



An Analysis of the Current Automotive Industry in W. Europe and Its Influence on Global Fastener Demand

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西歐近期汽車產業分析
及對全球扣件需求影響

The automotive manufacturing is one of the most long-lasting industrial activities in Western Europe. It is a very crucial industry not only for the economy of countries' in this region but also for wider economy in Europe. **In the European Union (EU), this sector accounts for 4 percent of the EU's GDP** which means billions of euros in investment while it represents a significant portion of the region's exports as well.

The automotive industry in Western Europe has an important multiplier effect in the economy, as mentioned, and plays an essential role for various industries such as industrial fasteners, machinery and tools markets. The automotive fastener market is fragmented with the existence of a large number of regional players. Western Europe, led by Germany, has considerable share in automotive fasteners market with firm and booming automobile industry which is hosting giant players.

The automotive industry is very well known as a business driver for numerous upstream industries; for instance the steel industry as well as downstream industries such as repair. This explains that how the automotive industry has been firmly connected to

other industries in this region. As one of the major evidences, **this industry has created more than 12 million of jobs in the European Union**. A quarter of this 12 million employments in the automotive industry belongs to the manufacturing, about 4.3 million in sales and maintenance and the rest goes to transport.

Automakers in Western Europe are among the world's largest manufacturers of motor vehicles. This segment owns the largest private investor in research and development (R&D). This actually is to strengthen the attraction and effectiveness of the automotive industry in this region and to maintain their international technological leadership. Accordingly, many entities are investing heavily in research & development activities for new product innovation in the automotive fastener market. **However, stiff competition, the globalisation, and development of China's sales market in this industry, will make the sales growth more volatile for manufacturers in Western Europe in the next 10 years. Based on the survey done by KPMG last year, production for automotive manufacturing will be less than five percent by 2030.** One of the main reasons of this unsteady growth could be the Brexit as many industry experts believe that the UK's decision to leave the EU would threaten the free trade zone within the EU as well as the global automotive industry. This would cause a production shortage in the automotive industry in Western European countries by 2030.

Therefore, manufacturers in this region need to reorganise and fine-tune their capabilities to better match demand and to deal with emerging Chinese manufacturers who keep entering new segments and markets.

New opportunities in the automotive industry, with the increasing rate of technological advancement in passenger car and commercial vehicle segment, all projects the favourable future for the global automotive fasteners. **The global automotive fastener market is anticipated to reach \$25.9 billion by 2022 and has been forecast to grow at a CAGR of 3.1% from 2017 to 2022.**

Apart from the increasing production growth in the automotive industry, **the key growth driver for the automotive fastener market within Western European countries is the growing migration of OEMs from standard fasteners to customized and specialized fasteners.** However, OEMs have enhanced their penetration by setting up manufacturing plants in emerging economies to make it more convenient for consumers to procure fasteners that enlarge aftermarket growth and boost automotive fastener market.

The progressively strict automotive component quality standards are boosting innovation in fastener manufacturing technology as well as production techniques. Emerging trends have a direct impact on the dynamics of the automotive fastener industry. This mainly includes the development of light weight material fasteners and introduction of self-contained in-die fasteners.

Passenger cars have significant share with growth in demand of personal cars and private cabs. Light Commercial Vehicles (LCV) and Heavy Commercial Vehicles (HCV) have moderate contribution and are expected to portray healthy growth with increase in the industrial sector and the strengthening transportation sector. Improved technological advancements for manufacturing lightweight and high durability products will drive the automotive fasteners market. Additionally, government regulations for light weight vehicles shall support its use.

In contrast to the above mentioned opportunities, macroeconomic risks such as those associated with exchange rates, commodity prices, interest rates as well as geopolitical uncertainties all could have a substantial impact on the automotive sector and industrial fasteners in Western Europe. Not only in Western Europe but also in the global market, always one of the major restrictions for the automotive fastener market is the development of substitutes such as clinching and welding in auto parts. Deviation in vehicle sales with inconsistent economies may challenge its growth in the near future. However, its accessibility, increasing OEMs and aftermarket sales service will offset its effect in longer run. OEMs have major share owing to their strategic alliances with automotive manufacturers while aftermarket has moderate share.

In addition to the macroeconomic risks, the appearance of China as the most important automotive sales market will also create more intense dependencies for some automotive industry players within Western European countries. According to the survey done by KPMG from several executives in this industry, most of the managers and industry experts believe that China will control more than 40 percent of its global share of vehicle sales by 2030 and will remain to be known as the world leader for sales in the automotive industry. Rising population in countries including, India and China has increased automobile sales and boosted product demand. This could be the potential threat to production growth in Western Europe region if manufacturers cannot meet the emerging market requirements and needs. However, the power of Brexit could prove to be more destructive to Western Europe than the first thought. The threat of a broken EU could diminish the power of British automotive trade as well as other Western European countries and with no doubt any fluctuations in this industry will directly impact the automotive fastener market.

Resources:

- Growth Opportunities in the Global Automotive Fastener Market; Research and Markets
- Automotive Industry, Internal Market, Industry, Entrepreneurship and SMEs; European Commission
- Global Automotive Executive Survey 2017, KPMG
- Automotive Fastener Market Size, Industry Analysis Report, Regional Outlook, 2017 – 2024, Global Market Insights

