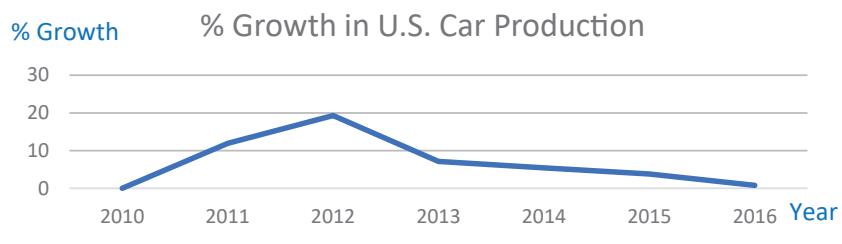


# Fastener Trade and Opportunities in USA & Canada Based on Their Current Car Production & Sales

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## U.S. Car Market

USA is the 2nd largest car manufacturer in the world and it represented 12.8% of the global car production in 2016, but the statistics show that the trend of growth in U.S. automotive industry has become slow.



| Year                     | 2016       | 2015       | 2014       | 2013       | 2012       | 2011      | 2010      |
|--------------------------|------------|------------|------------|------------|------------|-----------|-----------|
| Car Production (Vehicle) | 12,198,137 | 12,100,095 | 11,660,699 | 11,066,432 | 10,335,765 | 8,661,535 | 7,743,093 |
| Growth                   | 0.8%       | 3.8%       | 5.4%       | 7.1%       | 19.3%      | 11.9%     | --        |

## CAR AND LIGHT TRUCK SALES



On the other hand, based on the “Business Insider” statistics, “the US auto market is on the verge of setting a new sales record, beating last year’s mark of 17.5 million new cars and trucks in 2016.”<sup>1</sup> It is 5.7% growth in comparison with 2015.

The left graph shows the trend of cars sold in U.S. market.

SOURCE: Bureau of Economic Analysis via FRED

BUSINESS INSIDER

<sup>1</sup> <http://www.businessinsider.com/us-auto-industry-growth-in-2017-2016-12>

### Business Insider continued:

“Economic instability could accelerate a cyclical sales downturn. US auto sales will probably match last year’s record total of 17.5 million. Most industry executives and experts expected that pace to persist through 2017 before slowing as the market drops back to something in the 16-million range.”<sup>2</sup>

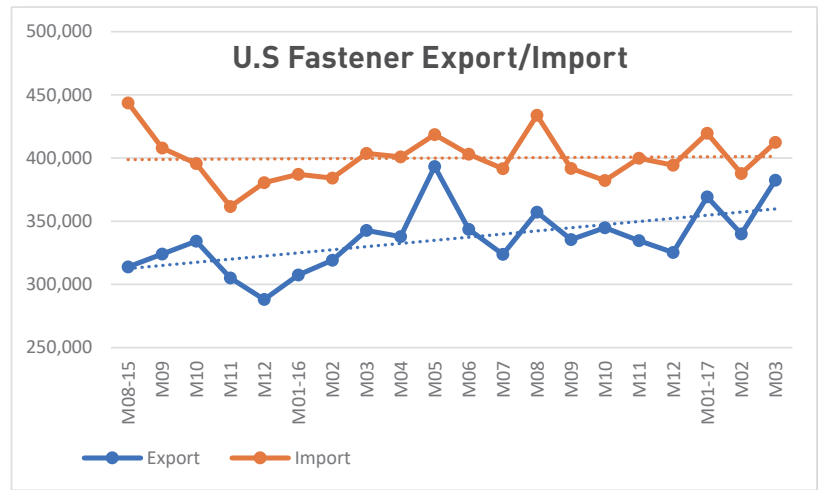
<sup>2</sup> <http://www.businessinsider.com/how-trump-presidency-will-impact-us-auto-industry-2016-11>

### U.S. Fastener Market

The statistics have shown growth in 2016 in U.S. car market as one of the main fastener markets and the prediction indicates a growth for 2017. On the other hand, U.S. President Trump’s order “US factories should return to the US” will cause the imported product value to decrease or be constant and the exported product value will increase. In 2016, the car industry in USA grew 5.7% in the “sold car” sector and 0.8% in the “car production” sector.

The following statistics show that the imported fastener value trend is stable and the exported fastener value trend has been growing. The statistics matches President Trump’s order and the growth in the car market.

Based on the U.S. situation and other prediction we also think the growth will continue in both the fastener field and the export sector. However, it will decrease in the imported fastener field in the remaining months of 2017.



**Note: The following table values are in thousand USD.**

| 2015               |         | M08     | M09     | M10     | M11     | M12     |
|--------------------|---------|---------|---------|---------|---------|---------|
| US Fastener Export |         | 313,887 | 324,016 | 334,295 | 305,158 | 288,059 |
| US Fastener Import |         | 443,693 | 408,022 | 395,669 | 361,674 | 380,559 |
| 2016               | M01     | M02     | M03     | M04     | M05     | M06     |
| US Fastener Export | 307,566 | 319,079 | 342,777 | 337,790 | 393,274 | 343,657 |
| US Fastener Import | 387,061 | 384,054 | 403,671 | 400,920 | 418,639 | 403,137 |
| 2016               | M07     | M08     | M09     | M10     | M11     | M12     |
| US Fastener Export | 323,871 | 357,101 | 335,430 | 344,829 | 334,732 | 325,403 |
| US Fastener Import | 391,636 | 433,863 | 391,796 | 382,154 | 399,883 | 394,305 |
| 2017               | M01     | M02     | M03     |         |         |         |
| US Fastener Export | 369,257 | 339,930 | 382,487 |         |         |         |
| US Fastener Import | 419,628 | 387,753 | 412,438 |         |         |         |

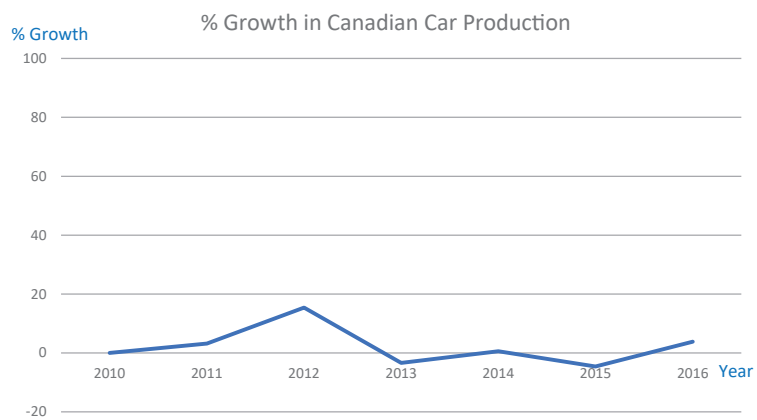
### Canadian Car Market

Canada is the 9th largest car manufacturer in the world and the automotive industry in Canada consists primarily of assembly plants of foreign automakers, most with headquarters in the United States or Japan, along with hundreds of manufacturers of automotive parts and systems.

| Year                     | 2016      | 2015      | 2014      | 2013      | 2012      | 2011      | 2010      |
|--------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Car Production (Vehicle) | 2,370,271 | 2,283,474 | 2,393,890 | 2,379,806 | 2,463,364 | 2,135,121 | 2,068,189 |
| Growth                   | 3.8%      | -4.6%     | 0.6%      | -3.4%     | 15.4%     | 3.2%      | ---       |

The statistics show that the car production have been almost stable since 2013, but Trump’s policy for asking car manufacturers to return to the U.S. will affect the Canadian market seriously, Dr. Ian Lee, an associate professor at Carleton University’s Sprott School of Business, sees these actions as a warning sign to Canadians.

Canada has registered more than 33 million vehicles of cars (near 24 million vehicles of them are road cars and the



rest are farm cars <sup>3</sup>. And, there were 1.948 million vehicles of sales of light vehicles last year, an increase of 2.7 per cent compared to 2015. <sup>4</sup>

Statistics show that Canadian’s car market is almost 10 times smaller than U.S. car market. We think that the growth in the car market should affect the Canadian fastener field, too. A study of the statistics will make the fastener market situation clearer.

<sup>3</sup> <http://www.statcan.gc.ca/tables-tableaux/sum-som/101/cst01/trade14a-eng.htm>

<sup>4</sup> <http://www.macleans.ca/news/canada-car-industry-record-breaking-2016/>

**Canadian Fastener market**

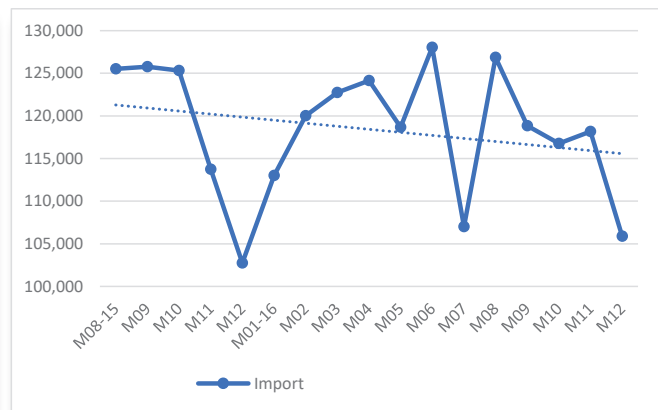
| 2015                   |         | M08     | M09     | M10     | M11     | M12     |
|------------------------|---------|---------|---------|---------|---------|---------|
| Canada Fastener Export |         | 35,525  | 35,225  | 37,959  | 34,616  | 29,023  |
| Canada Fastener Import |         | 125,518 | 125,784 | 125,321 | 113,735 | 102,749 |
| 2016                   | M01     | M02     | M03     | M04     | M05     | M06     |
| Canada Fastener Export | 35,789  | 33,531  | 36,020  | 36,302  | 35,273  | 35,708  |
| Canada Fastener Import | 113,013 | 120,020 | 122,753 | 124,136 | 118,668 | 128,048 |
| 2016                   | M07     | M08     | M09     | M10     | M11     | M12     |
| Canada Fastener Export | 31,466  | 34,129  | 33,799  | 32,347  | 31,959  | 29,232  |
| Canada Fastener Import | 106,996 | 126,878 | 118,831 | 116,779 | 118,179 | 105,882 |

Values are in thousand USD

**Canadian Fastener Export**



**Canadian Fastener Import**



Canada is not a famous country in the fastener producing field. Canada’s imported fastener value is 3 times higher than its exported fastener value. The strange thing in Canada’s statistics is that both sectors (exported and imported fastener values) decreased during the period from August 2015 to the end of 2016.

**Why?**

We can guess that there might be three reasons for the fastener decrease. However, the car market has grown in Canada.

- 1- Improving in the fastener industry. The fastener industry could support the domestic needs and therefore they can’t focus on the export and the import decrease because they could supply well the domestic need.
- 2- The cars don’t damage easily. It is an unproved claim but imagine the most regions in Canada have very cold winter and if the cars don’t work very well, it will cause disasters, less damage therefore less repairing and then less fasteners.
- 3- They have fastener stocks more than their need, which will cause decreased value of imported and exported fasteners.

**Last Word**

Fastener exporters should consider the difference between Canada’s fastener market and U.S. fastener market. The fastener market in the U.S. is more diverse than Canada’s, because its market is 10 times larger than Canada’s market. On the other hand, the weather is totally different in these two countries so the cars performance should be different.

It can be an opportunity for a fastener exporter that works in the Canadian market professionally but the key point for success is he/she should forget the U.S. market. ■