

Year Review: Fastener Associations' Insights

compiled by Fastener World Inc.

For the past 12 months, the world economy has finally set out for a visible upward trend. The U.S. sales uptick starting in the first half of 2014 in both the automotive and fastener industry heralds a promising future for not just the Americans but also the global industry as a whole. Europe, though out of the recession in the first half of 2014 but again in the second half potentially dimmed by the outbreak of the political conflict, still proves its strength by improved car sales and fastener demand. In Asia, trading and infrastructure projects kick off on a strong note. Japan eagerly tries to open up FTA opportunity with other Asian countries. The ASEAN is en route to building a cross-border transportation line connecting ASEAN countries. 2014 may have proved to provide a better prospect for the fastener industry. In this special feature, we invite EFDA (European Fastener Distributor Association), UDIB (Unione Distributori Italiani Bulloneria), and FIJ (The Fasteners Institute of Japan) to overview and analyze the fastener industry in the current years and shed light on the coming new year.



 EFDA



 UNIONE DISTRIBUTORI ITALIANI BULLONERIA



 FIJ

Interviewees

EFDA: President Dr. Volker Lederer
www.efda-fastenerdistributors.org

UDIB: President Gian Marco Dalpane www.udib.it

FIJ: Managing Director Yoshikazu Oiso
www.fij.or.jp/english

Q1. Do you consider 2014 a “safe year” for the fastener industry? Please briefly illustrate the possibility or niche of the fastener industry in certain market sectors and the favorable factors for the fastener industry in the entire global market?

EFDA

Over all 2014 was a good year for the fastener industry in Europe. After a weak period in 2013 the demand for fasteners recovered in 2014. There is still a big difference between the strong economies in the northern part of Europe and the still weak economies in the southern part of Europe. But all in all the sales volumes increased significantly.

A strong consumer of fasteners in Europe is the automotive industry. Especially in Germany this industry is constantly consuming big quantities of fasteners. But in this sector we see the same problems like in other industries in Europe. Car producers from Italy and France are still in the crisis and therefore reduce less than in recent years.

UDIB

The Italian situation is so different from the rest of the world's economy that we can hardly consider a “safe year” within any of the last 5 years. No matter which sector we talk about. The fastener industry can surely be considered among those fields that suffered more and several companies decided to close or move to other European countries, even during last year. The possibility to grow in fasteners is linked to the capacity of a single company to fit the customers' requests in order to solve their logistic and production problems, being our product as basic but fundamental.

FIJ

The current tasks for the Japanese society mainly include the Great East Japan Earthquake and the reconstruction in the North East, counter-measures against the demanding industry such as automotive industry moving abroad, restart of Japan's nuclear plant, TPP (Trans-Pacific Partnership) negotiation, etc. There are also concerns for the aged society and declining birth rate. Under these backgrounds, the society can hardly expect to expand the domestic market, and therefore, Japan must take the global market as a whole into consideration. Japan's fastener industry is working hard to ensure its competitiveness in the supply of products with high added values, and is speeding up the product supply for robotics, aircrafts, medical treatment & welfare, and energy industries.

Q2. The media reports that Prime Minister Abe has gone at full throttle this year to bring Japan into the world market and intensify Japan's influence on the world. He embarks on a series of connected actions and policies regarding economic promotion,

Year	Production						Export						Import						Exchange Rate USD/¥
	Volume(Ton)	YOY	Value (¥Million)	YOY	Value (USD 1,000)	YOY	Volume(Ton)	YOY	Value (¥Million)	YOY	Value (USD 1,000)	YOY	Volume(Ton)	YOY	Value (¥Million)	YOY	Value (USD 1,000)	YOY	
2007	3,335,488	106.70%	900,542	108.20%	7,845,123	111.40%	253,702	113.70%	238,179	116.20%	2,074,906	119.60%	211,542	108.00%	86,384	128.80%	752,538	132.60%	114.79
2008	3,208,819	96.20%	898,037	99.70%	8,262,370	105.30%	288,535	100.10%	234,979	98.70%	2,161,919	104.20%	208,770	98.70%	82,370	95.40%	757,483	100.70%	108.69
2009	2,223,483	69.30%	627,383	69.90%	6,804,595	82.40%	224,941	78.00%	178,174	75.80%	1,932,475	89.40%	155,086	74.30%	49,317	59.90%	534,892	70.60%	92.2
2010	1,868,478	129%	808,790	128.90%	9,691,923	142.40%	310,604	138.10%	235,763	132.30%	2,825,204	146.20%	196,762	126.90%	57,251	116.10%	686,052	128.30%	83.45
2011	2,767,136	96.50%	789,255	97.60%	10,244,743	105.70%	304,993	98.20%	231,915	0.40%	3,010,319	106.60%	217,921	110.80%	63,982	111.80%	830,504	121.10%	77.04
2012	2,962,263	107.10%	837,249	106.10%	10,747,741	104.90%	322,307	105.70%	247,905	106.90%	3,182,349	105.70%	226,401	103.90%	65,343	102.10%	838,806	101.00%	77.9
2013	2,877,490	97.10%	837,117	100%	8,523,745	79.30%	330,506	102.50%	275,286	111.00%	2,803,034	88.10%	253,649	112.00%	83,700	128.10%	852,255	101.60%	98.21

Japan-Korea FTA, Japan's technology output, and more women power in workplace. Under this backdrop, what are the goals and measures of your association? Do you find new business opportunities brought by Abe's policies?

FIJ

The world is optimistic for the active expansion of Japan's industries. To ensure the continuous use of Japanese fasteners in the world, the Japanese fastener industry will add appropriate features to the products as per the environment of every country. As the industry hopes Japan can stably supply products that correspond to customers' needs, we can expect more and more Japanese fasteners manufactured at overseas bases. Products that cannot be manufactured abroad will be dealt with by means of export from Japan, but this does not mean that Japan's fastener export will simply keep increasing.

Q3. How do you see the future development of fastener trade in the upcoming 2015? Which market sector do you think will be most important in 2015 and why?

EFDA

The fastener trade in 2015 depends on the global economic and political situation. International conflicts like the war in the Middle East or the dispute between Ukraine and Russia are already influencing the global trade in a negative way. These conflicts increase market uncertainty and could as a last consequence lead to a downshift in the economic growth.

On the other side we see reviving markets like USA. Also in Europe we are cautiously optimistic that in 2015 some crisis countries will slowly recover and return on a path of economic growth. But so far we cannot be sure that this positive development will happen.

A very important market sector is and will be the automotive sector. The increasing mobility of people all over the world is a strong growth factor for the global economy. I personally think that this sector will remain in the focus of our industry in the next years.

UDIB

The fastener trade is always dependent on other markets. Obviously some of these are more important and can produce stronger effects in our field. Automotive is surely the industrial sector that could give a positive direction to all fastener companies' turnovers. The effects are strictly conditioned to the fiscal rules of any country because, as a natural consequence, the lower the taxation the higher the investments and Italy has actually the higher taxation in the world!

FIJ

Japan's fastener production, export and import in 2013 are demonstrated in the table above. We expect this year will demonstrate minor growth over last year and the same result will continue to 2015. In terms of the domestic demand, we look forward to the post-earthquake reconstruction demand, the preparation for 2020 Tokyo Olympic facilities, and the renovation and enhancement for old bridges and roads. Although overseas demand may be affected by the trend of the automotive industry, we still expect Japan will increase production activities in Thailand, Indonesia, India, Mexico, et al.

Q4. Please briefly talk about the mission statement of your association and what types of member is the association comprised of? Please talk about the proportion of factories and traders of the local market in your region? What kind of products do they import and export, respectively?

EFDA

The European Fastener Distributor Association (EFDA) was established more than one decade ago for mainly two reasons. The European distributors and importers wanted to strengthen their position in Europe towards the European authorities and they intended to create a powerful counterpart to the Europeans producers association (EIFI).

The members of EFDA are national fastener associations from different European countries. The main objective of EFDA is free and fair trade. We coordinate and collectively respond to essential



challenges for our associated members. We work for legal and economic circumstances, which enable the European distributors to keep and improve their competitiveness.

In Europe we have a growing proportion of traders who are playing an increasingly important role as partners of the industry. The products they import from Asian countries are mostly standard parts for the mass consumption. The import of special fasteners is growing but still less significant than the import of the standard fasteners.

On the other side we still have major producers in Europe which focus more and more on fasteners with high quality requirements. Major industrial users are still relying on them because they offer in general high quality level and high flexibility.

UDIB

The mission of UDIB is to assemble as many Italian distributors as possible, even if, among the current members, we have also a few manufacturers of specific parts. Surely in Italy the manufacturing companies are always fewer and part of them have decided to stop the production of standard parts, in order to concentrate their efforts on items with higher technological features, preferring to import the basic articles on direct basis or through specialized importers.

FIJ

The mission statement of FIJ (Fastener Institute of Japan) is to propel the development of Japan's fastener industry, assisting in Japan's economy to contribute to improve the lives of Japanese people.

We have a total of 193 members, including 153 formal members producing fasteners, and 40 sponsoring members supplying required materials, machinery, molds, and tools for fastener production.

Our formal members produce products for buyers in the industry categories such as automotive, machine tool, electric and electronics, construction, and public works.

Q5. Since the beginning of the year, lots of statistics centers have published their data and market trend analyses regarding increasing automobile production & sales or aircraft demand, etc. How do you see this trend and do you see any possibility or implication to the fastener industry?

EFDA

As I mentioned before the automotive sector will remain a major growth market for the global fastener industry. While market saturation has occurred in industrialized countries, the automobile demand in the emerging markets continues to grow considerably. To fulfill this demand there is also a growing need of fasteners.

All in all you can say that mobility in general creates growth in the fastener industry worldwide. In China for example we see an increasing demand for private cars but also for public transportation. The mega cities need subways to organize the daily mobility. And for the connection of these cities China develops the railway sector, e.g., the high speed train system. China may be an extreme example, but the improvement of mobility plays in all emerging markets a key role in the further development of these countries.

Fastener suppliers who want to serve the mobility sector must invest time and money in high quality products and flexible service. In this sense, the automotive, aircraft and railway sector is a big challenge for the fastener industry.

UDIB

Yes the automotive is the number one market for all the fastener company, even in Italy, for both distributors and manufacturers. This can really make the difference between having a remarkable growth or dramatic decrease of the results at the end of the year. The problem is only to be flexible and have the capacity to follow the automotive industries in their needs and movements, which are conditioned by the fiscal impacts in each different country.

Q6. There are many hot issues in the fastener industry in 2014. If you are asked to choose one from them, which one do you think is the most important or most influential? What do you learn from this or how will you avoid the involvement?

EFDA

A very difficult question. The acquisition of Acument Global Technologies, an American fastener company, by Fontana Group was a "hot issue" in 2014. It shows an increasing concentration in the fastener industry.

The most influential issue for the European fastener companies is the trade dispute between China and the EU concerning Anti-Dumping (AD) duties. The AD policy is an important trade defence instrument of the EU. The AD rules shall protect European producers from unfair competition from outside Europe. Unfortunately the circumvention activities of some Asian producers are damaging the domestic producers and creating high uncertainty for the European fastener importers. For them it is often unclear whether the goods have been produced in the country of official origin or were only transhipped via this country to avoid AD. Finally, the importers bear the risks of transshipment. In case of circumvention, they have to pay customs surcharge in Europe.

To reduce the high uncertainty and to avoid financial risks of fastener importers in Europe, EFDA is trying to influence Asian fastener associations and state authorities to make sure that

such illegal activities are minimized. If official investigations of the European authorities against certain Asian countries start, it becomes very dangerous for the European importers to continue their procurement there.

UDIB

These issues are all really important for our industry. In Italy we are suffering the lack of new investments because of the government politics. Even now, as the situation seems to be stable, there are no advantages to invest in Italy, so the big international companies prefer investing in the eastern part of Europe, where the risks are a little higher but the possible return on the investment is surely very attractive.

Furthermore, especially in Italy, there are still too many small players in the market, so a merging politics should be necessary but, even here, there are no fiscal advantages to make new acquisitions. As a result, the Italian companies that can still invest in the market, are mainly focused on foreign markets instead of domestic ones.

Q7. In your market, which company do you think is in the top 3 or top 5 list with the strongest competitiveness? And what are their advantages compared to others?

EFDA

I am not able to give you a substantial answer on this question. There are some outstanding producers and distributors in Europe which play an important role in the global fastener business. They have clear strategies and are able to implement these strategies in their entrepreneurial activities. They focused on the right time on the right markets and had the financial power and the readiness to take risks.

In Europe such successful producers are those who put a focus on quality, service and technical development. Further on they understood on time that they had to optimize and streamline their production processes.

On the distribution side, price leader on the one hand and service provider on the other hand are in a very good market position.

UDIB

As UDIB's President, I cannot recommend one specific company but I can tell you that many of our associates are working great, against all odds, and are growing fast on the domestic and international market. The only strength is their own capacity and organization. This testifies the Italian possibility to come back and play among the powerful economies of the world, as soon as the internal politics and economic general situation will be finally fixed.

FIJ

Generally speaking, top companies have credibility and technical ability and usually supply products to the automotive industry.

Q8. Please talk about a few successful events/activities your association has given during 2014. Will there be any new activity in 2015?

EFDA

In 2014 EFDA was very successful in bringing in new members. The British association extended its activities to Ireland and became a British-Irish association. The Dutch association, founded 2 years ago, became a member of EFDA. And finally we founded a group called MEFDA which allows companies from countries without national fastener associations to become members in EFDA.

EFDA had very constructive discussions with Asian fastener associations during the fastener exhibition in Taiwan in April 2014. Especially the Taiwanese partners were sensitized for the risks of circumvention for European importers. Fastener associations and state authorities promised to make efforts to avoid circumvention which is good news for European importers.

The most important activity in 2015 will be the EFDA conference in spring in Germany. This conference takes place all three years. It is an important platform for all members to know each other better and to exchange opinions and ideas. It is also an opportunity to invite friendly fastener associations from other continents to strengthen a global network.

UDIB

During 2014 we organized several meetings on specific topics. The most interesting one has been organized during the Hardware Fair in Parma where we invited many professionals and the topics were quality and certification (more than 150 attendants). During 2015 we are working hard to spread UDIB presence both in Italy and on international level, always trying to attract new associates sharing the same characteristics of our members that are quality, service, skills and seriousness.

FIJ

Our important activity for the most recent period is the 3-day training session held on an annual basis for talents in the fastener industry. The other is the fastener manufacturing proficiency test held every February. We have scheduled to exhibit in Metal Forming & Fabricating Fair Tokyo 2015 (MF-Tokyo) held at Tokyo Big Sight during July 15-18.

Q9. Regarding the fastener industry, are there any other issue you would like to share?

FIJ

We will maintain cooperation with our friendly partner Taiwan Industrial Fasteners Institute.