

# Interview with Global Fastener Association Presidents



## Interview with NFDA President Kevin Miller

**1**. As the most specialized fastener related association in the region, could you please talk about related events/activities NFDA has successfully given and achievements NFDA has made in 2017?

2017 has been a great year for the NFDA so far. Our membership continues to grow, and we are really looking forward to our upcoming inaugural Leadership Academy this November. I think our biggest achievement will be celebrated next March in Costa Rica, our 50th anniversary!

**2**. [Following question 1] What positive benefit and influence have these events/activities or achievements generated over your association members and other associate industries?

To be in existence for 50 years is quite an accomplishment. Our association has seen growth and shrinkage along with the economy over the decades, and when you consider there is a good amount of businesses that struggled to survive some of these turbulent economic times, to remain a constant presence within the industry is really quite special. **In order to remain for 50 more years, we must focus on the development of our next generation of stars, which is why we created the Leadership Academy.** This year, we are starting with 36 slots and hope to grow much larger. **The development of leadership skills for the next generation is paramount to our growth and survival, and the content at this even drives towards this end.**

**3**. According to your observation, what is the major industrial development trend in the entire US fastener market? To which industry sector are fasteners in the US

mainly delivered and the approximate proportion of delivery to each of these major industry sectors?

I think that in many ways the fastener industry in the US is very different, but also very much the same, as it is globally. We see more and more foreign competitors in the US, investment in technology and automation processes, and a deeper focus on workplace culture. I feel that these are all things we must pay attention to in order to remain relevant and competitive in a global marketplace. As far as consumption goes, the fastener industry in the United States (according to some sources) is more than \$13 billion annually. The answer to this question would be far too long to name all market sectors and consumption proportions, but the biggest consumers are the obvious ones. Automotive and related industries will always be there, but **I think that there is burgeoning focus on supplying emerging industries like sustainable and solar energy.**

**We should also see a recovery in Class 8 truck manufacturing and agricultural equipment.**

**4**. We observed that the distribution and logistics support systems in the global fastener industry have been focused more



on the establishment of more intelligent automated warehousing and distribution systems and many US companies are taking the lead as well. What is your opinion toward such a development? Is this development trend a challenge or opportunity for fastener distributors who need to obtain fast/efficient executing capability and ensure high quality of fasteners at the same time? What is your opinion toward this? Could you please talk about the current development and dedication of US fastener companies to the establishment of intelligent warehousing and distribution systems?

Great question. This type of investment presents both a challenge and an opportunity for the companies in our industry. To remain competitive in a mature industry, we must constantly seek innovative ways to improve our operations. For some, this means there is no other option than investing in automated warehouse technology. I think this logically makes sense for the much larger distribution companies in our industry, but what happens when these automated/intelligent systems malfunction? At the end of the day, there is no substitute for a trained and skilled workforce.

**The argument for automated/intelligent systems is that they increase accuracy and productivity while reducing labor costs. I think in the long run more jobs will be created in support roles for these systems, replacing the jobs lost to automation.** This presents a challenge and an opportunity to our workforce to develop and improve upon their skills and knowledge and become more capable workers. It also presents a challenge and opportunity to employers in the way of developing robust training programs and developing career paths for new hires at the lower levels of their companies.

**5.** Facing competition from fastener distributors in other countries, what advantage do you think US distributors have to help themselves gain consumers' admiration in the entire US fastener distribution market?

I think that in order to win business, you must create a great customer experience. Local suppliers who understand their customers and their local regional markets have the best chance of doing this and in my opinion the US distributors have an advantage in this area. Competition is competition and customers should buy from whoever presents the best option for their business. However, if your neighbor is comparable with all other things being constant, wouldn't you rather buy from your neighbor knowing you'll get that extra level of customer service? I think so.

**6.** Many NFDA members have been collaborating with Asian suppliers for years. Do you have any new expectation toward the continuous future collaboration with these suppliers? And, does NFDA have any plan to further reinforce and strengthen the collaboration and partnership with these suppliers from Asia?

A very timely question! As of the writing of this, Adam Pratt (Associate Chair NFDA) is in Korea and the NFDA is signing a memorandum of understanding with the Korea Federation of Fasteners Industry Cooperative for collaboration between the two

countries and their respective fastener industries. As always, we look forward to continuing cooperation with our counterparts in China and Taiwan.

**7.** What is your opinion and analysis of US fastener import/export volume and value calculated from 2016 through the most recent month of 2017? Do you think there may appear some significant improvements in the future fastener import/export volume and value of the entire US?

Yes, I do see some improvement YoY. The 1st half of 2017 shows slight improvement over 2016 and I would expect that trend to continue with increased production levels through 2018. Rising material costs may also contribute to increased dollar trade levels, as well.

**8.** What is your expectation and prospect toward the fastener distribution market of the US in 2018? Does NFDA have any plan to promote and create a better fastener distribution environment for 2018?

**US industrial production is forecasted to trend upward in 2018, which will help the fastener industry as a whole.** As for the distribution market, I foresee more consolidation through M&A activity. These aren't extraordinary trends for a stable market, but I think with a higher confidence level in the economy we will see an increased level in these types of investments.

As for the NFDA, our core purpose is to help our members thrive in the global marketplace. We will continue to provide a platform and forum for collaboration and communication between our distributor and associate members. While our event schedule is set for the remainder of the year, we are always looking for new ways to drive value to our membership and promoting them as need be. You can check out the event schedule and current member benefits at [www.nfda-fastener.org](http://www.nfda-fastener.org) !

**9.** As the new President of NFDA, could you please talk about how you would like to do in the upcoming new year to lead your association members to maintain their competitive edge in the global fastener market and voice for your members' interests?

Well, as I mention above we are set to reevaluate our strategies in January. We are going to review the directives put in place by past leadership, and try to develop new ways to invest in the association's meeting content and member benefits and improve our value proposition.

**10.** Do you have anything else that you would also like to share with our readers worldwide?

When you think about how our industry touches so many people in ways that go unrecognized, it is really humbling to be a part of something bigger. I hope we can attract and retain lots of new, young talents to our industry. If you know of anyone considering a career change, I encourage you to have them explore our business! I look forward to seeing you all at future events both in the US and abroad, and if you see me, please introduce yourself. I love meeting new people and making new friendships!

## Interview with EFDA President Dr. Volker Lederer

**1.** As the most specialized fastener related association in the region, could you please talk about related events/activities EFDA has successfully given and achievements EFDA has made in 2017?

EFDA was successful to reduce the burden on EU fastener importers created by the EU licensing system. Since June 2016 EU importers of certain steel products, including fasteners, need a special license from their national authorities to bring the products into the EU – from any country worldwide. The data collected through this licensing system is supposed to serve EU manufacturers to reinforce a request for a new antidumping investigation with regard to imports of steel fasteners from China.

The licensing system created a huge administrative and financial burden for fastener importers. **EFDA and its national member associations engaged in several activities with the European Commission and national authorities to support importers.** Due to a series of interventions, including a meeting with the head of cabinet of EU Trade Commissioner Malmström, we were successful to mitigate the effects on our businesses: The threshold for a license requirement was raised from 2,500 kg net weight to 5,000 in June 2017.

I would further like to mention our new brochure 'Securing the Future – European Fastener Distribution in the 21st Century', which EFDA published at the beginning of the year. EFDA is deeply engaged in promoting the value of fastener distributors – especially its value to the European industry. The brochure highlights the absolutely essential role fasteners distributors fulfill whenever fasteners are needed. It shows that fastener distributors manage increasingly complex, global supply chains and serve European industry by professionalism and efficiency.

**2.** (Following question 1) What positive benefit and influence have these events/activities or achievements generated over your association members and other associate industries?

As some of our members report, the increase of the threshold for a license requirement reduces the administrative burden for importers considerably. This lobby activity shows very clearly how EU fastener distributors directly benefit from EFDA's activities.

**EFDA uses the new brochure to better explain the value of our business sector to decision makers at national and EU level.** With the brochure we make it clear to people who are no fastener experts how important



fastener distributors are for the trouble-free functioning of the European industry. This is especially important when it comes to legislation regarding the imports of fasteners into the EU, e.g. antidumping investigations. I am convinced European fastener importers will profit from this investment.

**3.** According to your observation, what is the major industrial development trend in the entire EU fastener market? To which industry sector are fasteners in the EU mainly delivered and the approximate proportion of delivery to each of these major industry sectors?

**We can see a strong trend to professionalization in the fastener distributors business. Modern warehouse and logistic systems require professionalism.** High investments of many European fastener distributors in the automation of the logistic processes are a prerequisite to satisfy the growing requirement of industrial customers concerning flexibility, rapidity and process safety.

Digitalization requires professionalism. It will affect our business in many ways. Catchwords of digitalization are e.g. data management, machine-to-machine communication, and automated processes. All of this will change our workplace fundamentally. To handle digitalization is our biggest challenge in the near future.

Also, the internationalization of our business requires professionalism. Purchase and sale are becoming increasingly global. Many distributors already established an international network of branches or made worldwide company acquisitions to handle this trend.

The major industries delivered by fastener distributors in the EU are the aviation, construction and mechanical engineering industries.



**4.** We observed that the distribution and logistics support systems in the global fastener industry have been focused more on the establishment of more intelligent automated warehousing and distribution systems and many European companies are taking the lead as well. What is your opinion toward such a development? Is this development trend a challenge or opportunity for fastener distributors who need to obtain fast/efficient executing capability and ensure high quality of fasteners at the same time? What is your opinion toward this?

The trend toward professionalization requires commitment to the systems, equipment and people that ensure seamless, effective support to customers wherever in the world they are located. This implies large investments, e.g. in intelligent automated warehousing and distribution systems. Companies which take up this challenge can be very successful. Others could face severe problems. In many cases only globally oriented and financially strong companies will be able to go this way and satisfy the growing demands of their customers. The challenges will be even bigger for many small and medium-sized companies. I assume that **the trend towards concentration in the fastener industry will accelerate in the coming years.**

**5.** Many EFDA members have been collaborating with Asian suppliers for years. Do you have any new expectation toward the continuous future collaboration with these suppliers? And, does EFDA have any plan to further reinforce and strengthen the collaboration and partnership with these suppliers from Asia?

We expect the collaboration between EU fastener distributors and Asian supplies to further grow in the next years. **For EU fastener distributors the Asian market will become more and more important as supplier of special parts and more complex products.**

EFDA itself, however, has no influence on individual business developments of EU fastener importers. It is simply not EFDA's task. What EFDA can, and will continue, to do is advocate for reliable political and economic conditions for EU fastener distributors to further develop their business – for example with regard to EU trade defense policy and especially antidumping duties. EFDA is supporting its members on this way.

**6.** What is your opinion and analysis of EU's fastener import/export volume and value calculated from 2016 through the most recent month of 2017? Do you think there may appear some significant improvements in the future fastener import/export volume and value of the entire EU?

After the removal of antidumping duties of iron and steel fasteners from the People's Republic of China in February 2016, imports from China have increased. However, imports stagnated for the last quarter of 2016 and then developed in a very unstable manner during the first half of 2017. **There has been an increase of imports from China since March; however the total amount of imports is still far away from what we had ten years ago.** Imports from other Asian countries have continued to develop steadily during the same period.

**7.** What is your expectation and prospect toward the fastener distribution market of the EU in 2018? Does EFDA have any plan to promote and create a better fastener distribution environment for 2018?

We expect continued growth in 2018 as the fastener market is developing well and EU fastener distributors show a high degree of flexibility and professionalism. EFDA's job will be to advocate for fair and free trade in an open marketplace. **We will continue to inform our members about any measures planned by EU manufactures or the European Commission to impose trade barriers such as antidumping duties, and we will do our best to make sure that decision-makers are aware of the interests of our industry.**

**8.** As the President of EFDA, could you please talk about how you would like to do in the upcoming new year to lead your association members to maintain their competitive edge in the global fastener market and voice for your members' interests?

As I mentioned before, EFDA does not interfere in the day-to-day business of the companies it represents. But we offer our national member associations and their member companies a platform to exchange views and opinions and get first-hand information from decision-makers in Europe. A central event for our business sector is the European Fastener Distributor Conference. The conference is held every three years and brings together fastener importers, wholesalers and distributors from all over Europe. It is a high-level event of the industry not to be missed. **The next conference will be held from 13 to 15 June 2018 in Rotterdam in the Netherlands.**

## Interview with UDIB President Gian Marco Dalpane

**1.** As the most specialized fastener related association in the region, could you please talk about related events/activities UDIB has successfully given and achievements UDIB has made in 2017? What positive benefit and influence have these events/activities or achievements generated over your association members and other associate industries?

Well the first very positive result is that we did achieve three more associates becoming the third more participated association in Europe in terms of number of members and I think the second in terms of turnovers. Furthermore **we've registered good cooperation with the Public Administration either at Italian and European level, in controlling and getting more fluent the documents exchange for the incoming surveilled goods.** We also empowered our website to give our associates the possibility to have more visibility and, with proper links, more business opportunity, being among a group of very well trusted companies. We did also participate as a delegation to a couple of international fasteners fairs.



**2.** According to your observation, what is the major industrial development trend in the Italian fastener market? To which industry sector are fasteners in Italy mainly delivered and the approximate proportion of delivery to each industry sector?

Certainly the most valuable Italian fasteners market is the automotive. Unfortunately during 2017 this has not given the positive results that are usually expected. On the other hand, **the automation sector has registered very important growing results following the national program named "Industry 4.0" positive flow, also thanks to very important tax reduction programs.** The metal structural construction industry is still doing well, even if the raising of this sector seems to be less important than the past years.

**3.** We observed that the distribution and logistics support systems in the global fastener industry have been focused more on the establishment of more intelligent automated warehousing and distribution systems, and many European companies are taking the lead as well. What is your opinion toward this? Is it a challenge or opportunity for fastener distributors who need to obtain fast/efficient executing capability and ensure high quality of fasteners at the same time? Could you please talk about the current development and dedication of Italian fastener companies to the establishment of intelligent warehousing and distribution systems?

Certainly as just mentioned **the advantage of a reduced taxation is pushing the industries to invest in a new logistic organization and even our members are not losing this opportunity.** In fact several of them are renewing or changing their establishments doing very important upgrades to become more competitive and improving their impact on the market. We all believe that the cost reduction through the improvement of the entire process is the key for future success. By the way we must consider the Italian average distributing company dimensions, that frequently dramatically the logistic chain organization impact, so I think it's important to improve the system and always be aware of the real single capacities, either in terms of volumes or customers typology.

**4.** Facing competition from fastener distributors in other countries, what advantage do you think Italian distributors have to help themselves gain consumers' admiration, either in the local Italian fastener distribution market or in the entire EU fastener distribution market?

The Italian distributors have certainly very important characteristics that are appreciated worldwide. First of all is their **flexibility. This is something written in the DNA of any Italian businessman,** and thanks to the usually small dimension of their company, this results natural.

Second, the very good quality of the products. The goods can be made in Italy or abroad but they are always very well controlled, following the Italian's very strict rules and legislation. The third one is the wide range of stocks available. In fact an Italian distributor can count on the first fasteners manufacture industry in the world together with a good import channel thanks to the good importers and their perfect relationship with the biggest Asian manufacturers. All these matters naturally lead us to the fourth point that may be the most important one: the Italian distributor can offer very good conditions to the market in terms of price that is usually very profitable, especially if compared to some bigger European competitors.

**5.** Many UDIB members have been collaborating with Asian suppliers for years. Do you have any new expectation toward the continuous future collaboration with these suppliers? And, does UDIB have any plan to further reinforce and strengthen the collaboration and partnership with these suppliers from Asia?

**UDIB has among its members a lot of very well known partners of the Asian suppliers. The relationships are really excellent** and both parts appreciate the seriousness of the other, during years and years. UDIB by itself is trying to widen these relations between always more and more companies.

**6.** What is your opinion and analysis of Italy's and EU's fastener import/export volume and value calculated from 2016 through the most recent month of 2017? Do you think there may appear some significant improvements in the future fastener import/export volume and value of Italy and the entire EU?

I don't think that these two years will be remembered for their special figures. For sure they will remind us the cancellation of the antidumping duty and the extreme variability of the raw material price. These two reasons gave the players of the market a lack of stability that usually is not favorable for the growing of the market. Some of our members have pushed the foreign market with very good turnover and profits.

**7.** What is your expectation and prospect toward the fastener distribution market of Italy and even the entire EU in 2018? Does UDIB have any plan to promote and create a better fastener distribution environment for 2018?

UDIB has no intention to manage the market but the possibility to create better conditions for the growth and the stability.

**8.** As the President of UDIB, could you please talk about how you would like to do in the upcoming new year to lead your association members to maintain their competitive edge in the global fastener market and voice for your members' interests?

We will meet for our general assembly in November, and during this meeting I'm sure the members will have the possibility to compare with one another certainly finding new ways to cooperate and to merge their forces as much as possible to combat the bigger European companies' strength. **UDIB will try to push them in this cooperating direction with the aim to create a better Italian distributing system and a new empowering in the European and entire world market.**

**9.** Do you have anything else that you would also like to share with our readers worldwide?

The Italian market offers great opportunities of growth. Current distribution suffers from the too high number of small players on the market. The future will be of those distributors who will join the forces to be more competitive on the market.

## Interview with **CMCA Fastener Subdivision President Mr. Xue Kang Sheng**

**1.** As innovation and business transition continue to catch on in the market, what new features will the fastener industry present?

The fastener industry, which is in the process of structural adjustment and business transition driven by innovation, will present some new features: (1) Innovation will drive and promote the strategic transition, upgrade and development of enterprises, (2) **Intelligent manufacturing in the fastener industry is developing.** (3) There is further progress in "IoT" application, (4) The fastener industry reinforcing green manufacturing, (5) Enterprises reinforcing their work on quality control, branding, etc. All these features help consolidate the base for steady growth of the industry.

**2.** How's the current development of Chinese economy and its manufacture in 2017? What kind of role does CMCA fastener subdivision play in such a trend?

The Chinese economy in 2017 continues to grow steadily and investments in infrastructure like high speed rail, and urban transport systems are also on the rise. The automotive, wind power, agricultural and IT industries remain a better upward growing trend. As the Chinese manufacturing industry continues to grow steadily, it provides opportunities for the Chinese fastener industry. Everyone has good expectations towards the sales this year; as a result,





### **it is expected that the total fastener production volume will also continue to increase in a stable manner in 2017.**

In 2017 the Association focuses more on strengthening industrial development, energy saving/environmental protection, solving overcapacity, innovating corporate technology and increasing quality/efficiency within the industry, in order to be a truly responsible organization and continuously make positive contributions to the industry. At the same time, we reinforce our ability to assist enterprises in brand establishments and go further to do our job and fulfil the commitments of the Association.

### **3. What is the main focus of the current development of Chinese fastener industry? Are the issues observed in certain manufacturing bases of China crises or opportunities?**

**Green manufacturing has been one of the main focuses of many Chinese fastener enterprises in recent years**, which includes the R&D of new technology to save energy and reduce carbon emission, the promotion of low-carbon economic development in all industry sectors, the improvement on waste management and recycling, the promotion of greener electroplating methods and the use of non-tempered new steel types, etc. All these trends are becoming the target for Chinese fastener enterprises to upgrade themselves to the level of green manufacturing.

Guided by the green manufacturing policy “The 3-year Plan to Upgrade Haiyan Fastener Industry” proposed by Haiyan Government, Haiyan fastener industry, usually dubbed “a manufacturing heartland of ferrous parts,” has been working hard to fill all requirements of the Plan and solve the problem of environmental pollution caused by the local fastener industry. Since May 2017, the Yongnian (Hebei) authorities has begun to implement a stricter policy for the sake of environmental protection and has officially forced a few small enterprises to halt operation, effectively lifting the green manufacturing level of the local fastener industry.

### **4. What are the changes that the industry may face in the future and what could be the solution?**

For the time being, the economic development in China is still influenced by various parameters and many uncertainties to the world’s economic recovery still exist. The adjustments of macroeconomic policies in certain countries have generated some variants and newly emerging countries are also encountering new difficulties, **so the global economy will continue to undergo deep adjustments and the international competition will be fiercer as well.** The conditions supporting China’s economic development are also on the way to significant changes and the internal contradictions are also revealed. Hence, enterprises also face extremely high pressure and issues like low demand in the market, increasing costs for environmental protection and labor force, shrinking profit margins, lower possibility to get bank loans, etc. Accordingly, we suggest the entire industry make more efforts to create a better and reasonable economic development margin and keep stepping forward for a stable and healthy development.

Regarding the international trade, China has established trade relations with more than 160 countries and regions. For this reason,

we have to increase the technique and quality level of our products and offer better service for the sake of the global economic development. We’ll continue to advocate honest and fair international trade regulations and accelerate the market structural adjustment of our exports. We will require the entire industry to establish better trade relations with other partnered countries (incl. the EU), and facilitate healthy negotiations in export trade. Organizations, industries and enterprises should learn to make the most of international trade laws and strategies to prevent being affected by “trade protectionism” and keep pace with the policy of “One Belt One Road Initiative.” We should work together to avoid misunderstanding and misinterpretation, remove interventions, follow the trend and go hand in hand to fight against the new trade protectionism.

### **5. What do the future and prospect hold for Chinese fastener industry in 2018?**

In the upcoming 2018, **we should continue to innovate and make adjustments, grasp the opportunities brought by “Made in China 2025” and “One Belt One Road” initiatives and consolidate our presence in the current development of major industries and construction projects.** These industries with substantial fastener demand will definitely offer the fastener industry great business opportunities. In addition, we should also pay more attention to the development of new warm forging and cold pressing complex forming technique, new technology and new materials and promote the combination of IT technology and Internet technology, which can help improve fastener manufacturing technology and broaden the current product portfolio to well-engineered mechanical fastening parts. We should also study hard and research into the change that Industry 4.0 and IoT could bring to the fastener industry, in order to facilitate the change in our ways of production and sales and create a bigger and stronger fastener industry.

### **6. Does the Association Have Any Plan or Prospect for 2018?**

The new Board of Directors feels honored to take on such important tasks and we must reinforce the structure of our organization, increase our work quality, improve our capabilities and continuously upgrade the management quality of the entire industry.

As a result, **the Association has determined to hold “International Fastener Show China” in Shanghai in Oct 2018**, which aims at achieving the sustainable development of Chinese fastener industry and which is also of the main interests of the industry. In this event, we will demonstrate the history and achievements of Chinese fastener industry and the great fastener demand of Chinese market and provide a trade platform for local and overseas companies to exchange views. We hope that fastener professionals from all around the world can establish a stronger views exchange network and mutual trust, facilitate multilateral collaboration and work together to create a beneficial win-win through attending this show. Finally, we hope to see companies from any country to register their participation as soon as possible and show visitors their unique features directly at the show. ■