



What is the Situation of China's Fastener Business?

by Behrooz Lotfian

The reality is that China's economy is today made up of multiple sub-economies, each more than a trillion dollars in size. Some are booming, some are declining. Some are globally competitive; others fit for the scrap heap. How you feel about China depends more than ever on the parts of the economy where you compete.

This article studies two different sectors: Exported & Imported Fasteners, Exported & Imported Auto Parts, related to fastener business in the Chinese market, and then predicts the future of fastener business in China.

Export Figures

The total value of China's exported fasteners to the world is about 4.9 billion USD and the positive growth trend changed to negative growth in 2015 (**Table 1**).

Explanation of the Graph for Export

Looking to the bigger China's figures in the macroeconomic perspective we can find that, at China's private firms, investment spending has plunged.

	2011	2012	2013	2014	2015
Investment (annual variation in %)	24.0%	20.6%	19.6%	15.7%	10.0%

Unemployment rate does not change,

	2011	2012	2013	2014	2015
Unemployment Rate	4.1%	4.1%	4.1%	4.1%	4.1%

and the percentage of external debt of GDP has increased.

	2011	2012	2013	2014	2015
External Debt (% of GDP)	9.3%	8.7%	9.0%	8.6%	13.2%

Table 1 The Total Value of China's Exported Fasteners and Auto Parts to the World

Fasteners

Importers	2011	2012	2013	2014	2015
World	4,663,213	4,512,320	4,603,966	5,059,194	4,895,713
Growth	- - -	-3.2%	2.0%	9.9%	-3.2%

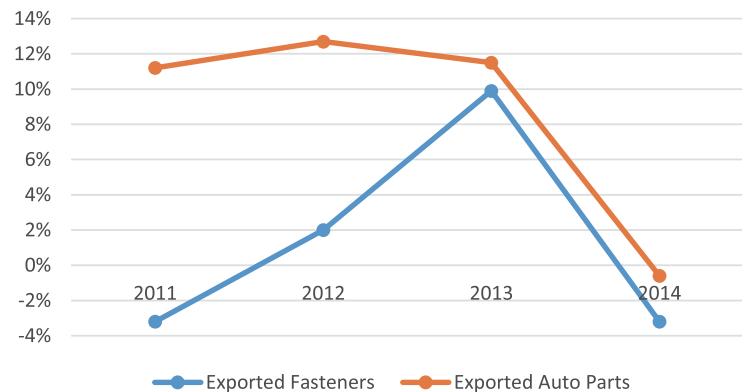
Values are in 1,000 USD

Auto Parts

In the auto part section, the negative growth has started since 2014.

Importers	2011	2012	2013	2014	2015
World	20,353,476	22,634,079	25,517,522	28,443,914	28,281,680
Growth	- - -	11.2%	12.7%	11.5%	-0.6%

Values are in 1,000 USD



In a country that the percentage of external debt grows and investment in the different sector decreases, it means that the country is put in a bad economic situation, and it can clearly appear in the industry and consequently in the fastener and related industries.

Good news for the Chinese market is the rate of unemployment being constant and it means companies can handle their costs and do not lay off the employees yet.

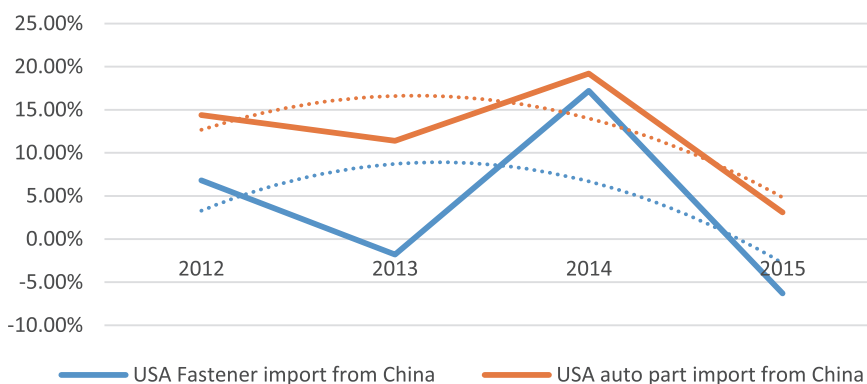
Who Suffered More from China's Economic Problems in the Fastener Sector?

1- USA

USA is the biggest market for Chinese fasteners with almost 1 billion USD value. In the auto part sector, the market value of USA is around 9.6 billion USD, making it the biggest auto part market for China.

China's Partners Ranked the 1 st Place		Export Value in 2011	Export Value in 2012	Export Value in 2013	Export Value in 2014	Export Value in 2015▼
USA	Fasteners	861,234	919,935	903,527	1,058,902	992,485
	Growth	- - -	6.8%	-1.8%	17.2%	-6.3%
USA	Auto Parts	6,103,663	6,980,399	7,776,484	9,272,363	9,562,447
	Growth	- - -	14.4%	11.4%	19.2%	3.1%

Values are in 1,000 USD



In the fastener section, U.S. import from China showed negative growth, and although in the auto part sector, China's export was positive, the growth margin was negative.

U.S. market increased 2.7% in the field of fasteners in 2015. Taiwan could cover the lack of 6.3% of China's export to USA; Taiwan's export showed the growth of 6.7% in the same period.

U.S. market increased 4.4% in the field of auto parts in 2015. Mexico could cover the lack of China's export to USA, Mexico's export of auto parts showed the growth of 11.6% in the same period.



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2- JAPAN

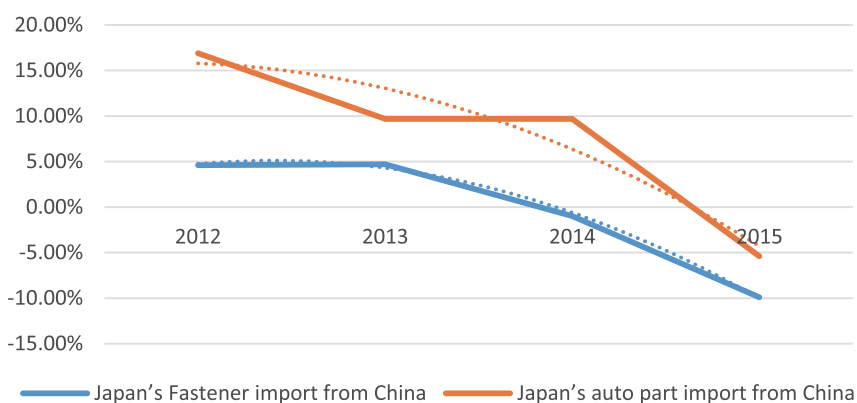
Japan is the 2nd biggest market for Chinese fasteners and auto parts. The market size of Japan in the fastener field is about 179 million USD and is more than 2.6 billion USD in the field of auto parts.

China's Partners Ranked the 2 nd Place		Export Value in 2011	Export Value in 2012	Export Value in 2013	Export Value in 2014	Export Value in 2015▼
Japan	Fasteners	285,334	298,347	312,397	309,364	278,821
	Growth	- - -	4.6%	4.7%	-1.0%	-9.9%
Japan	Auto Parts	2,007,951	2,347,611	2,574,596	2,823,825	2,670,446
	Growth	- - -	16.9%	9.7%	9.7%	-5.4%

Values are 1,000 USD

In the fastener section, Japan's import from China showed negative growth, and the same story happened in the auto part section.

Japan's market decreased 10.2% in 2015 in the fastener field. China's export to Japan has dropped because of the problems in Japanese market, and Japan's auto part market decreased 6.1% in the same period. The story is repeated in this sector, too; Japan's market can be the cause of Chinese export drops.



3- RUSSIA & MEXICO

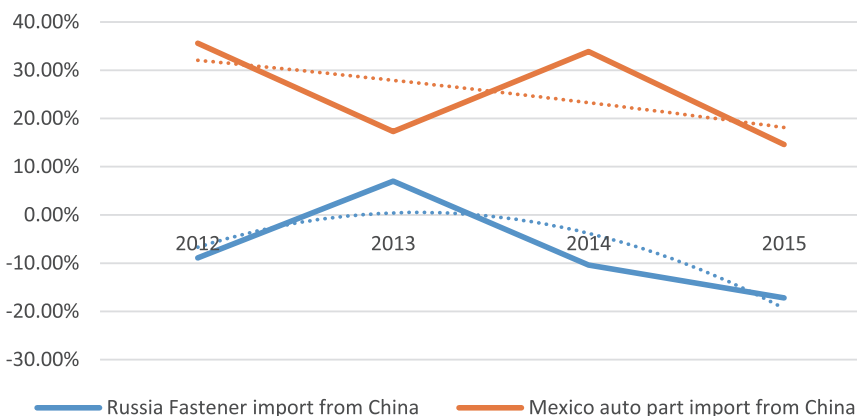
In the fastener field, Russia is the 3rd biggest market for Chinese fasteners.

China's Partners Ranked the 3 rd Place		Export Value in 2011	Export Value in 2012	Export Value in 2013	Export Value in 2014	Export Value in 2015▼
Russia	Fasteners	309,524	281,861	301,722	270,475	223,981
	Growth	- - -	-8.9%	7.0%	-10.4%	-17.2%
Mexico	Auto Parts	493,012	668,592	783,945	1,049,745	1,202,509
	Growth	- - -	35.6%	17.3%	33.9%	14.6%

Values are in 1,000 USD

In the fastener section, Russia's import from China showed negative growth, but the Mexico's import of auto parts from China was positive in the same period but the growth margin was negative.

Russia's market decreased 27.8% in 2015 in the fastener field. China's export to Russia has dropped because of the problems in Russian market. To make it easier to understand, Russian import from China has decreased 17.2%, however, China's export decreased just 3.2%, it means China could manage this reduction well. Mexico's auto part market increased 2.2% in the same period. And Chinese supplier could control the market of Mexico very well, showing a 14.6% growth.



The Future of Chinese Market

Although China's market share dropped in 2014 and 2015 in most of the regions, but based on China's macro-economic situation, China's market is predicted to grow 6.6% in 2016 and grow 6.3% in 2017. This will undoubtedly bring effects on the auto part and fastener industries.