

Germany's Situation in the Copper and Aluminum Fastener Industry

by Behrooz Lofian



Picture courtesy of FU HUI SCREW INDUSTRY CO., LTD

*Values in thousand USD

As we mentioned months ago in the article on the fastener industry (HS code 7318), Germany is the biggest exporter in the whole world with USD 5.23 billion exported fasteners.

In terms of copper made fasteners (HS Code 7415), Germany is the biggest exporter in the whole world with 20.2% of the world's export share; and in terms of aluminum made fasteners (HS Code 761610), Germany is the 2nd biggest exporter with 13.6% of export share.

But in terms of the accumulation of both the material statistics, Germany is the biggest exporter in the colorful metal category (see the following tables).

Details of Exported Copper Fasteners

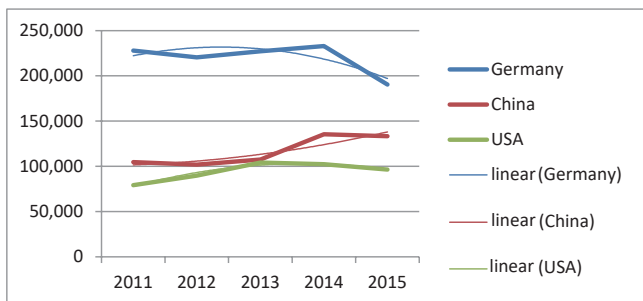
	Material	2011	2012	2013	2014	2015
World	Copper	922,135	897,367	959,176	1,016,397	942,675
	Value	228,067	220,371	227,177	232,984	190,431
Germany	Quantity (Ton)	6,457	6,611	6,491	6,878	6,484
	Unit Price USD/Kg	35.3	33.3	35.0	33.9	29.4
	Value	104,591	101,896	107,620	135,498	133,216
China	Quantity (Ton)	8,426	8,428	8,229	10,204	9,802
	Unit Price USD/Kg	12.4	12.1	13.1	13.3	13.6
	Value	79,225	89,714	104,215	102,414	96,361
USA	Quantity (Ton)	4,882	5,881	6,056	6,396	5,982
	Unit Price USD/Kg	16.2	15.3	17.2	16.0	16.1

Values are in thousand USD; Quantities are in Ton

The interesting point is: Germany could be the biggest exporter in the world because of its unit price of exported fasteners.

The second interesting point is: When the unit price of German exported fasteners declines, the quantity of exported fasteners also declines!! It is a wrong strategy for German exporters. Importers want to buy expensive fasteners from Germany

because it means better quality for consumers. And the numbers prove this claim. On the opposite side China increased its unit price by about 10% during the last 5 years; the numbers show that the best price for Chinese copper fasteners is around 13.0 USD/Kg. USA exporters have kept their price at around 16 USD/Kg for 2 years, but the numbers show that importers of US copper fasteners prefer higher prices, and in 2013 the unit price was 17.2 USD/Kg and the total amount of export was the highest.



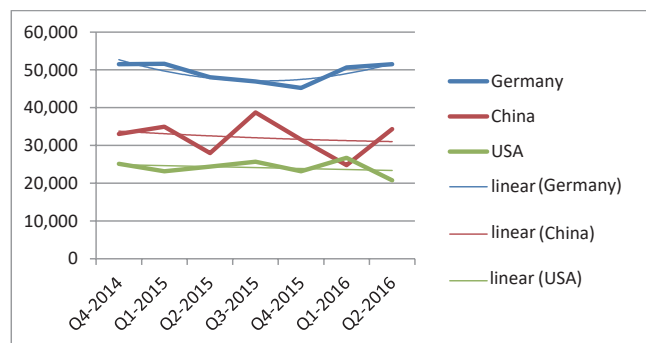
The right graph is the exported fastener statistics of Germany and its competitors in the last 5 years. The values of Germany and US exported cooper fasteners both declined during 2011-2015; on the other hand, the value of China's exported fasteners increased in the same period.

What is the Future of Exported Copper Fasteners?

In the last 8 quarters (Q4-2014 to Q2-2016), the trend of exported cooper fasteners showed that Germany could compensate for their lack of export in the first half of 2016. The following graph shows that although China's exported copper fasteners grew sharply in the 2nd quarter of 2016, the total growth trend was negative, and vice versa, the total growth of Germany was positive.

	Q4-2014	Q1-2015	Q2-2015	Q3-2015	Q4-2015	Q1-2016	Q2-2016
Germany	51,537	51,617	48,062	46,936	45,225	50,632	51,485
China	33,045	34,928	28,002	38,740	31,546	24,785	34,342
USA	25,152	23,140	24,367	25,671	23,183	26,728	20,765

Values are in thousand USD



In the first half of 2016, Germany could export 102,117 thousand USD and its quantity of export was 3,234 tons; in a simple word, the unit price was 31.6 USD/kg!!! These 2 quarters also prove that if German exporters go back to high prices, their quantity will increase. Chinese exporters could export 59,127 thousand USD in the first half of 2016 and the quantity of Chinese exported fasteners was 5,686 tons. It means that the unit price was 10.4 USD/Kg. The reason for increasing Chinese total export amount was the reduction of price, as nobody wanted to buy expensive Chinese fasteners. US total amount in the same period was 47,493 thousand USD and the exported copper fastener quantity

was 2,592 tons, and it means each kilogram of US fasteners has the value of USD 18.3. Increasing the price causes the decreasing quantity of exported fasteners. The numbers show that 16 USD/Kg is a suitable price for US copper fasteners.

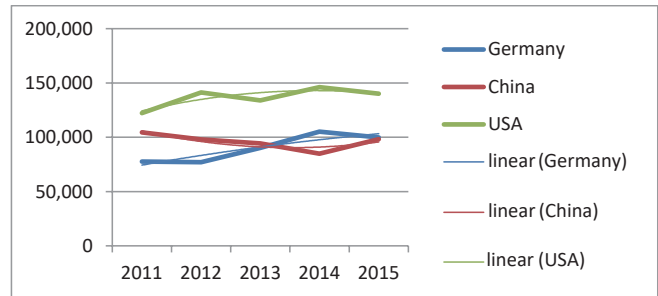
Aluminum Fastener Business

	Material	2011	2012	2013	2014	2015
World	Aluminum	715,748	726,320	778,252	808,071	731,749
Germany	Value	77,606	77,026	90,174	105,159	99,707
	Quantity (Ton)	3,083	3,156	3,204	3,220	3,950
	Unit Price USD/Kg	25.2	24.4	28.1	32.7	25.2
China	Value	104,464	97,933	94,301	84,870	98,227
	Quantity (Ton)	23,468	21,565	18,246	14,397	14,392
	Unit Price USD/Kg	4.5	4.5	5.2	5.9	6.8
USA	Value	122,253	141,154	133,955	146,133	140,094
	Quantity (Ton)	5,108	6,139	5,438	5,715	5,346
	Unit Price USD/Kg	23.9	23.0	24.6	25.6	26.2

Values are in thousand USD

The interesting point is: the unit price of Germany is the highest in this category, and the unit price of U.S. exporters is almost the same as the price of Germany. The price of Chinese exporters is predictable. But the interesting point is that Chinese exporters increased their price by 50% during the last 5 years, and therefore their exported fastener quantity decreased. The numbers show that German exporters should keep their price at around 32-33 USD/Kg; US exporters should keep their price at around 25-26 USD/Kg; and the best price for Chinese exporters is about 4.5 USD.

The right graph shows Germany and its competitors in the exported aluminum fastener sector. The values of German and Chinese exported aluminum fasteners both increased during 2011-2015; on the other hand, the value of the U.S. exported fasteners (the leader of the market) declined in the same period.

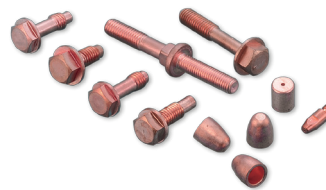
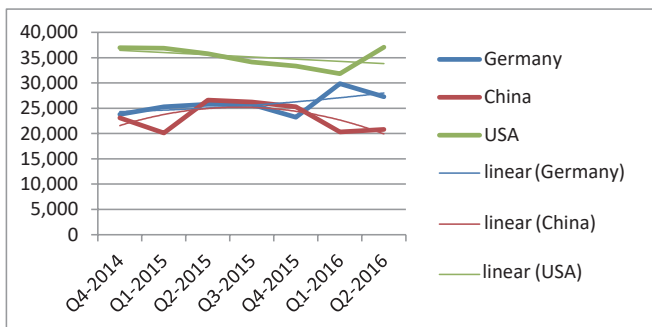


What is the Future for Exported Aluminum Fasteners?

In the last 8 quarters (Q4-2014 to Q2-2016) the trend of exported aluminum fasteners showed that Germany could compensate for their lack of export in the first half of 2016. The following graph shows that although Chinese and U.S. exporting aluminum fasteners both dropped in the 2nd quarter of 2016 and the total growth trend was negative, the total growth of Germany was positive.

	Q4-2014	Q1-2015	Q2-2015	Q3-2015	Q4-2015	Q1-2016	Q2-2016
Germany	23,789	25,261	25,764	25,743	23,224	29,856	27,296
China	23,072	20,113	26,609	26,224	25,281	20,325	20,821
USA	36,961	36,875	35,774	34,120	33,325	31,829	37,063

Values are in thousand USD



Picture courtesy of FU HUI SCREW INDUSTRY CO., LTD

In the first quarter of 2016, Germany could export 29,856 thousand USD and its quantity of export was 1,003 tons. In a simple word, the unit price was 29.8 USD/kg. In the 2nd quarter, the exported value of German exporters was 27,296 thousand

USD and the quantity was 1,051 tons. It means that the unit price was 26.0 USD/Kg. As we mentioned, nobody likes to buy cheap

fasteners from Germany. Statistics show that Chinese fastener suppliers could export their aluminum fasteners with the unit price at 7.2 USD/Kg (20,325 thousand USD/2,804 tons) in the 1st quarter of 2016, and in the 2nd quarter of 2016 this value decreased to 6.9 USD/Kg (20,821 thousand USD/ 3,035 tons). This year Chinese exporters have kept their price at around USD 7.0. However, we believe that the best price for Chinese aluminum fasteners is around 4.5 USD/Kg. The story of USA was different. In the 1st quarter, U.S. exporters could export 1,417 tons with the total value at 31,829 thousand USD. It means USD 22.5 for each Kg of US aluminum fasteners, and in the 2nd quarter they exported 1,638 tons with the total value at 37,063 thousand USD. In other words, the unit price of U.S. fasteners was 22.6 USD/Kg. They decreased their price in 2016 (22.6USD/Kg) in comparison to the price (26.2 USD/Kg) in 2015 and could save their leadership for only a short time. But it is predictable that their total export value will decrease in 2016 in the aluminum fastener sector. ■