

Japanese Fastener Industry Performance During 2014 & 2015

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Introduction

This article will explore the Japanese fastener industry from 2014 to July 2015.

Briefly looking at the major changes in the Japanese economy, we can almost say that the structural challenge for Japan's economy has emerged as an evident problem.

In 2014, Japan's economy demonstrated a trade deficit, stock price surge, and depreciated yen against appreciated US dollar, as a consequence of the government's 3 major policies incl. quantitative easing, breakaway from deflation, and economic recovery. Although the government has tried to support manufacturing equipment upgrade, equipment investment and wage raise by means of JPY 1-trillion-worth of tax cut and JPY 5-trillion worth of economic counter-measures, the country still cannot get rid of the influence from the domestic industrial recession.

Then, if we look at the Japanese economy in 2015, the country is still trending towards low consumption, shrinking domestic demand, and dull export performance. It is generally considered that the final goal to reaching a true economic recovery is still far away. On top of that, the slowdown in emerging countries and signs of their economic bubbling also make the recovery of Japanese economy an uneasy task.

Japanese Fastener Industry Condition in 2014

If we look at the automotive industry, the top source of demand for screws, the domestic production for 4 wheeled vehicles (passenger cars, trucks, and buses) in the full year of 2014 reached 9,774,558 units, which is 1.015 times the previous year's record (9,630,181 units). **Table 1** shows the production for 4 wheeled vehicles.

Period	Passenger Cars	Trucks	Buses	Total
Full Year	8,277,070	1,357,654	139,834	9,774,558
Previous Same Period	8,189,323	1,308,177	132,681	9,630,181
Year-on-Year Ratio (%)	101.1	103.8	105.4	101.5

Next, we will look at the number of new housing starts. The number in 2014 decreased by 10%, compared to the previous year which was heavily affected by the surging consumption demand prior to consumption tax raise. Compared to 2012 when the effect of consumption tax raise did not exist, however, the number in 2014 increased by 1.1%. **Table 2** shows the number of new housing starts.

Period	Total	Self-owned House	House for Rent	Residential Unit Distributed by the Government, Public Institutions or Companies	House Built for Sale
Full Year	892,261	285,270	362,141	7,372	237,428
Previous Same Period	987,254	352,841	369,993	5,272	259,148
Year-on-Year Ratio (%)	90.4	80.5	97.9	139.8	91.6

As for metal products (such as general machines, cars, automatic machines) with demand for machine tools, they all demonstrate a recovering trend. Consequently, the total value of order intake in 2014, coupled with the increase in domestic and overseas demand, increased by 35% from the previous year. **Table 3** shows the order intake performance of machine tools.

Table 3. Order Intake Performance of Machine Tools in 2014 (Unit: Million Yens)			
Period	Domestic Demand	Overseas Demand	Total Value of Order Intake
Full Year	496,391	1,013,006	1,509,397
Previous Same Period	400,803	716,246	1,117,049
Year-on-Year Ratio (%)	123.8	141.4	135.1

Excluding the machine tool industry, other primary industries that have demand for fasteners are seeing flat or weaker performance compared to the previous year. Regarding the fastener industry that reflects this tendency, The Fasteners Institute of Japan estimates the total fastener production of Japan in 2014 at around 2.94 million tons, a 2% increase from the previous year. The production value merely increase by 2.1% to 844 billion yens. **Table 4** shows the production changes as of 2014; **Table 5** shows the changes in export volume; **Table 6** shows the changes in import volume.

The Japanese Fastener Industry in 2015

Before we finished this article, we still had not have enough data to confirm whether the total production for the full year of 2015 would be able to remain flat with the previous year. This is because the industry is still affected by the demand of clients.

As for the prospect for 4 wheeled vehicles in 2015, the production will land at 5 million units due to low domestic demand, whereas overseas production is expected to reach over 17 million units. Despite that, if we look at the production performance during January-July 2015, the production reached 5,492,780 units (less than the previous year by 0.921 folds), which is an indication of severe situation. The number of new housing starts during January-July 2015 totaled 518,870 houses, a mere 2 % increase from the previous year, and thus we cannot assure that the number for the whole year will be able to reach 900 thousand units houses. The machine tools industry, with its value of order intake at 921,097 million yens (1.141 folds more than the previous year) during January-July 2015, is expected to see increasing overseas demand. All clients are aware of these ups and downs of the industry, and the Association thus expects the industry to maintain flat performance with the previous year. (Editor's note: Japan's fastener production and sales will be released in spring of 2016.)

According to the Association's sum of quick-release statistics, during January-June 2015 the Japanese fastener production volume reached 1,427,411 tons, and the production value reached 417,383,190,000 yens, which is a few percents down from the previous year.

Table 4. Fastener Production

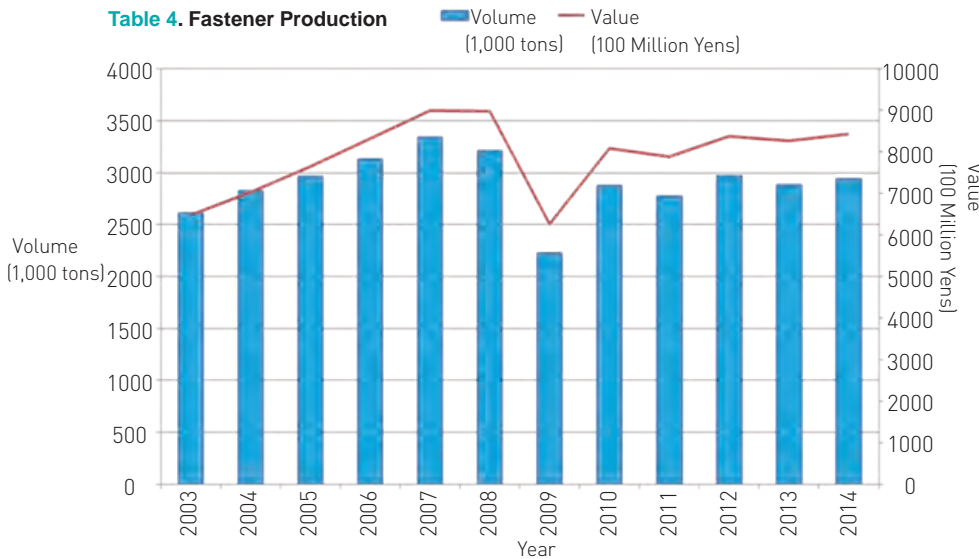
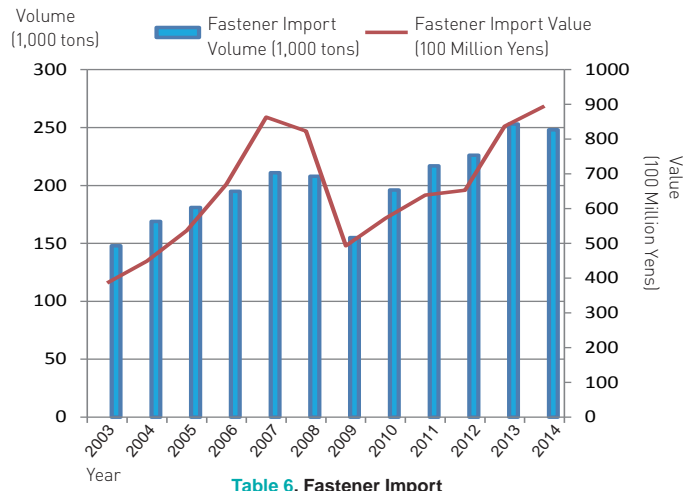


Table 5. Fastener Export



Table 6. Fastener Import



Interview with UPIVEB President Sergio Pirovano



**Unione
Produttori Italiani
Viteria e Bulloneria**

U.P.I.V.E.B. – Unione Produttori Italiani Viteria e Bulloneria, the Italian Association of fastener manufacturers - was established in Milan on November 28, 1961 as a non-profit organization gathering the main Italian manufacturing companies specialized in the production of fasteners. Currently, the member companies are approximately 40 and represent about 70% of the overall Italian business in this area, their production covers the whole range of CN code 7318 products.

In a globalized market as the current one, I think that competition must be fair and constructive in order to reach our common goals, which consist of development, environmental protection, and social well-being. Today, the most important industrial areas in which fasteners are used and applied are the automotive and the building/ construction industries- “Made in Italy” fasteners are widely used and applied all over the world, especially in Europe, Asia, United States, and South America.

In the last few years, the Italian fastener manufacturers have been constantly obliged to meet the requests and the needs of their customers. These customers have invited their Italian suppliers to follow them in their production investments around the world. Therefore, the Italian fastener industry tends to conform to the current market requirements as much as possible.

The Italian fastener manufacturers can rely on a long-standing culture of automobiles and engines, and our member companies, too, tend to develop their R&D departments, since they aim at further improving and upgrading the products they supply to these industrial sectors.

All Italian fastener manufacturers have a deep knowledge of the remaining 65% of the market that does not include the automotive industry, and try to meet its requirements by upgrading and conforming their technology to the development of those markets. In Italy, we have always produced and distributed high-quality products. As a consequence, our peculiar characteristic is that customers are increasingly asking us that the products we supply are in a position to meet any specific standard. As President of UPIVEB, I make myself available to all our members and to the whole fastener production chain to devise and develop system and development strategies aimed at protecting employment, lifestyles, and all our common goals, for the purpose of promoting the growth and the strengthening of the industrial fabric we have constructed with a great deal of sacrifice in our country.

We have succeeded in getting out of the 2009 crisis, which caused a lot of disasters and failures in our industrial world. Naturally, after a storm the weather is clearing up again, presses and machines have begun to produce again. I think it is incorrect to talk about a 2014 on the rise and a scarcely performing 2015. In my opinion, the new challenge for fastener manufacturers all over the world is today affected by several factors; last but not least the migration issue, which is likely to lead to developments that are quite different from those we expected. Therefore, we must be prepared to cope with sudden economic and



social ups and downs in the markets in which we are present.

Fasteners are a primary commodity used in a lot of assemblies, exactly like bread, rice and other products that nourish every day our populations. Global market, competition, and competitiveness have brought substantial changes in the structure of fastener production and distribution companies, and have led to a continuous improvement of their performance, their products, and their services. When competition is fair, it drives human beings to develop their innate competitiveness. The Italian market, too, has been influenced by this surge of change.

The fastener industry must grow in terms of culture, and it must succeed in creating a constructive dialogue aimed at promoting a uniform development in all continents. Senseless development policies have brought only a lot of negativity in the world. Think about the pollution the human kind has produced in our planet. Therefore, I think that we should consider a harmonization of the global objectives of the fastener industry paying the utmost attention to avoid creating further social and economic “disasters” in the different regions of the world in which we act.

As everybody knows, we organized this year in the month of September the event “Fasteners Meetaly –