and Asia?

NFDA: NFDA expects U.S. manufacturing and the U.S. Fastener industry to continue to grow and innovate well into the future. Our members are also part of a global supply chain and we expect collaboration with suppliers in Europe and Asia to be an ongoing aspect of our industry.



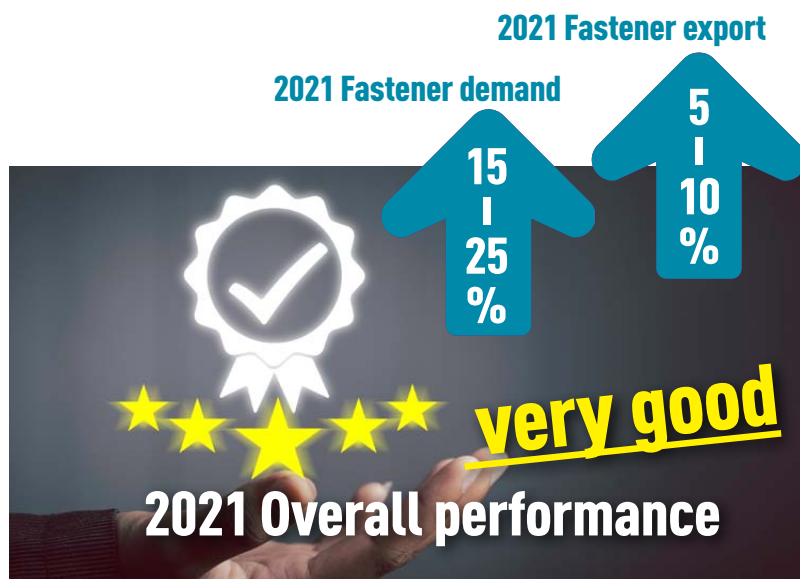
President Dr. Volker Lederer



Dr. Volker Lederer

Fastener World: What is your opinion about the overall performance, domestic fastener demand, and fastener export of European fastener industry in 2021? What is your expectation toward the development of European fastener industry in 2022?

EFDA: In 2021, the overall performance of European fastener industry looks very good, the domestic European fastener demand increased roughly by 15-25% and European fastener export grew approximately 5-10% due to booming industries and low stock level. As for the development in 2022, it is difficult to foresee due to high risk: if and to what extent the current supply chain problems will continue, the uncertainties brought by the covid pandemic and impending anti-dumping duties for the import of iron and steel fasteners originating in the People's Republic of China into the European Union.



Fastener World: In the end of this July the European Commission announced that it would not impose the provisional AD measure against Chinese fasteners and would continue the investigation until next year,



which slightly alleviated the worry of many EU importers and distributors as well as Asian suppliers at that time. However, considering the current European market scenario and a bit chaotic global trade status quo, do you think it is very likely that the AD measure will be announced by next Feb.? Why?

EFDA: Generally, there is a very high likelihood that once the EU Commission opens an investigation on imports from PR China it will end with the imposition of final duties. However, the situation in the current investigation (AD676) is different. We don't see why the European Union should have an interest in imposing them. The EU fastener manufacturers are basically producing special fasteners which EU importers hardly source from China. The Chinese imports consist almost exclusively in imports of standard fasteners. Also, the fastener industry, i. e. producers as well as importers, wholesalers and distributors, is not able to satisfy the fastener demand of the EU industry as the demand is very high but capacities are low. This is, among other reasons, due to the rising raw material prices, limited production capacities in the Far East, container shortages which are caused or exacerbated by the effects of the Covid pandemic. Therefore, European Commission took the right decision not to impose provisional anti-dumping duties on Chinese fastener imports. And we are convinced that it would be wrong to impose final duties. In any case, should the Commission decide to impose final duties, it is well possible that those measures would be immediately suspended for a limited time since the current market situation does not allow for any duties to be imposed.

Fastener World: If the measure is announced, how will EFDA react to it or is there any plan B? If it is not announced, do you think that European importers will significantly increase their import from China or will continue to look for new supply sources in other emerging markets in order to avoid the risk of putting all eggs in one basket? Is there any emerging market European importers and distributors are currently paying closer attention to?

EFDA: EFDA has no plan B if measures are announced. Then we must deal with the new procurement conditions. If the EU decides not to impose final anti-dumping duties, it depends on the demand whether the volume of fastener imported from PR China will increase. EU fastener distributors will in any case parallelly look for alternative sourcing markets especially in Asia as they are doing and have done in the past. The EU manufacturers do not have the capacities to satisfy the demand.

Fastener World: The EU will officially carry out the Carbon Border Adjustment Mechanism, CBAM, in 2026 on certain imported goods such as iron and steel, aluminum, concrete, etc. The grace period is from 2023 to 2025. Do you think CBAM will cause any impact on domestic European fastener industry? If yes, in which perspective will it be impacted?

EFDA: We cannot exclude that these measures will have a minor and even major impact on our industry. However, for the moment we are not in the situation to foresee the effects of these provisions.

Fastener World: Have European importers been in preparation for the possible cost increase in imported fasteners?

EFDA: No, this is still to be done.

Fastener World: RCEP, CPTPP, and similar trade cooperation frameworks have recently become top issues for discussion in Asia, is there any similar trade cooperation framework in Europe (established or in negotiations) that is about to create more business opportunities for European importers and distributors? What specific advantage can it bring to European fastener companies?

EFDA: Any free trade agreement creates more business opportunities for our industry. They give rise to larger economic areas that improve the possibilities to import and export. One very important new economic will be created by the EU-Mercosur Trade Agreement which is still to be ratified by the EU institutions. Negotiations between the EU and Australia and New Zealand are going on. And finally, we can observe a new dynamic in the negotiations between the EU and India for a trade agreement as the Indian government seems to be open to resume the negotiations after a long period of stillstand. India, of course, is an important fastener market, especially for stainless steel fasteners.

Fastener World: What is the expectation of EFDA toward the development of European fastener industry in 2022 and collaboration with regional suppliers in Asia and America?

EFDA: As mentioned above, there are great uncertainties such as the effects of the Covid pandemic, supply and transport problems as well as impending anti-dumping duties, and therefore it is difficult to estimate how 2022 will develop for our industry. For sure Asian supplies would profit from the imposition of anti-dumping duties on Chinese imports – even though it seems that their capacities are limited. ■

