

Overview of Current Indian Fastener Market

by Sharareh Shahidi Hamedani

India Economy

India is the world's second most populous country with over 1.2 billion people. India's GDP growth is one of the fastest GDP growth rate in the world. The GDP growth rate is shown in the following table.

India	2011	2012	2013	2014	2015
GDP Growth Rate	6.6%	5.1%	6.9%	7.3%	7.3%

On the other hand, India's GDP/Capita is less than 1,500 USD in 2015, which means it is one of the poorest countries in the world.

Its GDP growth has shown positive effects on the fastener markets. For example, the automotive industry as one of the most widely fastener demanding industries had a 7.2% growth in the quantity of production. OICA net statistics show that the quantity of cars produced was 3.8 million units in 2014 and it was 2.05 million units by the second quarter of 2015, showing a 7.2% growth from the same period of 2014. Although the statistics of 2015 are not complete yet, it is expected that the quantity of cars produced in 2015 will pass 4 million units.

The Fastener Market

India's Fastener Import: Based on OICA website for India's car production, it is visible that the fluctuations of imported fasteners are very close to fluctuations of cars produced (see the following table).

Values are in Thousand USD	2010	2011	2012	2013	2014
India's Fastener Import from the World	515,897	675,620	746,724	729,695	721,679
Growth Rate of Imported Fasteners	---	31.0%	10.5%	-2.3%	-1.1%
Car Production Growth	---	10.4%	6.3%	-6.6%	-1.5%

By this statistics, it is also predictable that the value of imported fasteners will be about 750 million USD in 2015. Based on this claim we study the statistics for imported fasteners.

Values are in Thousand USD	Imported Value in 2013-Q4	Imported Value in 2014-Q1	Imported Value in 2014-Q2	Imported Value in 2014-Q3	Imported Value in 2014-Q4	Imported Value in 2015-Q1	Imported Value in 2015-Q2	Imported Value in 2015-Q3
India's Fastener Import from the World	170,126	177,747	176,743	190,603	177,987	160,687	165,616	187,404
Growth Rate	---	4.5%	-0.6%	7.8%	-6.6%	-9.7%	3.1%	13.2%

The value of imported fasteners increased sharply between Q1-Q3 2015 and it can prove our prediction is close to reality.

India's Main Fastener Import Partners

Japan & China- Japan is the biggest exporter in the case of fasteners exported

to India. In 2010 this position belonged to South Korea, and in 2011 China was the first partner of India, but it lost it in 2012 (see the following table).

Values are in Thousand USD	2010	2011	2012	2013	2014	2015		
						Q1	Q2	Q3
Japan	63,433	102,006	146,350	148,769	133,026	27,190	27,069	27,629
Growth Rate	---	60.8%	43.5%	1.7%	-10.6%	-12.4%	-0.4%	2.1%
China	83,380	134,352	141,986	127,164	121,776	32,899	29,757	36,196
Growth Rate	---	61.1%	5.7%	-10.4%	-4.2%	-2.1%	-9.6%	21.6%



Based on the statistics of 2015, China retook the first position in India's imported fasteners again.

Germany & South Korea

Germany has increased its exported fasteners to India since 2010, but South Korea was the biggest exporter in the field of fastener export to India. However, India demonstrated a booming market in 2011, resulting in some problems for Korean exporters. Japan, China and Germany could increase their market value but Korea's

export value decreased in that year, and this declining trend has continued to the first quarter of 2015.

Values are in Thousand USD	2010	2011	2012	2013	2014	2015		
						Q1	Q2	Q3
Germany	67,265	91,022	88,166	90,126	98,956	21,652	23,653	26,767
Growth Rate	---	35.3%	-3.1%	2.2%	9.8%	-14.6%	9.2%	13.2%
South Korea	83,798	77,795	74,010	78,233	70,321	16,555	18,335	20,743
Growth Rate	---	-7.2%	-4.9%	5.7%	-10.1%	-12.4%	10.8%	13.1%

The following table shows South Korea's fastener export to the world and its trend is positive, so the reason for the decline in its fastener export to India may depend on the business relationship between these two countries.

Values are in Thousand USD	Exported Value in 2008	Exported Value in 2009	Exported Value in 2010	Exported Value in 2011	Exported Value in 2012	Exported Value in 2013	Exported Value in 2014	Exported Value in 2015
South Korea's Fastener Export to the World	275,984	243,741	321,888	484,737	606,526	674,807	742,273	753,576



What is the Situation of Taiwan?

Taiwan is ranked as the 10th largest fastener exporter to India, while USA, UK, Thailand and Italy are respectively ranked as the 5th to 9th countries with the highest export value in the field of fasteners. Although the trend of Taiwan's fastener export to India is positive, the main question is why Italy, Thailand or USA can export more than Taiwan? (The main industries in India are derived from UK industries and these two countries also have very good relationship).

Values are in Thousand USD	2010	2011	2012	2013	2014	2015		
						Q1	Q2	Q3
Taiwan	20,660	24,731	24,563	24,375	27,582	6,245	6,654	7,905
Growth Rate	---	19.7%	-0.7%	-0.8%	13.2%	-20.6%	6.5%	18.8%

India's Fastener Export

Although India's fastener export dropped in 2015 in comparison to the data in 2014, with the total export value of about 540 million USD, India's fastener export is more than 36% higher than its fastener import, which means it is a fastener producer, not a fastener user.

Values are in Thousand USD	2010	2011	2012	2013	2014	2015		
						Q1	Q2	Q3
India's Fastener Export to the World	347,764	533,387	584,743	803,477	982,800	167,249	131,748	132,646
Growth Rate	---	53.4%	9.6%	37.4%	22.3%	-44%	-21.2%	0.7%

Therefore, it is predictable that India is a good market for machines and tools producers (equipment producers). A

look into the machines statistics gives fastener equipment producers more clues for expanding the business in

India. The following table shows that the import of machines to India is in a negative trend.

Values are in Thousand USD	2010	2011	2012	2013	2014	2015		
						Q1	Q2	Q3
Import	64,642	110,807	79,723	79,544	54,131	13,983	11,186	16,963
Export	7,175	5,932	12,958	13,114	13,978	2,106	1,870	3,892

Negative import means more competition between exporters. Four main players in India's machine market are: China, Taiwan, Germany and Italy.

Since 2010 one of these countries has been the leader of this market. 2015 was not a good year for Taiwanese machine export to India and it was ranked in the

4th place and Germany and Italy have passed Taiwan in the value of machine export.

Values are in Thousand USD	2010	2011	2012	2013	2014	2015		
						Q1	Q2	Q3
China	12,383	21,114	14,712	20,662	14,127	5,303	2,635	4,002
Taiwan	11,358	10,283	9,937	25,816	10,224	1,596	1,181	1,891
Germany	9,071	18,755	13,504	10,058	9,123	1,793	1,914	3,895
Italy	8,826	35,476	13,514	8,330	8,904	2,359	2,521	3,885

Last Word (What Should Machine Producers Do?)

Before I explain my opinions about the Indian market and some solutions for machine producers (especially Taiwanese producers), two points need to be explained first:

India is famous for its buying second-hand machines and renewing them for the domestic market and some parts for the international market.

Competition is a good phenomenon that expands the market and helps the player to make more profit.

What is Taiwanese manufacturers' problem in competition with Germany, Italy and China? The study of the following table shows that Taiwan,

Germany and Italy are respectively ranked in the 2nd to 4th places and China is in the 1st place.

Q1 of 2015: China attacked the Germany and Taiwan market. In this raid, Germany and Taiwan respectively lost 4% and 9% of its own market. Italy was immune from China's attack.

Q2 of 2015: Chinese exporters were jubilant, but Germany and Italy used China's neglecting and respectively increased their market share by 4% and 6%. Taiwan was in the shock yet.

Q3 of 2015: Chinese exporters get shocked and therefore couldn't reform their market share in the third quarter.

Italy used all of its power in the 2nd quarter, and therefore it did not have more resources to expand the market in the 3rd quarter, but Germany could expand 6% more of its market in the 3rd quarter. Taiwan is freezed!

In this story, China could get the market through lowering prices, but Italy and Germany are two country brands in different technology, so they could thwart China's attack. Taiwan is in the middle level and its prices are not low and they are common technology so they couldn't reform themselves. My suggestion is that Taiwanese manufacturers and exporters should find differentiation for themselves, such as different financial methods.

	2014	Q1-15	Q2-15	Q3-15
China	26%	38%	24%	24%
Taiwan	19%	11%	11%	11%
Germany	17%	13%	17%	23%
Italy	16%	17%	23%	23%

NYLON FASTENERS

BÜLTE GmbH - Kunststoffzeugnisse
 Carl-Sonnenschein-Straße 22
 D 59348 Lüdinghausen - Germany
 Tel : (+ 49) 02591/9194-0
 Fax : (+ 49) 02591/5977
 info@bulte.de - www.bulte.com