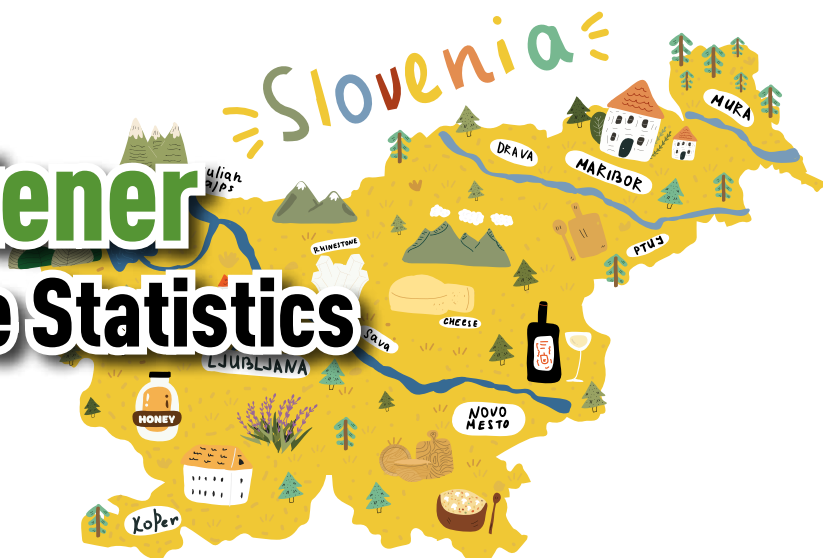


Slovenian Fastener Market and Trade Statistics



The Economy in Slovenia at a Glance

Slovenia's robust post-pandemic recovery has been smashed strongly by headwinds from the war in Ukraine. In addition to that, higher energy prices in the global market and supply chain congestion are both affecting the country's economy. However, the solid performance of labour market in Slovenia has led to a historically high employment rate and extensive labour shortages. As the labour crisis continues, it's pushing businesses to increase employee pay. That, in turn, can affect inflation and slow down the economic growth. Looking further out, ageing population will lead to a smaller and older workforce, while the number of pensioners increases. Financing the fiscal costs of ageing population requires containing ageing-related spending increases in the pension, health and long-term care systems.

Based on the report recently issued by the Organisation for Economic Co-operation and Development, Slovenia's GDP growth is projected to moderate to 4.6% in 2022 and 2.5% in 2023, to a certain extent reflecting the negative impact from the war in Ukraine. The key driver of economic growth, domestic demand, will still maintain its position. The labour market is projected to remain tight, with a historically low unemployment rate continuing to put pressure on labour fees, which is a major risk for every single industry in the market, more specifically labour intensive industries, and which could further raise inflation expectations and lead to a wage-price spiral.

Slovenia's Trading Partners

The EU in general and the Western Balkans in specific are key trading partners for Slovenia. The country borders Austria, Croatia, Italy, and Hungary by land and Italy by sea. Exports are mostly to Germany (USD6.71 billion), Italy (USD3.53 billion), Switzerland (USD3.47 billion), Croatia (USD2.98 billion), and Austria (USD2.44 billion). Those figures are based on the data in 2020 to highlight the major destinations for Slovenian products. Among the EU Member States, the largest exporters to the Western Balkans are Germany and Italy followed by Slovenia. It means, Slovenia is known as one of the key exporters to the Western Balkans, although in terms of the value of exports the country is far behind Germany and Italy.

In terms of the imports, most of the countries named earlier remain in the list as main sources of products shipped to Slovenia. Apparently, China should be added into the list as well. In 2020, exports to Slovenia mostly were originated from Germany (USD5.4 billion), Switzerland (USD4.87 billion), Italy (USD3.9 billion), China (USD3.36 billion), and Austria (USD3.19 billion).

Slovenia exports mostly motor vehicles, furniture and household electrical equipment, pharmaceutical products and clothes, which could be interesting for fastener manufacturers and traders, as the first three (motor vehicles, furniture and household electrical equipment) require industrial fasteners in

their production. Similarly, motor vehicles, parts & accessories, and delivery trucks are on top of the import list of Slovenia.

Looking at the data in 2022, European Union (mainly Germany, Austria, Italy and France) is by far the largest trading partner of Slovenia, accounting for about 71% of exports and 79% of imports. Generally, Slovenia experiences a trade deficit. Within a year, only in June the country recorded a trade surplus. Slovenia registered a trade deficit of 79.71 EUR million in July of 2022.

Manufacturing

In Slovenia, manufacturing is the most important sector of industrial production and accounts for 90 percent of its total output. The biggest segments within manufacturing are: fabricated metal products, except for machinery and equipment (12 percent of total production); electrical equipment (10 percent); motor vehicles, trailers and semi-trailers (7 percent); rubber and plastic products (7 percent); machinery and equipment (6 percent); food products (5 percent); and basic metals (5 percent).

Interestingly, those figures explain how manufacturing in Slovenia is extensively interrelated to industrial fasteners. Fasteners are directly used in manufacturing process of products like motor vehicles and electrical equipment. On the other hand, plastic, rubber and metals are suitable raw materials for producing fasteners. All in all, more than 90% of the manufactured products in Slovenia either utilize fasteners in their final products (e.g. in cars or trucks) or use raw materials such as metal or plastics in producing industrial fasteners.

Automotive and Fasteners

The future of the global automotive fastener market looks promising with opportunities in the passenger car and light commercial vehicle segment. The global automotive fastener market is expected to reach an estimated USD 28.1 billion by 2027 and it is forecast to grow at a CAGR of 4.6% from 2021 to 2027. The major growth drivers for this market are increasing vehicle production and increasing migration of OEMs from standard fasteners to customized fasteners.

Astonishingly, **not a single car is manufactured in Europe without at least one component being made in Slovenia, including the most prestigious brands. The Slovenian automotive industry makes up 20 percent of Slovenian total exports, and contributes 10 percent to the country's GDP** and one quarter of the best innovations according to national selections.

Slovenia's automotive industry is a flexible network of highly specialized niche players. The industry includes everything from component suppliers to end-product manufacturers, including trailers, motorhomes, small cars, and even sport supercars. With several leading



players in the market, the Slovenian automotive industry can provide sophisticated components and unique solutions.

Consequently, the market has created great opportunities for fastener manufacturers regardless of product types and materials. Either standard or specialized, there is a high demand for various types of fasteners. Fastener manufacturers and traders in the market mainly compete on the basis of product quality offered. Major players in this market focus on expanding their manufacturing facilities, R&D investments, infrastructural development, and leverage integration opportunities across the value chain. With these strategies automotive fastener companies cater to increasing demand, ensure competitive effectiveness, develop innovative products & technologies, reduce production costs, and expand their customer base.

Fastener Trade Statistics

In this section, we look into the value of imports and exports for major fastener products in Slovenia. **Within the first quarter of 2022, Slovenia imported more than USD 41 million fasteners (i.e. screws, bolts, nuts, coach screws, screw hooks, rivets, cotters, cotter pins, washers, etc.) mainly from Germany, Austria, Italy and Serbia. This value reduced in the second quarter of 2022 to slightly lower than USD 40 million (which is very close to the value of import in Q2 2021).** **Charts 1 and 2** show the value of imports since Q1 2021 from top exporters, as well as the value in total for each quarter.

The trend in fastener exports is very interesting. As illustrated in **Chart 3**, within a year, the trend for fastener exports is upward. Although the market has mainly faced with a deficit, in the second quarter of 2022 the fastener market (mainly screws, bolts, nuts, coach screws, screw hooks, rivets, cotters, cotter pins, washers, etc.) has recorded a very small trade surplus. This is because Slovenia imported about USD 39.9 million fasteners while exporting about USD 40.2 million during the same period.

In terms of the market destinations, **Chart 4 exhibits the top buyers of fasteners manufactured in Slovenia. As stated earlier, Germany has been listed on the top followed by Austria and Italy.**

To wrap up, in Slovenia, the manufacturing industry (more specifically the automotive supply industry) is developing rapidly. The support and investment of the European Union is constantly increasing. However, there is not enough production to meet the requirements for the fastener sector yet. Therefore, Slovenia meets the need for fasteners and fixings mostly through imports, which means in this market great opportunities are waiting for fastener manufacturers and traders to expand their network through partnership or build their new manufacturing bases in this country.

Sources

Organisation for Economic Co-operation and Development, Slovenia Economic Snapshot 2022

Automotive Fastener Market: Trends, Opportunities and Competitive Analysis, by Lucintel

Slovenia Profile and Trade Statistics by The Observatory of Economic Complexity (OEC) & Trading Economics

ITC Trade Map, Trade statistics for international business development

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Chart 1. Slovenia's Quarterly Import Values

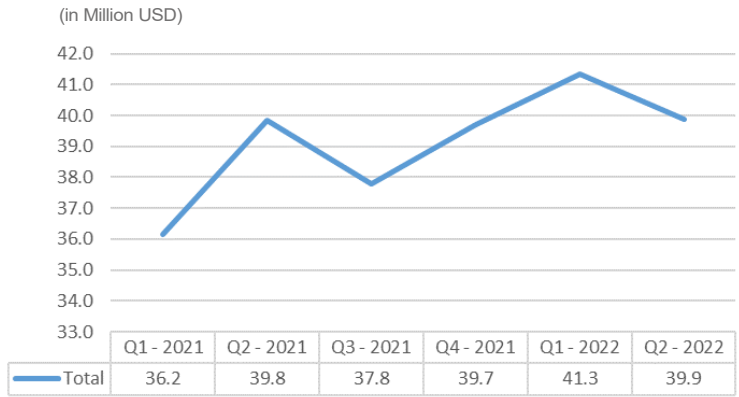


Chart 2. Slovenia's Quarterly Import Values from Main Sources

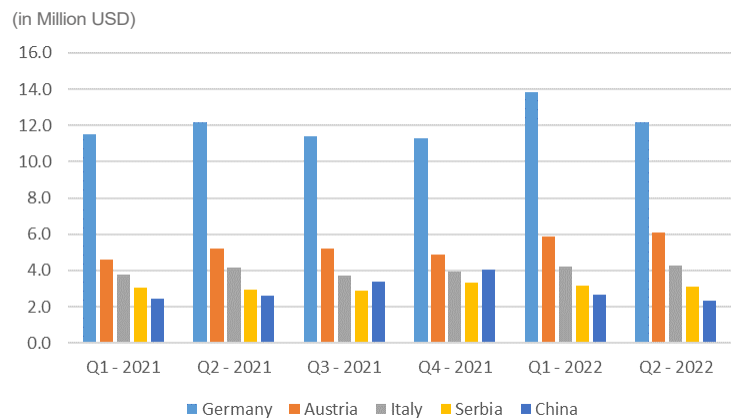


Chart 3. Slovenia's Quarterly Export Values

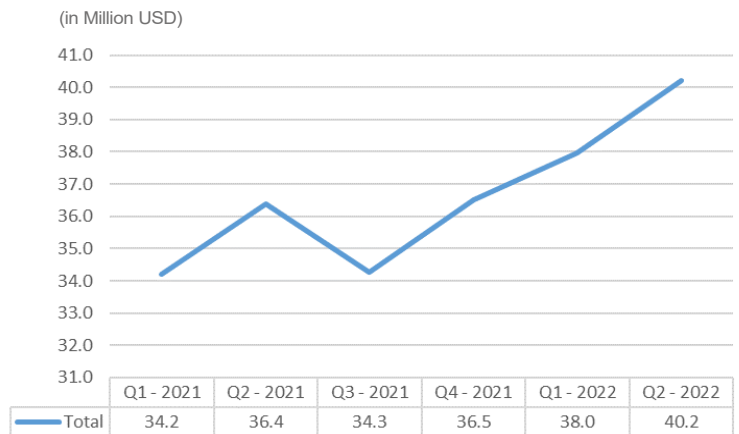


Chart 4. Slovenia's Quarterly Export Values to Main Destinations

