

Global Trade

Trading amongst nations has been influenced by several aspects over the past 20 years. Technological advancements, financial crises, natural disasters and geo-political tensions are examples of these factors. These have headed to instability in commodity prices, changes to the prominent traders and their trading partners, and the rising importance of services trade. Consequently, over this period, trade has been an important element in assisting to boost economic growth in each and every nation.

Europe has been the prominent target of exports over the past 20 years followed by Asia which has significantly improved its position as a trading region. On the other hand, developing economies have increased their participation in international trade over the last 20 years. The share of exports to developing economies increased from 26 percent in 1995 to 39 percent in 2014 while exports to developed economies dropped from 68 percent in 1995 to 56 percent in 2014.

Analysis of Chinese Fastener Import and Export in 2016

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China's Trade, Imports and Exports

China surpassed Japan as the leading Asian exporter in 2004, three years after its agreement to the WTO. China overtook the United States in 2007 and Germany in 2009 to become the world's leading exporter. Export growth has been a major component supporting China's rapid economic expansion. In the last 2 years, the exports declined due to weaker global demand but China's proportion in global exports rose to 13.8 percent in 2015 from 12.3 percent in 2014. China's major exports are: mechanical and electrical products (41 percent of total exports), high tech products (20 percent), labor-intensive industries like clothing, textiles, footwear, furniture, plastic products and ceramic (16 percent), motors and generators (5 percent) and integrated circuits (5 percent). China's main export partners are the United States (18 percent of total exports), Hong Kong (15 percent), the European Union (16 percent, of which Germany, the UK and the Netherlands account for 3 percent each), ASEAN countries (12 percent, of which Vietnam accounts for 3 percent), Japan (6 percent), South Korea (4 percent) and India (3 percent).

Exports from China fell 7.3 percent from a year earlier to USD 178.18 billion in October of 2016, following a 10.0 percent drop in September and reaching the lowest value in six months. Figures came worse than market expectations of a 6.0 percent fall, hurt by lower global demand amid a weaker yuan. Considering the first ten months of 2016, exports dropped by 7.7 percent.

Imports to China declined by 1.4 percent year-on-year to 129.12 billion in October of 2016, compared to a 1.9 percent fall in September and expectations of a 1.0 percent fall. It was then the lowest value in eight months. Considering the first ten months of 2016, inbound shipments dropped by 7.6 percent. In yuan-denominated terms, imports went up 3.2 percent in October, following a 2.2 percent rise a month earlier.

China's main imports are mechanical and electrical products (34 percent of total imports) and high tech goods (23 percent). The country is also one of the biggest consumers of commodities in the world. Among commodities the biggest demand is for crude oil (6 percent of total imports), iron ore (2 percent), copper and aluminium. Agricultural products account for 5 percent. China's main import partners are: the European Union (12 percent of total imports, of which Germany accounts for 5 percent), ASEAN countries (12 percent, of which Malaysia accounts for 3 percent), South Korea (10 percent), Japan, Taiwan and the US (9 percent each) and Australia (4 percent).

China's Fastener Imports and Exports

The global fastener demand is mainly for the automotive industry, electronic industry and building and repair industry. Among them, the automobile industry has the highest demand, followed by repair industry market and construction industry, and the third one is the electronic industry.

Global fastener market is one of the major destinations for Chinese exports. Fasteners products in China have achieved the international standards to promote the Chinese manufacturers to the world.

According to China Customs Statistics, in the first half of 2016, China's fastener exports totalled 1 million and 328 thousand tons, down 2.6% compared to 2015; the amount of exports was \$2 billion and 280 million, down 6.1% compared to 2015. By the EU anti-dumping and multiple factors, in the first half of 2016, China's exports of fasteners and export volume appear to be both landing trend.

From a global point of view, the top ten China's fastener exports destinations are the United States, Japan, Russia, the United Arab Emirates, South Korea, Hong Kong, Vietnam, Germany, India, and Australia. The exports to the United Arab Emirates in the first half of 2016 was the highest in average unit price at about \$1,965/ton; from the domestic point of view, the top five China's fastener export areas are Jiaxing, Ningbo, Haiyan, Shanghai, and Shenzhen, mainly concentrated in the developed fastener industry areas.

In the first half of 2016, China's import of fasteners was 142 thousand tons, unchanged from 2015; imports amounted to 1 billion and 370 million US dollars, down 3.6% compared to 2015. From a global point of view, China's fasteners imports originated from ten countries incl. Japan, Germany, the United States, South Korea, Taiwan, Hong Kong, France, Italy, UK, and Malaysia. Imports from the United States recorded the highest average price of about 12,960 US dollars/ton. From the domestic point of view, Top five China's fastener import areas are Guangdong Shenzhen, Changchun, Shanghai Pudong New Area, Shanghai Jiading, Shanghai Wai Waigaoqiao Free Trade Zone.

It is notable that, in recent years, China's fastener industry is growing strong, but the gap with Japan and South Korea and other developed countries still exists. Its product is far below the added value.

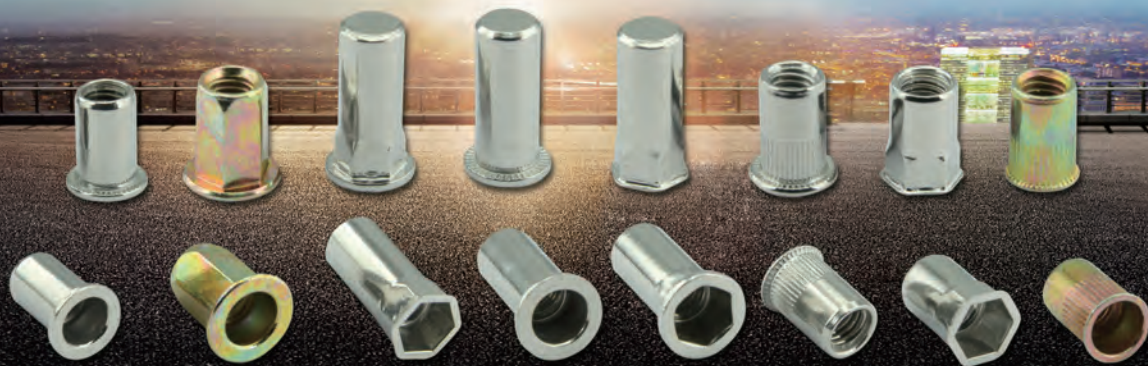
China's industrial transformation and upgrade has been promoted in recent years, as one of the major drivers for fastener trade growth. Consequently, the fastener industry is being upgraded as well, moving more toward high-end manufacturing. The high-end manufacturing industry in China has attracted significant capital investment to enter the local market. Although it brings new challenges for the local exporters, it will bring a complementary impact as well. The country's exports of high-end fasteners is set to increase. At the moment, companies in developed economies dominate the global market for high-end fasteners, but rivalry will get more aggressive as Chinese firms make progress with their development. ■

Sources:

International Trade Statistics 2015, WTO

Trading Economics, China Imports and Exports

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