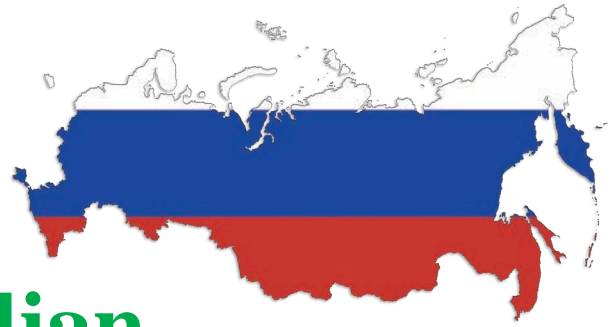


Comparison of Russian and Brazilian Fastener Business

by Behrooz Lotfian

*All values in this article are in 1,000 USD.



Definition of 'Brazil, Russia, India and China - BRIC'

The BRIC thesis posits that China and India will, by 2050, become the world's dominant suppliers of manufactured goods and services, respectively, while Brazil and Russia will become similar dominant suppliers of raw materials. Due to lower labor and production costs, many companies also cite the BRIC as an opportunity for foreign expansion and promising economies to invest.

Russian Fastener Market

Russia as one of the industrial countries has different types of fastener consumer companies like LADA brand in the automotive area and Topolov brand in the aerospace area. It seems that this market is the heaven for suppliers of fasteners and related industries. On the other hand, based on the BRIC's goals, Russia should move its industries to the raw materials so they can be potential fastener importers. The following statistics show us the role of Russia in the world and BRIC countries.

Russian Fastener Export

The statistics below show that Russian fastener export has a decreasing growth rate and it got negative growth in 2014. In a simple word, although the fastener market in the

whole world had positive growth but Russia controlled its export in this field according to the BRIC's policies.

Brazilian Fastener Market

Brazil is also one of the industrial countries. Some of western companies have relocated their factories to Brazil. One of the most famous companies is Volkswagen, the German car manufacturer. Based on BRIC's policies, Brazil should increase its goods export such as fasteners. Statistics show whether Brazil's policies are aligned with BRIC's policies or not.

Brazilian Fastener Export

Brazil's fastener export had a negative growth rate since 2011 till now, and it seems that Brazilian fastener producers could control this negative rate in 2014. However, statistics of Brazil's fastener export are not exactly aligned with BRIC's policies. We can be optimistic that they will align with BRIC's policies ASAP.

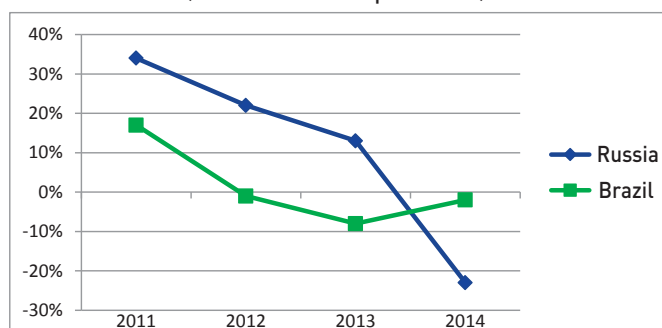
Russian Fastener Export	Export Value in 2010	Export Value in 2011	Export Value in 2012	Export Value in 2013	Export Value in 2014
Russian Export Value to the World	56,387	75,328	92,168	103,796	79,794
Growth Rate of Russian Export Value (%)	-	34%	22%	13%	-23%

Unit: 1,000 USD

Brazilian Fastener Export	Export Value in 2010	Export Value in 2011	Export Value in 2012	Export Value in 2013	Export Value in 2014
Brazilian Export Value to the World	115,332	134,712	133,701	122,489	120,566
Growth Rate of Brazilian Export Value(%)	-	17%	-1%	-8%	-2%

Unit: 1,000 USD

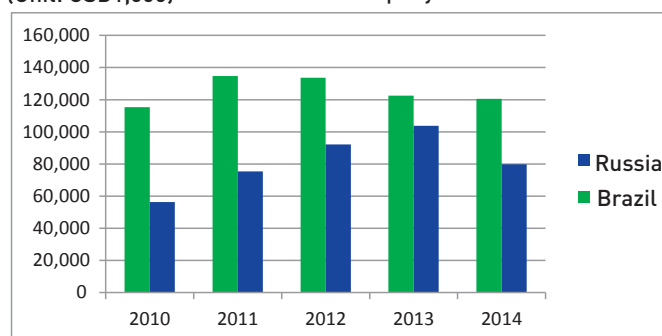
(Growth Rate of Export Value)



Russia's Fastener Capacity Compared to Brazil's

The following diagram shows that Brazil's fastener capacity is higher than Russia's. Russia had decreased the gap between its fastener export with that of Brazilian producers, though Russia's growth stopped because of BRIC's policies in 2014.

(Unit: USD1,000) Fastener Capacity



Russia's and Brazil's Partners in Fastener Export

The main markets of Russia were in 6 countries as the table below which represented more than 75% of its total fastener export. 4 of these 6 countries are a part of CCCP, meaning they are the neighbors of Russia. Germany and India are the countries that are out of CCCP. The following table shows the main partners of Russia.

Notes for Russian Fastener Export:

1. Belarus started its business in the fastener field with Russia sharply, but it seems that its order placed to Russia became moderate in 2014.
2. Kazakhstan also had the similar experience with Belarus!
3. India showed fluctuations in fastener import from Russia.
4. Germany's fastener import from Russia grew.
5. Ukraine's import from Russia dropped sharply because of political tension between the two countries.
6. Uzbekistan had a constant import from Russia till 2013 and in 2014 its import grew sharply.

Russian Main Fastener Export Destinations	Export Value in 2010	Export Value in 2011	Export Value in 2012	Export Value in 2013	Export Value in 2014	% of Russian Export Value to the World
Russian Export Value to the World	56,387	75,328	92,168	103,796	79,794	
Belarus	0	0	18,068	21,360	16,645	20.9%
Kazakhstan	0	0	15,793	18,315	16,571	20.9%
India	6,273	23,963	16,428	20,001	14,057	17.6%
Germany	3,999	5,780	5,259	4,944	6,000	7.5%
Ukraine	15,662	6,038	6,413	6,034	3,651	4.6%
Uzbekistan	1,527	1,852	1,521	1,820	2,788	3.5%
Others					19,948	25%

Unit: 1,000 USD

Brazilian Main Fastener Export Destinations	Export Value in 2010	Export Value in 2011	Export Value in 2012	Export Value in 2013	Export Value in 2014	% of Brazilian Export Value to the World
Brazilian Export Value to the World	115,332	134,712	133,701	122,489	120,566	
Argentina	37,166	44,853	40,298	36,241	32,605	27%
USA	13,519	15,511	14,428	14,667	15,682	13%
Paraguay	7,961	9,678	6,941	9,234	9,570	8%
Others					62,694	52%

Unit: 1,000 USD



According to the above statistics, it is clear that Ukrainian market has been replaced by Belarus, Kazakhstan and Uzbekistan markets among Russian factories.

The main markets of Brazil were in 3 countries in the continent of America, including Argentina, USA and Paraguay, which bought about 50% of Brazil's exported fasteners.

The interesting point about Brazil is that the market value of each of the next 6 countries importing fasteners from Brazil was between 4 million USD to 5.8 million USD. These countries were Germany, India, China, Mexico, Uruguay, and Colombia. In a simple world, these 6 countries also bought 25% of Brazil's exported fasteners.

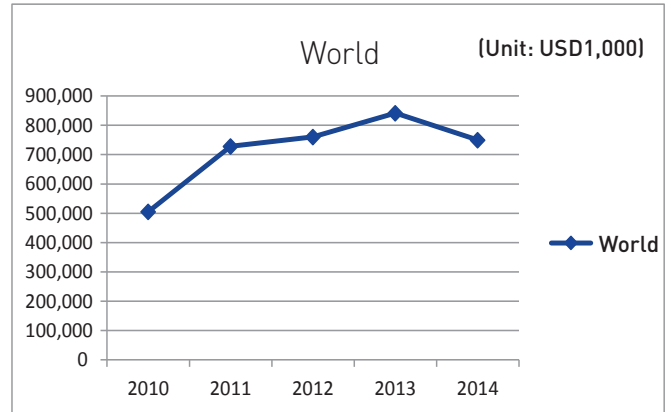
Fastener Import

Russian fastener import showed mild fluctuations between 2012 and 2014.

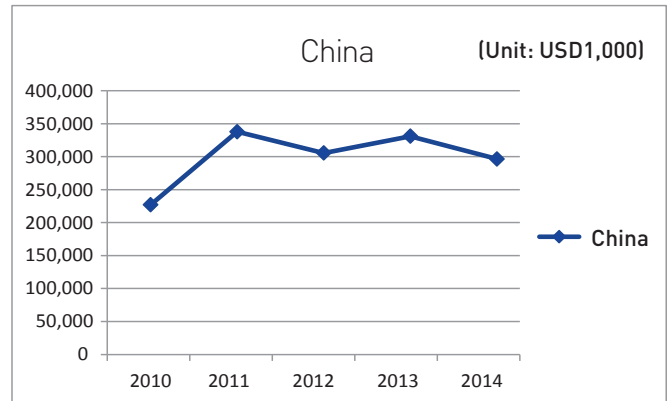
It was predicted that the value of Russia's fastener import would grow sharply because of BRIC's policies, but it did not. We can find the reason for the decreasing value of Russia's fastener import through analyzing its partners in this case.

The diagrams on the right show fluctuations of fasteners Russia imported from the world. The fluctuations of Russian fastener import from these 3 main partners were similar to the world fluctuations during 2012-2014. The cause might be the world sanction against Russia in 2014. (See the right 4 diagrams).

Fluctuation of Fasteners Russia Imported from the World



Fluctuation of Fasteners Russia Imported from China



Russian Fastener Import	Import Value in 2010	Import Value in 2011	Import Value in 2012	Import Value in 2013	Import Value in 2014
Russian Fastener Import Value from the World	505,114	728,182	760,131	841,490	749,636
Growth Rate of Russian Fastener Import Value (%)	-	44%	4%	11%	-11%

Unit: 1,000 USD

Russian Main Fastener Import Origins	Import Value in 2010	Import Value in 2011	Import Value in 2012	Import Value in 2013	Import Value in 2014	% of Russian Import Value from the World
Russian Import Value from the World	505,114	728,182	760,131	841,490	749,636	
China	226,920	337,887	305,541	330,933	296,593	40%
Germany	59,138	83,931	87,631	95,978	88,687	12%
Taiwan	36,130	54,341	39,883	59,943	41,478	6%
Others					314,847	42%

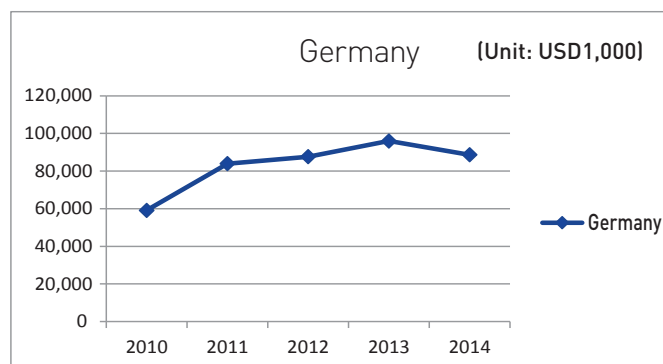
Unit: 1,000 USD

※ Brazilian fastener import also showed fluctuations from 2011 to 2014.

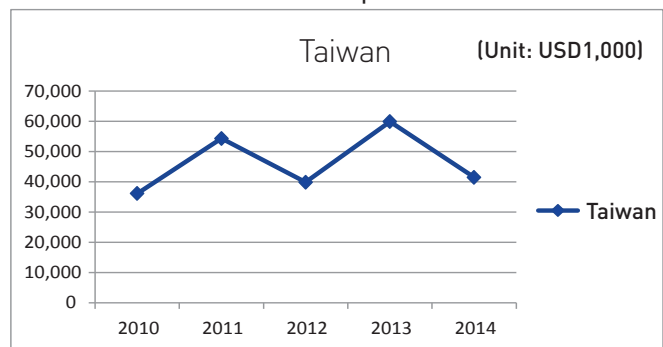
Brazilian Main Fastener Import Origins	Import Value in 2010	Import Value in 2011	Import Value in 2012	Import Value in 2013	Import Value in 2014	% of Brazilian Import Value from the World
Brazilian Import Value from the World	731,428	909,955	878,422	995,476	907,554	
Growth Rate of Brazilian Import Value from the World	-	24%	-3%	13%	-9%	
USA	154,384	181,002	175,256	191,269	188,862	21%
China	114,938	156,823	149,435	178,278	162,271	18%
Germany	89,495	111,209	102,381	117,236	103,815	11%
Japan	103,074	117,247	117,440	110,539	95,690	10.5%
Others					358,483	39.5%
Taiwan is ranked as the 7th largest partner of Brazil						
Taiwan	37,419	47,356	47,709	49,914	51,699	6%

Unit: 1,000 USD

Fluctuation of Fasteners Russia Imported from Germany



Fluctuation of Fasteners Russia Imported from Taiwan



Comparing Russian and Brazilian Markets

China is one of the main players with Russia and Brazil, because of the political problem between Russia and USA. China almost showed the highest market share in Russia exclusively. China's story is different in the Brazilian market. It is competing with USA strongly and the distance between China and Brazil does not allow China to be the first partner of Brazil.

Germany is another main partner for Russia and Brazil.



Last Word: What is Taiwan's Role in Russia and Brazil?

Taiwan's export to both countries shows interesting points. The first point is that Taiwan, in terms of value, represented 6% market share in both countries (Its market share in Brazil is USD 10 million higher than that in the Russian market). The second point is that Taiwan's fastener export to Brazil continued to show growth annually. However, this situation was reverse in the Russian market.

The Brazilian market is more competitive than the Russian market for Taiwanese suppliers, but it seems that Taiwanese fastener producers prefer the Brazilian market and the reason can be China's power in the Russian market. ■