

The 28th China Fastener Economy Trade & Technology Symposium

Interview with President Jin-yao Feng

by Tanya Shih, Fastener World Inc.



The Fastener Sub-Association of China General Machine Components Industry Association (CMCA) held the 28th China Fastener Economy & Trade & Technology Symposium in Nanchang (China) on Dec. 10, 2015. Coupled with the views exchange event on Dec. 11, the symposium attracted over 500 fastener professionals from around China. Being the largest fastener exporting country in the world, China has been working hard to elevate its product level and unchain itself from anti-dumping accusations. Besides the keynote speech presented by President Jin-yao Feng, CMCA special consultant Gwo-sen Du, CCPIT (China Council for the Promotion of International Trade) Director Hwai-sheng Chen, and CMCA consultant & materials specialist Deh-shan Shung were invited to share their insights for the industry. Fastener World Magazine was also very pleased to attend this important event and interviewed President Feng, who is the critical character in Chinese fastener industry, after the symposium. Below are excerpts from the symposium and the interview.

Fastener Sub-Association of CMCA President Jin-yao Feng — "Analysis of the Current Chinese Fastener Industry"

Overall, Chinese fastener industry grew steadily in 2014. Over the past 5 years, Chinese fastener industry demonstrated an average growth of 3.4%, with the total volume amounting to 7.3 million tons (43% of the world's total). However, its total sales only represented 1/8 of the world's total. He proposed that the whole industry should seek improved quality and brand efficacy rather than pursue productivity. The developmental focus of the industry should be on trying to become excellent, outstanding, specialized, superior as well as offering products with additional value-added service, rather than becoming one that is large-scale and capable of offering a full range of products.

President Feng forecast a 1-2% growth for 2015 and proposed 4 goals for Chinese fastener industry to achieve in response to Chinese government's 13th



five-year plan: (1) Total amount control for increasing quality and efficiency; (2) Create world-famous Chinese brands, select exemplary enterprises in various industry sectors, and strengthen industrial clustering; (3) Accelerate structural adjustment and technical innovation of products; (4) Realize the initial production system combining the Internet, robots, and Manufacturing 4.0.

CMCA Special Consultant Gwo-sen Du — "Report on the Status of General Machine Components Industry"

"China's fastener export in 2015 was estimated at around USD 4.8 billion, while the import might be down by around 15%. Demand for high-speed rail, wind

power, automobile, aerospace, and construction fasteners will be what Chinese fastener industry can seek growth from. For example, the automotive industry pays attention to lightweight and the use of new energy, while the aerospace industry pays attention to materials upgrade in high-strength fasteners. In 2016 the industry will target at fastener development in these fields and make efforts to replace current imported products with locally made ones."

CCPIT Director Hwai-sheng Chen — "China's External Trade Status & the Fastener Industry's Strategy for Preventing Trade Disputes"

"Compared to 2014, China's external trade development in 2015 was complicated and tough with increased stress of decline. According to the Customs' statistics, during the first 10 months of 2015, the value of China's fastener trade reached USD 3,226.96 billion (down 8.5% year on year). USD 1,856.45 billion was for export (down 2.5% year on year) and USD 1,370.52 billion was for import (down 15.7% year on year). However, China's external trade condition was still better than those of other main economic entities and emerging countries and rose from 12.4% in the yearend of 2014 to around 13%." Lastly, in the aspects of high anti-dumping rates, intellectual property right disputes, and product safety, he shared some cases and reminded the audience of risks.

CMCA Consultant Deh-shan Shung — "The Development of Steel Industry and Prospects"

China, as a large steel manufacturing country, also has its own R&D. For example, Baosteel has successfully developed the 10.9 Grade steel, and its cold headers have also kept up with the trend of information technology. However, the excessive involvement in the investment resulted in steel with low purity and overcapacity. The steel capacity of China in 2015 was as high as 7.7-8.8 million tons, but the capacity utilization rate was less than 50%. He appealed to steel companies to develop raw materials of high grades and purity in response to demand for upgrade from the downstream industry.



Director Hwai-sheng Chen



Consultant Deh-shan Shung

Interview with President Jin-yao Feng — "Crises Could be Opportunities"

In 2015 Chinese fastener industry had a difficult time and demonstrated weak performance and overcapacity. Although in this condition Chinese fastener industry did not grow strongly as expected, it still had minor growth as reported in the latest (Jan.-Oct.) statistics. A growth of 2% was expected for 2015, but President Feng thinks the industry should consider the statistics a warning and cooperate with the government to make the fastener industry more mature and stronger because crises could be opportunities.

As a result, President Feng proposed 3 suggestions:

1. How Could the Fastener Industry Become More Mature and Stronger?

If fasteners are the driving force for the manufacturing industry, materials are then the key supporter for this driving force. One cannot make bricks without straw. If the industry relies on import too much, it will be hard to realize the goal of industrial upgrade. For example, "Taiwanese fastener industry has been cooperating with its upstream steel supplier China Steel Corp for so long and regularly holds production and sales meetings for companies to smoothly report production and sales problems to China Steel Corp which will then propose solutions. This keeps the whole industry in good communication with each other.



President Feng and Fastener World Editor Tanya

Therefore, the discussion is not limited to within the fastener industry. The fastener industry has started to invite cooperative steel companies such as Baosteel, Magang Group, Xing Steel, and Angang Steel to negotiate and establish technical cooperation. This not only can upgrade the fastener industry but also provide approaches to improvements for steel companies, creating increasing supply and demand. In the Chinese market, there have been recently 30 steel plants capable of making cold headed steel. If the fastener industry could enhance cooperation with these steel plants, I believe it will lead to the best condition. In the beginning of 2016, the Association has confirmed it will send a representative to attend the annual meeting of China Steel Industry Association for reporting on Chinese fastener industry."

2. Diversification in the Fastener Industry

On many occasions President Feng has been promoting the R&D of high value-add products as a key to fostering industrial development for several times. Currently the automotive and aerospace industries seem to be rising stars for the fastener industry. Does it mean high-end development is only limited to the automotive or aerospace industry? Answering this question, Feng emphasized that the industry should not just focus on a single industry sector, but on various ones. The fastener industry is vast, and Chinese fastener industry should try to become the top in construction, machinery, household appliances, electronics, automobile, high speed rail, aerospace, wind power markets. Each company should evaluate its strengths and improve products and service quality and increase the added value of products based on its advantages.

The growth of the global fastener industry has been slowing down since 2015. In this recession I've heard that a few Taiwanese fastener companies shut down their plants. In fact, the same situation can be observed in China. However, if you look deeper you will know those companies have problems regarding blind investment, financing, and unclear market segmentation. This slowdown is expected to continue until mid-2016 and only companies with strong corporate structure can go through the tough times.

3. Acquisition May be a Good Way to Enhancing the Industry

Currently there are over 2,000 fastener companies in China, which annually produce over RMB 20 million worth of fasteners. Among them, there are also more than 300 companies, which annually produce over RMB 100 million worth of fasteners. In 2014 Shanghai Prime Machinery Company Limited acquired Nedschroef, making it successfully get a firm presence in the global fastener market by combining machinery with fastener manufacturing. In the future, manufacturers should cooperate with steel plants for upgrade in production lines, and gain more market share through upgrading products and service. They can also develop large scale and core companies by means of acquisition to lead the industry and enhance industrial competitiveness as well as market shares!

At the end of this article, Fastener World Magazine would like to thank President Feng for his time for this interview. Feng said he appreciated friendship with any industry and market and would like to actively exchange views with friends in U.S., European, Italian, Taiwanese, Japanese, South Korean, and Brazilian markets as well as fastener associations. ■



The symposium attracted over 300 excellent fastener companies including Wenzhou Jinjiapin Fasteners, Meijianli Fastener, and Liaocheng Xuanhui Machine Parts to showcase their products.