

# Interview with Global Fastener Association Presidents

*Arranged by Fastener World*

The global fastener industry faces a lot of challenges and opportunities in 2018, such as the trade war launched by the Trump administration against the imported Chinese products, the retaliatory tariff measures by China against USA, increasing demand for vehicles with the consumption of green energy, growing competitiveness in emerging markets, etc. Some may greatly influence the willing to make further investment, while some others may make certain industries gain more benefits. With the advent of 2019, we interviewed with presidents of major fastener associations along with the executive director of Fastener Institute of Japan, and asked them about their viewpoints regarding the current and future industrial development in the regions they represent and, as the leaders of associations speaking for the interests of so many members, their suggestions for the global fastener industry in 2019.

These association presidents and management are:

## Europe



Dr. Volker Lederer, European Fastener Distributors Association (EFDA) President



Mr. Anders Karlsson, European Industrial Fasteners Institute (EIFI) President



Mr. Sergio Pirovano, Unione Produttori Italiani Viteria e Bulloneria (UPIVEB) President

## USA



Mr. Kelly Cole, National Fastener Distributors Association (NFDA) President



Mr. Yoshikazu Oiso, Executive Director of Fastener Industry of Japan (FIJ)

## Asia



Ms. Wai-Yee Wu, Hong Kong Screw & Fastener Council (HKSFC) Chairwoman



Mr. Hansung Jung, Korean Federation of Fasteners Industry Cooperatives (KFFIC) Chairman

## 1. What kind of important events has your esteemed association held and what kind of achievements or milestones has the association speaking for the interests of your members reached in 2018?

**EFDA:** EFDA held its sixth Triennial European Fastener Distribution Conference in Rotterdam in the Netherlands from 13 to 15 June 2018. One hundred and twenty delegates and international guests attended the conference at the stylish Mainport Hotel on the banks of the River Maas. The event clearly demonstrated the membership growth, increasing relevance and expanding global reach of EFDA. President, Dr. Volker Lederer, welcomed delegates from EFDA's constituent national associations and, especially, honoured guests representing fastener industry associations in China, Hong Kong, Korea, Taiwan, the United States as well as Europe.

During the EFDA Conference, Dr. Volker Lederer, managing director of Lederer GmbH and board member of the German fastener distribution association FDS was re-elected as EFDA president for a further two-year term. Gian Marco Dalpane, president of the Union of Italian Fastener Distributors (UDIB), was elected as vice-president.

(For more information of the EFDA conference, please consult our EFDA homepage and read the press releases from 14 and 29 June 2018: <http://www.efda-fastenerdistributors.org/de/news>)

**EIFI:** The main event that EIFI organizes on an annual basis is its general assembly, a congress that develops over three days where meetings and convivial moments do alternate. The last assembly took place in May 2018 in the beautiful setting of Split, in Croatia, where we had Speakers from the Fasteners Associations of China, Taiwan and USA, as well as from EFDA, from the Croatian Automotive spare-parts Industry and from the University of Zagreb.

All the topics discussed during the Assembly proved to be of great interest and gave an excellent and professional contribution to the EIFI Members.

I take the occasion to thank Fastener World magazine that published two pages article about our event in Split on its July/August 2018 issue.

Apart from the annual congress, there are many meetings that EIFI organizes during the year with access restricted to EIFI members only. The Automotive Group, the Legal Commission and the Executive Committee are particularly active and are working on very interesting projects such as the wire cost change index improvement, the update of the EIFI Legal Position paper, the amendment of CN 7318 heading structure, the participation to important ISO standardization projects, and many others.

**NFDA:** 2018 marked the 50th anniversary of the founding of the National Fastener Distributors Association. We began the year with an anniversary celebration in Costa Rica. The destination attracted a great number of attendees and featured relevant education on value-added selling and on business innovation. We continued the year with our annual meeting and executive sales planning sessions, a unique meeting format that offers very good opportunities for fastener

distributors to meet with their suppliers and to discover new sources of supply.

**UPIVEB:** UPIVEB's main yearly events are the General Assembly, which is held in June, and the Christmas Dinner in December. These are two important moments where the Association summarizes the major activities carried out in the previous semester, giving points for discussion and encouraging dialogue among Members.

UPIVEB has three Product Groups (Group 1 for Screws, Group 2 for Bolts, Nuts and Washers, and Group 3 for Stainless Steel Fasteners) that meet very often and perform a high level activity dialing with commercial, economic and technical fields.

Our Association is one of the oldest in the European panorama, it was founded in 1961 and therefore it is 57 years that UPIVEB represents the voice of Italian Fasteners Manufacturers in the world and keep and promote close relationships with all the existing Associations linked to the Fasteners sector, in Italy, in Europe and worldwide. I am really proud to say that UPIVEB goals were many during all these years of history, so I will quote some of the most recent ones only: the acquisition of the Convenorship and Secretariat of ISO TC2 WGs 13 (Washers) and 17 (Stainless Steel Fasteners), the publication of the Technical book «Structural Fasteners» in cooperation with Fondazione Promozione Acciaio, the acquisition of the EIFI Secretariat management and organization of all the EIFI events (meetings, annual conferences, etc.), the organization of the First World Conference on Fasteners «Fasteners Meetaly – Challenge the Future», with more than 400 Attendees, the participation to the major worldwide Fastener Fairs, such as Expositor (USA, Russia, Brazil, Europe in general).

### HKSFC:

In April, we organized a delegation to visit Taiwan and the 2018 Taiwan International Fastener Show in Kaohsiung.

In June, we attended the EFDA-Conference on behalf of Hong Kong-based fastener industries.

In August, we gave a lecture on surface treatment relevant topics in collaboration with Hong Kong Surface Finishing Society.

In September, we organized a delegation to visit Shantou and Xiamen in mainland China and went to Italy for 2018 UDIB Global Fastener Meeting where I, on behalf of our members, gave a brief introduction of Hong Kong Fastener industry.

In October, we organized a delegation to attend the Five Regions Fastener Conference in Shanghai as well as the roundtable meeting with fastener association representatives from Asia, Europe and America. Also, we brought a group of exhibitors from HK to participate in the International Fastener Expo in Las Vegas, along with a delegation to visit the West Coast of USA.

In 2018, we've allied with other chambers of commerce in Hong Kong for times to speak against the government's anti-offset arrangement for Mandatory Provident Fund Schemes.

In 2018, representatives of Hong Kong fastener industry participated in events outside Asia for the first time, including the attendance in the EFDA-Conference in June and Global Fastener Meeting in Milan in September to give a brief introduction of HK fastener industry. In the same year, we successfully enrolled in the government's project for funding SMEs and organized a delegation to exhibit overseas for the first time. We exhibited in the U.S. trade show this October and will exhibit at another one in Germany in March 2019. This is our first time paying a visit to U.S. and European fastener industries.

**KFFIC:** Our association has been engaged in various projects in 2018.

In particular, we have proceeded with projects to enter the overseas market. In April, we formed a Korean delegation to the Taiwan International Fastener Show and witnessed the developing fastener industry in Taiwan through networking with the buyers and related organizations who have visited the fastener industry in the exhibition of various fastener companies of Taiwan. In addition, we dispatched a Korean delegation to the EFDA (European Fastener Distributor Association) conference in Rotterdam, Netherlands, and had an opportunity to discuss ways to cooperate with fastener distributors all over Europe, and visit the site of a leading fastener business in Germany and learned about the process of the advanced fastener industry, from production to supply. Besides these efforts, we are also knocking on the doors of markets in Japan, China, the USA, Vietnam, etc. for the overseas exhibition business as a part of the support for overseas advancement of our small-to-medium companies in the fastener industry.

Through these activities, we are receiving positive evaluations for supporting many fastener businesses in Korea to advance into the overseas markets and build good partnerships. We expect to continue our support through various projects.

## 2. Could you please tell us more about the production and trade statistics of the fastener industry in your region in the past few months? What do you think is the reason to cause such a development?

**EFDA:** [I am sorry but we do not dispose of any statistics of the last months. We can provide you some general figures]: The sales volume of the European fastener industry is about €5 billion. This is more than one quarter of the world's total volume. The volume of the European fastener distribution is worth about €10

billion. The major share of €7.8 billion is earned through trade within the European Union. Imports from Asian countries into the EU reached €1.8 billion in 2016. Their share is growing and is likely to increase significantly in the future.

**EIFI:** EU28 total imports of fasteners increased by 10.5% in the period January/August 2018 in comparison with the same period of the last year, as well as total exports which increase resulted to be 5.5% (source Eurostat). As far as production, we expect in 2018 an increase of around 2%.

**NFDA:** NFDA is a partner in producing the Fastener Distributor Index. According to R. W.Baird analyst David J. Manthey, CFA, "The seasonally adjusted August FDI (62.5) decelerated vs. July's 69.2 reading, still strong in absolute terms but nonetheless meaningfully lower vs. last month's very bullish reading. In the August survey, 63% of respondents indicated sales were "better" relative to seasonal expectations vs. 68% in July. This produced a seasonally adjusted sales index of 74.7 (July was a record at 89.6). Pricing was higher among a large majority of respondents, with 84% seeing pricing gains y/y vs. 79% in July. The resulting FDI pricing index of 92.2 strengthened m/m and modestly exceeded the previous record high set in June (90.7). Regarding customer inventories, a majority of respondents view inventory levels as in line with expectations (59% of responses), while 38% believe customers' inventories are too low. This compares to 74% in line and 24% too low in July.

**UPIVEB:** As far as production, we expect in 2018 a small increase in comparison with 2017.

Both Italian imports and exports have increased, in the period January / July 2018, respectively of around 5 and 3% in comparison with the same period of 2017.

Our market trend is different from the other EU Countries' because Italian exports are always higher than its imports, we are talking about 480.000 tons exported vs. 260.000 tons imported in 2017.

**KFFIC:** The fastener production by industry demand in Korea showed an increases of 74.6% in the automobile field, 5.6% in the construction field, 5.6% in electronics, and 14.2% in others (including market distribution). This shows that Korea has a higher level of dependence on the automobile industry compared to the USA or Europe and receives negative views in the aspect of balanced industry development. Nevertheless, it proves that the fastener industry of Korea has advanced in quality, developing along with the automobile industry.

Korea's fastener industry, based on businesses with 10 or more employees, had 463 companies in 2016, earning US\$8,085,000 in shipments per company and US\$247,000 per person, in the whole population in the industry of 15,190, and showing recovery from the depression of shipments per company and per person in 2015.



The import amount in the fastener industry of Korea in 2017 recorded US\$ 512.96 million dollars, a 4.1% increase from the previous year. The percentage by countries were China, the USA, Germany, Japan, and Taiwan, in order. Combining 37% by China and 25% by the USA, the percentage was 62% in the whole import amount, showing extreme concentration. By contrast, regarding exports, China showed a 9% increase and the USA showed a 16% increase.

The export amount in the fastener industry in 2017 recorded US\$858.21 million, a 4.8% decrease from the previous year. The highest percentages by countries were China, the USA, India, Mexico, and Japan, respectively. Combining 22% by China and 20% by the USA, the percentage was 43% in the whole export amount, showing extreme concentration in exports. However, China showed a 19% decrease and the USA showed a 11% decrease compared to the previous year.

### **3. What do you think are the main trends in fastener businesses? Do these trends cause any challenges or result in any benefits or influences to the fastener industry in your region?**

**EFDA:** We see three strong trends towards professionalization, concentration, and a rapidly changing regulation.

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. Data management, machine-to-machine communication, automated processes: all 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.

A sustainable trend towards concentration in the global fastener business is obvious.

In the last years we have seen for example: the acquisition of the Fabory Group by Grainger, the takeover of the American Acument Group by the Italian Gruppo Fontana, and the acquisition of the privately owned British stainless steel specialist Apex by the Swedish Bufab Group. The concentration in the fastener industry will for sure continue and might accelerate in the coming years. It is becoming increasingly important for distributors and manufacturers to supply their customers on a global scale. This implies large investments, learning to deal with different cultures, and the ability to control and develop international plants and branches. 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. Fastener distributors need reliable political and economic conditions to further develop their business.

Finally, things keep changing more and more rapidly. The high frequency of changes in today's business world as well as regulation and bureaucracy have become a true challenge to our companies. Especially to small and medium-sized enterprises!

Today fastener importers spend significantly more time on coping with the growing number of details of customs law, the standardization of products, or regulation on freight services as they did twenty years ago. They have to deal with complex issues from legal fields they never thought would apply to their industry – such as the stipulations of the European Chemical Regulation 'REACH' or the legislation on conflict minerals through the U.S. Dodd-Frank Act. These regulatory acts increase the level of bureaucracy within the supply chain as suppliers or customers require declarations of conformity or other certificates.

This trend towards a rapidly developing regulatory environment makes many smaller businesses feel helpless and left behind in their struggle to meet the legal requirements.

EFDA takes this problem very seriously.

**EIFI:** The European Fasteners Production trend is stable and satisfactory.

**NFDA:** Low unemployment, the lack of skilled labor, or the reluctance of the incoming workforce generation to seek work in industrial sectors is causing problems in nearly all fastener businesses in the United States.

**UPIVEB:** The Italian Fasteners Production trend is positive and relevant forecasts are satisfactory. One of the major markets influencing our Industry trend is the automotive, in September a very strong downturn of more than 20% in car-sales was registered in Italy and in Europe in general, and this was due to the entry into force of the new emissions regulation. This is not going to impact the full-year Automotive sector performance, which will close 2018 with a +2% in comparison with 2017.

### **4. The ongoing trade war between USA and China has generated many significant influences on the global industries for a couple of months. Do you think that the trade war will cause any concrete influences on the market and region your association represents?**

**EFDA:** A high degree of flexibility is definitely a strength of our industry. However, what fastener distributors need is a stable political and economic environment. Unfortunately, we live a renaissance of protectionism worldwide. The US government imposed high duties on steel imports and China responds. There is a high risk of 'outbidding' between the two states. Who knows if and when other political powers will

follow. This results in insecurity, what our businesses do not like. Of course, higher duties may affect the fastener prices.

**EIFI:** The commercial war between the USA and China has not, for the time being, impacted the Companies Members of EIFI.

**NFDA:** It is still to be determined what effects this will have on our economy. We are just starting to see these expenses hit the pipeline.

**UPIVEB:** We had the occasion to talk about the trade war between USA and China in all the recent UPIVEB meetings and from the opinions collected from UPIVEB Member Companies it does not seem that this is, for the time being, generating influence on the Italian market.

**KFFIC:** It is difficult to answer, as it is still an ongoing issue. However, under the assumption that the trade war will continue, it is one of the biggest concerns that will immensely affect the trade environment.

As mentioned above, the fastener industry of Korea is closely linked to the automobile industry. The export to China showed a 19% decrease in 2017 compared to the previous year and a 0.5% accumulated increase as of August 2018. The dramatic decrease of 2017 can hardly be expected to reverse.

Exports to the USA also showed an 11% decrease in 2017 compared to the previous year and a 0.5% accumulated increase as of August 2018, showing no immediate prospect of reverse. If the retaliatory tariffs in the automobile industry are decided, we gravely fear that the exports to the USA by the fastener industry will be affected, influenced by the damage in direct car exports to the USA, as well as exports via China.

## 5. As there is still no sign that the trade war will end soon, what do you think your association can do to help members face the challenges?

**EFDA:** EFDA lobbies for free and fair trade. We regularly participate in meetings with the European Commission, the European Parliament and other trade associations. We inform Commission officials on the impact trade defense measures and international instability would have on the fastener distributors and on the European industry they supply.

Thanks to EFDA, fastener distributors have an impact on the decisions taken in Brussels. We regularly inform our members about changes in EU trade defense law or on certain developments which could lead to antidumping duties or other trade defense measures.

Today our members feel well prepared when the European Commission starts antidumping investigations or similar trade defense measures.

**EIFI:** The Association needs to play a key role in support of Members in particular when challenges are difficult to face.

It must promote the exchange of ideas, experience and knowledge among Members, represent their interests vis-à-vis authorities, public bodies and other organizations at international level, encourage studies and research work as well as collaboration with

scientific institutes. It must look after and further the joint economic, professional, technical and scientific interests of its members. When one single Association/Company/Country's problem becomes an everyone's problem, it is easier to face it.

Henry Ford said: "Coming together is the beginning, staying together is progress and working together is success": unity is not only strength but success.

**NFDA:** Keeping our membership informed is about all the association can do at this time.

**UPIVEB:** The principal role of an Association is to assist Members in all challenges; as far as your question, UPIVEB is fortunate to have in its Members panel some global Players with plants all over the world, USA and China included. Their contribution of experiences allows the association to be always informed about the developments of this and many other important issues affecting the worldwide fasteners sector: the sharing of ideas and information does increase the unity and the knowledge of all Member Companies.

**HKSFC:** The market sentiment is turbulent in 2018. It performed quite well in the beginning of the year, but has become unclear since the middle of the year due to the influence of U.S.-China trade war. Some companies did feel the pressure. I heard that some companies' orders dropped by more than 50%, which resulted in the layoffs of almost all employees. I also heard from quite a few of our clients that they are facing extreme pressure ahead and are seriously considering business relocation because they haven't even received any new orders thus far for the next year when their orders for this year are almost done. In addition to the trade war, Europe may be an alternative with business opportunities for their fastener export, however, as the scenarios of the EU market remain unclear, the overall market and trade environment remains unclear as well.

On top of that, the industry faces issues like the lack of labors, hiking cost and increasing burden of taxes, etc. With the reduction in demographic dividend, not so many young people are willing to work in factories. Shortage of skilled labors is a critical issue for the industry. Furthermore, the continuous rise in assorted costs and the increasing taxes and types of administrative & social insurance charges levied by the Chinese authorities are making companies suffer from the outside and within.

**Our Job:** We hope to create business opportunities for members by exhibiting overseas. In the meantime, we embark on our active overseas exchange programs to Singapore, Malaysia, Thailand, India, and many other countries joining "the Belt and Road Initiative" proposed by China, as well as the U.S. and Europe, in hope of making our friends overseas have a better understanding of Hong Kong fastener industry. We are also trying to keep our industry well-informed of any preferential policies proposed by HK Government, as through these policies, our industry could advance

transformation, reduce too much dependence on labors, and push the development of AI-driven industries forward.

**KFFIC:** The level of dependence in Korea is extremely high on exports to the two countries, which causes grave concern. However, there are two ways to resolve this crisis. First, it is to relieve the current state that is given too much importance on the USA and China. We can cultivate various markets in other parts such as Europe, Southeast Asia, etc. for diversification of export markets. In order to do this, we will actively find new target regions, conduct conferences for export to target regions, strengthen ties with the cooperating organizations and potential partners, etc. We believe that this will open new markets for us.

The other solution requires time and effort. It is expanding the market, which is currently concentrated on the automobile industry, into various other fields such as aviation, space, electronics, architecture, machinery, and energy generation industries. This is also an issue that we need to continuously develop in the future, as it is insufficient for the industry alone to work on. It is a difficult project for the advancement of the structure of the fastener industry that the industry needs to cooperate with the government and related organizations.

## 6. With the advent of 2019, does the association have any plans to give or participate in any regional or international events?

**EFDA:** EFDA will definitely be present with a booth at the Fastener Fair Stuttgart in March 2019. It is one of the leading fairs of our industry worldwide. It's a good occasion for our members to gather and for EFDA to promote its activities.

**EIFI:** EIFI will hold its 2019 Annual Conference in France, venue to be decided, from 16 to 18 May where we will have the pleasure to invite, as usual, Representatives from the Taiwanese Fasteners Industry and many others.

EIFI will participate, as ever, in all events to which it will be invited to and will attend the major Fastener Shows and conferences, promoting the voice of the European Fasteners Manufacturers.

**NFDA:** In March NFDA will partner with two other U.S. fastener associations (Pacific-West Fastener Association and Mid-West Fastener Association) to produce a conference in San Diego, California. The educational content for this meeting is timely and relevant, with a focus on the future of fastener distribution.

**UPIVEB:** After its attendance to the Fasteners Fair Italy in September 2018, UPIVEB will attend the Fastener Fair in Stuttgart – scheduled in March 2019 - as well, as expositor.

We will attend our Mother Association EIFI's yearly congress, which will be held in France in May 2019, as well as all the major events linked to the Fasteners sector at both national and international level.

As said before, we will arrange the new edition of "Fasteners Meety" in September 2019, dates still need to be fixed; this will

be the second world conference on Fasteners arranged by UPIVEB in Italy, Milano.

**KFFIC:** As mentioned above, we plan to actively participate in various activities for the market cultivation of Korea fastener industry in 2019, including support projects for Korea Pavilion in well-known overseas exhibitions, export conferences to meet with the buyers advancing into the target regions, strengthening ties with related cooperating organizations from the USA and Europe as well as the existing Asian organizations.

We hope that the Five Region Fastener Association Conference especially, although we have participated as rather formally and ceremonially, will show some effective results from this year, and make some changes if necessary. We still have a long and rough way to go among the leading players in the world market. Therefore, we hope that the related businesses and associations in the five regions will participate with reformative minds and make the event helpful.

## 7. What is your expectation and prospect toward the fastener industry in 2019?

**EFDA:** The European market is highly attractive for fastener producers and distributors. Since 2016 the overall economic situation in Europe has improved and the economic growth is getting stronger. As a consequence, the consumption of fasteners is growing faster than in the years before. I am convinced that this trend will continue during the next year.

**EIFI:** The European Fasteners Production Industry should remain stable and healthy, at least this is what we hope for.

**NFDA:** A slower paced economy is forecasted for 2019, with expansion and growth expected to return in 2020.

**UPIVEB:** The Italian Fasteners Production Industry is strong and healthy, and we hope for a stable and satisfactory market trend throughout 2019.

**HKSFC:** HK-based enterprises are characteristic of their flexibility. Continuous reform is their only way to survival. HK enterprises need to remain flexible in management and reform continuously to find a niche for their own industry. Besides the activities already arranged for 2019, we are actively seeking collaboration with other chambers of commerce in Hong Kong or overseas associations, in order to create more business opportunities for members. Although the trade war continues to be an issue, it is still hard to tell if it will continue to influence the market in the future; on the other hand, the situation in the U.S. is not easy to forecast, either. A friend for today may be an opponent for tomorrow. 2019 will be a year for the industry to keep steady development while continuing to look for opportunities.



**KFFIC:** The prospects for the global economy in 2019 doesn't look very optimistic and the fastener industry also has a long and tough way to go. If the trade war between the USA and China does not end shortly, the influences in each industry will be immense and we expect that the extent of it in the fastener industry will also be beyond imagination. The related industries need to cooperate to wisely overcome the situation by finding a way out.

We expect substantive cooperation from the Five Region Associations in these times of crisis.

## 8. Is there anything else you'd also like to share with our readers?

**EIFI:** In September 2018 a strong decline in sales of new cars in Europe was registered and expected. Such general slowdown (-23.4% in comparison with Sept. 2017) is a consequence of the exceptional growth in sales that occurred in August which was due to the entry into force, on September 1st 2018, of the new regulation on emissions. This recent trend will not impact the full-year performance of the Automotive sector in Europe, which remains healthy and registered in the period January/September 2018, an overall increase of 2.3% in comparison with the same period of 2017.

**UPIVEB:** I am glad to announce herewith that starting from January 2019, UPIVEB Membership will be open to the Companies

which are part the supply-chain of the fasteners production, i.e. steel mills, producers of cold-forming machines, surface coaters, and many others.

Such Companies will join the Union as "Supporting Members" and will have the opportunity to strength their relationship with UPIVEB Members, and to participate to certain UPIVEB activities at both national and international level.

This epochal change in the UPIVEB will certainly bring substantial benefits to both Members and supporting Members, and marks new steps towards the future in a globalized perspective.

**HKSFC:** This year we attended the international conferences in Italy and Shanghai where representatives from different countries expressed their anticipation for global industrial collaboration. I'm always confident that collaboration is the way to reciprocal benefits. Through the endeavors of Hong Kong Screw & Fastener Council, I hope all of our good friends in the fastener industry could think outside the conventional bounds and work together to make our fastener industry to an improving better level.

**KFFIC:** We hope that this interview will be an opportunity to introduce the fastener businesses and products of Korea, and to revitalize the industry. We wish that the readers of this magazine would thrive in their businesses. Thank you!

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# Review of Japan's Fastener Industry in 2017

by *Yoshikazu Oiso*  
Executive Director of The Fasteners Institute of Japan (FIJ)

## Introduction

This article will review Japan's fastener industry in 2017. The year witnessed the fastener industry as a whole was vibrant and reflected the positive Japanese economy at the time. The reason is that the automotive industry was in need of fasteners and other industries were in positive progression. The machine tool industry saw strong order reception and production was insufficient to meet demands. The ordinary machinery industry also saw a positive development, and especially the semi-conductor device market had a significant expansion. Concerns has been raised as to whether this trend will continue in the whole 2018. This is because the protectionism of U.S. which is the core of world economy as well as the course of trade war is not making a positive influence on the world economy, as indicated by economists. Uncertainly remains for the Japanese economy subjected to the course of world economy. This article is to give an overview of Japan's fastener industry in 2017.

## 1. Fastener Production

The total value of fastener production in 2017 was JPN 893.1 billion (up 4.9% from the previous year), and the total volume reached 321 tons (up 6.6%). Figure 1 shows the progression of fastener production during the past 14 years. The weakening Japanese market led to the decrease in automotive production and directly pushed down fastener production since 2013. During the years 2014 and 2015 the production went up an down, but we can see it picked up in both 2016 and 2017 and surpassed the previous years. Judging from this, we can tell that the fastener production has going back to the level prior to the impact of Lehman Brothers' bankruptcy in 2018.

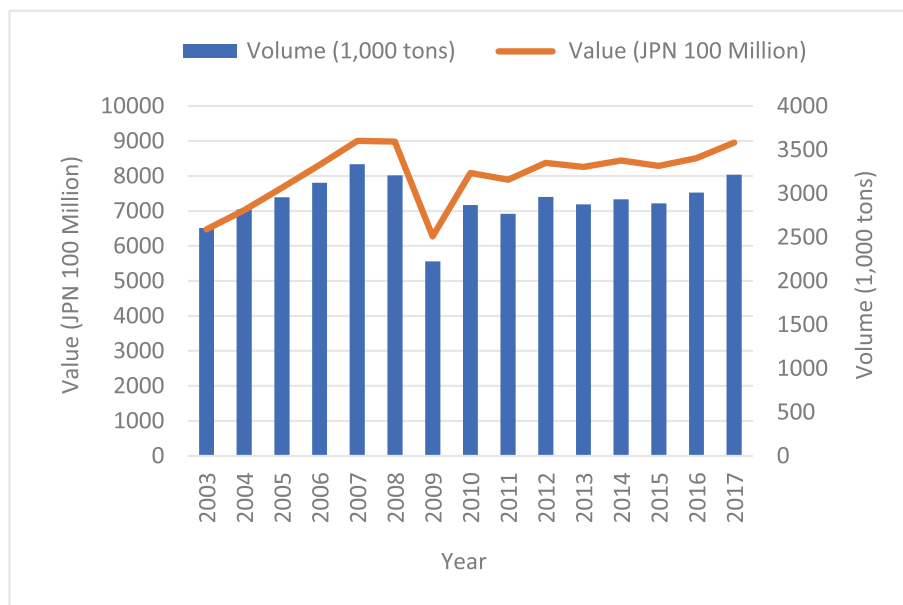


Fig. 1. Fastener Production  
(Estimation by The Fasteners Institute of Japan)



## 2. Fastener Export

Figure 2 shows the export of fasteners. The export value was JPN 297.2 billion in 2017 (up 10.7% from the previous year), and the volume reached 340 thousand tons (up 5.2%). This could have resulted from the increased fastener supply to Japanese makers with overseas productions, but cannot guarantee an endless continuation of stability due to the move towards localized purchase and the intensifying price competition between the Japanese makers and overseas companies.

The destinations of Japan’s fastener export, in descending order of volume, were China (23.5%), the U.S. (22.4%), Thailand (13.2%), Indonesia (7.6%), Mexico (4.6%).

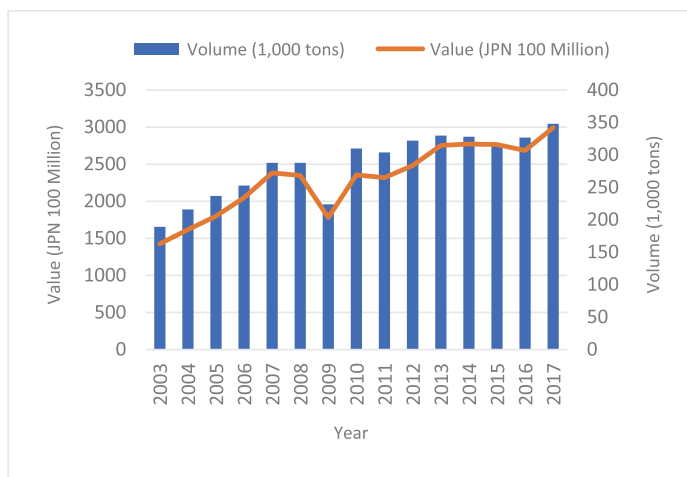


Fig. 2. Fastener Export (Statistics by Japan’s Ministry of Finance)

## 3. Fastener Import

Figure 3 shows the import of fasteners. The import value was JPN 89.9 billion in 2017 (up 12% from the previous year), and the volume reached 240 thousand tons (up 4.7%). This could be the result of the upturn in the Japanese market, but we can interpret that a shift to importing cheaper products is occurring. Not only did the volume rise, so did the value, which tells that the price per piece of fastener was rising.

The sources of Japan’s fastener import, in descending order of volume, were China (58%), Taiwan (28.3%), South Korea (4.8%), which means the Eastern Asia altogether share 90% of the total import. On the other hand, the sources in descending order of value were China (35.9%), Taiwan (27.7%), the U.S. (15.1%), and South Korea (5.0%), in which China’s share decreased while the American products made their presence in the Japanese market. This indicates Japan was importing fasteners of high unit price from the U.S.

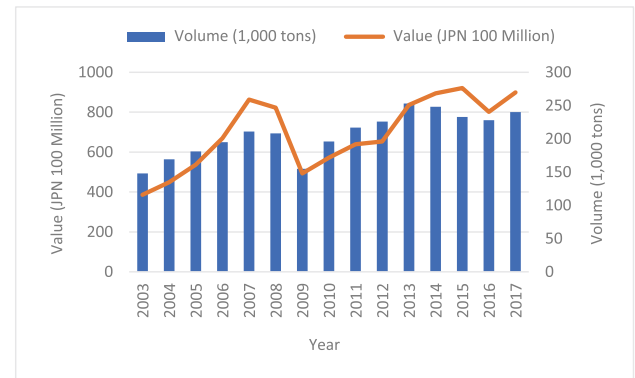


Fig. 3. Fastener Import (Statistics by Japan’s Ministry of Finance)

## Conclusion

Although for now we must keep our eyes on the trade war driven by the U.S. protectionism, I think all in all the world economy will progress. My interest over the long term has been vehicle electrification. Despite the fact that the change of industry structure does not make the demand for fasteners disappear, I think we still have to stay vigilant.

Furthermore, the islands of Japan faced multiple casualties from torrential rain, earthquake, and typhoon in 2018 that caused tremendous impact on production and supply. Especially the catastrophic rain in July in western Japan cities (Ehime, Kochi, Tokushima, Hiroshima, Okayama) led to multiple casualties due to flooding, roads and rails that are cut off, and collapsed houses. The typhoon that took a direct hit at the Kansai region (south-western half of Japan) in September 4 brutally left numerous companies shutting down production lines due to the flooded and closed Kansai International Airport and damaged life-essential infrastructure such as electricity, water pipes, railways and roads. The earthquake that followed in September 5 struck Hokkaido at a Richter magnitude scale of 7 and caused numerous deaths and missing people who fell victim to land slides and collapsed houses. This was worsened by the unprecedented blackout throughout the whole Hokkaido that forced many factories to stop production. These impacts are no doubt putting fastener production of 2018 in a negative situation and is a huge concern within the industry.

Despite the positive condition in 2017, I’m finishing this article with concerns over the possible downturn in 2018.