Fastener World News

compiled by Fastener World

Association News

CBAM to Stay on the Agenda for BIAFD Autumn Meeting 2024

Gearing up for October's Autumn meeting, one topic which will once again take center stage is CBAM. In line with BIAFD's mission to keep its members better informed, the association is committed to shedding light on the nuances of CBAM, ensuring that all members are equipped to navigate this significant policy shift. Despite its potential impact, awareness of CBAM remains limited within the industry. Many businesses are still in the dark about its full implications and how to prepare for its implementation. This challenge is exacerbated by the ongoing government consultation, leaving many details about CBAM's application and enforcement still unresolved. For fastener distributors, understanding CBAM is not just beneficial—it's essential. BIAFD will have answers for members at this year's Autumn meeting, which is scheduled to take place on Thursday, October 10 at the Leonardo Hinckley Island Hotel, Leicestershire.

Industry Development

Taiwan ITRI's Briefing on UK CBAM

Taiwan ITRI (Industrial Technology Research Institute) briefed on "Taiwan's Economic and Trade Measures in Response to UK CBAM" which detailed the content of UK CBAM and the differences from EU CBAM. Below are the key points extracted from the briefing.

UK CBAM Progress:

1. According to the Office for National Statistics (UK), 54% of the UK's consumption-based emissions in 2021 came from imported products, which means that imported products with no carbon cost have led to UK's high emissions.
2. To achieve the 2050 net-zero target and solve carbon leakage caused by imported goods, UK CBAM is to be implemented to ensure that carbon prices equivalent to the emissions of British products are paid for imported products.
3. UK CBAM is currently under public consultation. The next step is the legislative phase and then the implementation in 2027.
4. The first UK CBAM report must be submitted by May 30, 2028.
5. UK importers or customs agents have to request emissions data and other necessary information from suppliers to complete the UK CBAM reporting.

Carbon Emissions Calculation :

1. [Direct emissions + Indirect emissions] ÷ [Total production weight during the statistical period] = [Emissions level relative to each operating unit] (tCO_2e/t)
2. [Emissions level relative to each operating unit] x [Volume of CBAM goods purchased in the previous quarter] = [Carbon emissions of goods]
3. [Carbon content of goods] x [Effective UK carbon price (deducting subsidies) - Overseas carbon price] = [CBAM liability]
4. [CBAM liability] x [volume of goods (in tons)] = price payable by UK importers
5. If actual emission data are not available, the default values announced by the UK can be used.

UK CBAM's Impact on Taiwan:

1. In 2023, the output value of CBAM products exported from Taiwan to UK was USD 413 million.
2. In the same year, among the CBAM products exported from Taiwan to UK, steel products reached a value of USD 382 million,

accounting for 2.33% of Taiwan's global steel export value, followed by aluminum and glass products. Among those products, fasteners totaled USD 159 million (35,700 tons).

3. Taiwan fastener industry is subject to a large impact.

Main Differences Between UK CBAM and EU CBAM:

Country Type	Products Affected	CBAM Financial Adjustment Scope	Tax Point	Price Signal	Tax Payment
UK CBAM	Aluminum, cement, ceramics, fertilizers, glass, hydrogen, steel (excluding imported electricity)	Direct and indirect emissions	The British responsible person (or tax agent) must pay tax if the person imports more than 10,000 pounds worth of CBAM goods on a twelve-month rolling period.	Single rate for the whole year of 2027; after 2028, rates for various products will be announced quarterly.	Taxes are paid according to the rates for each of the 7 major product categories, after deducting subsidies.
EU CBAM	Aluminum, cement, fertilizer, hydrogen, steel (including imported electricity)	Direct emissions only	Goods worth more than 150 euros per shipment are subject to tax.	EU ETS weekly auction prices	The CBAM certificates that should be purchased in the previous year are settled at the end of May each year and paid in the following month.

Integration of the UK's and EU's CBAM Faces Challenges

British industries are affected by CBAM, especially the steel industry, which exports about 75% of their products to the EU. Corporations have recently expressed dissatisfaction with the significant bureaucratic differences between the EU and the UK. The UK CBAM is mainly regarded as a tax system similar to VAT, administered by HM Revenue & Customs and requiring businesses to provide quarterly reports as with VAT. However, the EU CBAM is a customs system managed by national customs authorities and will require local companies to provide annual reports when it comes into force in 2026.

To further complicate matters, the UK decides to include glass and ceramics in its CBAM (building materials are a major source of emissions) due to domestic factors, whereas the EU does not and includes electricity in a slightly separate CBAM regime.

In the early days of Brexit, compliance with the EU's CBAM by UK exporters, with the exception of Northern Ireland, was thought to have no significant impact. This was because the CBAM only applied to the difference in carbon prices between the EU and the exporting countries, and the UK carbon price at the time was close to the EU's, but the situation today is very different. The carbon price difference between the UK and the EU is currently about 30 euros. A recent report by Frontier Economics, an economy analysis company, shows that the difference in carbon prices between the UK and Europe may result in a revenue loss of 3.5 billion to 8 billion pounds for the British treasury between 2025 and 2030.

German Industry Representatives Criticize EU CBAM

German newspaper F.A.Z. reported on August 5 that EU CBAM stipulates that steel, iron ore, aluminum, cement, ammonia, nitric acid, hydrogen and electricity importers must provide information on the carbon footprint of imported goods. EU plans to impose surcharges on the emitted CO2 starting in 2026. However, this measure has recently been criticized by the German Machinery and Equipment Manufacturers Association (VDMA), the Federation of German Industries (BDI) and the Association of German Chambers of Industry and Commerce (DIHK) for high bureaucratic costs and data reliability issues. These organizations are calling on the European Commission to improve the legislative mechanism.

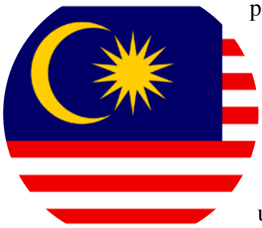
(1) High bureaucratic costs: To determine the carbon footprint of goods, importers must calculate and record the carbon emissions generated during the production process of goods and prepare a CBAM quarterly report. Even if the number and value of transaction is not large, the operations are still time-consuming. The organizations hope for adjusting the current CBAM exemption threshold of 150 euros.

(2) Data reliability: Under the current mechanism, importers are responsible for the correctness of the registered data. However, the organizations said that it is difficult for importers to verify the authenticity of the data provided by foreign suppliers. They hope that the European Commission or relevant national authorities will come up with solutions such as extending the use of the default value for calculation.

The report also pointed out that even if the European Commission promises to review the content of CBAM, the aforementioned issues of concern are not the primary topic of discussion. An EU spokesperson said that the CBAM exemption threshold is based on customs regulations and the Commission is not going to revise it just yet. As for the reliability of data, the spokesperson said that if importers continue to use default values or submit incomplete information, they may be fined 10 to 50 euros per ton. However, if they can prove that they have made every effort to obtain the data, the national authorities may exempt them from penalty.

The most obvious solution is to integrate the UK and EU emissions trading systems (ETS). After all, the UK was part of the EU ETS before Brexit, and the UK-EU Trade and Cooperation Agreement makes it clear that both parties should seriously consider integrating each other's systems.

Liew: "Malaysia Must Start Carbon Pricing and Taxation Before EU CBAM in Force by 2026."



Malaysia is about to introduce carbon pricing to promote carbon trading and will explore the imposition of a carbon tax, according to Mr. Liew Chin Tong, Deputy Minister of Investment, Trade and Industry. Liew stressed that the revenue from these initiatives should be used for green investment, especially in the green steel sector. He also said: "Carbon pricing, trading and taxation are key steps in the decarbonization agenda. Malaysia must implement carbon pricing and taxation before the EU's 2026 carbon border tax kicks in." Liew explained that the implementation of CBAM means that steel and other products exported by Malaysia will be taxed by the EU unless Malaysia imposes a similar tax.

World's Largest Steelmaker Warns: China is in a Severe Crisis Harder To Endure Than Expected

Baowu Steel Group (China), the world's largest steelmaker, warned that China's steel industry is facing a crisis more serious than the downturns in 2008 and 2015. According to the group's statement, this industry crisis may last longer and "be more unbearable than expected."

China, by far the world's largest steel market, has seen steel prices slump to multi-year lows and steelmakers suffering losses as a result of real estate downturn and weak factory activities that have severely damaged domestic demand this year. The multiple warning signals from Baowu Steel, which produces about 7% of the world's steel, could worry rivals in Asia, Europe and North America as steelmakers across the world gird up the loins for a new wave of exports from China. China's steel industry suffered a devastating recession during the global financial crisis in 2008-2009, and was hit hard again in 2015-2016.

Baowu Group did not reveal much about the reasons for the current economic downturn. The company said cash now prioritizes over profits in weathering a long, harsh "winter".

USITC Tariff Revision: Different Rates for Chinese Fasteners

According to the recently announced revision to the General Schedule of Tariff Applications of the U.S. International Trade Commission (USITC), certain fasteners from People's Republic of China under HS Code 7318 and its subcategories will be subject to different tariff rates (and up to 45% for some subcategories), in addition to the preferential rates for certain countries and the normal rates for the rest of countries. For details of the applicable rates, please visit https://hts.usitc.gov and click "Chapter 73" for further detail or download the list.

Indian Government Bans Screw Imports Priced Less Than Rs 129 Per Kg

In a move to promote local manufacturing of screws, the government of India has prohibited the imports of certain kinds of screws priced lower than Rs 129 per kg. "The import policy of screws...is revised from free to prohibited. However, import shall be free if CIF (cost, insurance, freight) value is Rs 129 or above per kg," the Directorate General of Foreign Trade (DGFT) said in a notification. The ban is imposed on coach crews, machine screws, wood screws, hook screws, and self-tapping screws. India imported screws, bolts, nuts, washers and similar articles worth US$468.15 million during April-October FY24 and US$827 million in entire FY23 mostly from France, China, Belgium, Australia, Bangladesh and Brazil.

Trust Shattered with Indian Finance Minister's Decision to Reduce the SME's Budget

The trust of Ludhiana-based industrialists got shattered as Finance Minister Nirmala Sitharaman did not announce relaxation in the 45-day payment rule for the micro, small and medium enterprises (MSMEs). During the campaigning for the Lok Sabha poll, the industrialists had met Sitharaman, who had promised a rollback of the rule. Further, the Finance Minister's decision to reduce the Budget of the Ministry of Micro, Small and Medium Enterprises from Rs 23,177 crore to Rs 21,549 crore has taken the industrial hub by surprise.

Badish Jindal, President of Federation of Punjab Small Industries Association, said, "Finance Minister Nirmala Sitharaman didn't speak a word on Section 43B (45-day payment rule), which she had promised to roll back while campaigning in Ludhiana. MSMEs are feeling cheated throughout India. Instead of announcing subsidies or incentives, the Budget of the ministry has been reduced. The only saving grace is that one can avail loan up to Rs 20 lakh instead of Rs 10 lakh," said Jindal.

Gurmeet Kular, Chief of the Federation of Industrial and Commercial Undertaking, said the industrialists had appealed to the Finance Minister to review the 45-day payment rule due to the cancellation of contracts by buyers and suppliers who need to pay tax on delayed payments. "This new clause came into effect from April 1. The Finance Minister had promised to review it, but nothing has been done in this regard," he added.

Even the Fastener Manufacturers' Association of India is extremely disappointed. Narinder Bhamra, President of Fastener Manufacturers' Association of India, said, "There is nothing much for the MSMEs. They should have taken steps to form a steel regulatory authority, upgradation of credit linked capital subsidy scheme, reduction in import duty on machinery and provisions of social security for taxpayers. There is no fresh subsidy or support in the Budget for the MSMEs. There is no word on withdrawal of Section 43B, which is hurting the MSMEs. Several schemes such as the Pradhan Mantri Mudra Yojana, credit support to the MSMEs during stress period and credit guarantee scheme for the MSMEs in the manufacturing sector existed only on paper," said Bhamra.

CSE India's New Report Shows How Global South Can Minimize the CBAM Impact

The report by the Centre for Science and Environment (CSE) of India estimated that at a rate of €100 (or US$106) per tonne of carbon dioxide equivalent, CBAM would impose an average tax burden of 25% annually over and above the value of CBAM-covered goods exported to the EU by India. The report shared recommendations on how developing countries can proactively take steps to mitigate CBAM's liability, while also transforming their manufacturing sectors to shift towards low-carbon processes.

In line with their demand for financing, developing countries must have sectoral mitigation plans in place outlining specific measures and targets for emissions reductions in key emitting sectors of their economies, the report suggested. In order to lessen the effects of paying the tax to the EU (or any other nation enforcing a similar mechanism), developing nations should tax their exports domestically and reinvest the proceeds into a decarbonization fund under government management, the report recommended.

This strategy does not interfere with fair trading conditions with the EU and satisfies the EU's demand for the establishment of a domestic carbon pricing system, in this case, a carbon tax. Additionally, it keeps the money in the developing nation. The report suggested that emerging nations take into consideration varied production techniques for various markets and trade partners as a stopgap strategy. Using green production methods for products going to areas with CBAMs may be a temporary measure while the nation's manufacturing sector progressively becomes less carbon-intensive.

The report said that if climate policies are to permeate trade agreements, climate justice must be at the core of this development. In this light, the report proposed a system where developing countries could impose a 'historical polluter tax' on trade partners to fund their own decarbonization efforts. Trade partners who have contributed a specific amount to the total historical CO2 emissions since the pre-industrial era may be subject to this tax.

Companies Development

Spec Products to Launch AI Smart Factory in September in Tainan (Taiwan)

Automotive fastener supplier Spec Products' new factory in Xinji Industrial Park of Tainan City (Southern Taiwan), which costs NTD 700 million, is expected to be fully completed in September 2024. The new AI smart factory will complete its transformation to smart manufacturing. The company said that the new factory covers an area of 13,408 square meters. Including a land cost of NTD 240 million, the total cost of construction and the factory's software and hardware equipment is NTD 500 million. The factory design and process setting are based on a 10-year operation plan. The land area in use in the first phase is 5,950 square meters, and the building covers 6,942 to 7,272 square meters. This factory is planned to have smart manufacturing and smart trucks to reduce manufacturing costs and cope with problems such as manpower and talent shortages. The goal is to increase the self-production rate from the current 15% to 30% by 2027.

Spec Products has been operating in the automobile fastener industry for a long time, with hundreds of partnering factories. Its end customers include BMW, Ford, GM, Porsche, Tesla, TOYOTA and other European, American and Japanese car manufacturers, as well as Tier 1 manufacturers like Bosch, Continental Group, agricultural machinery and home appliance manufacturers like Electrolux and John Deere. Its market territory includes the Americas which account for about 50% to 60%, the European market (20% to 30%), and the rest in Japan and Southeast Asia.

Sheh Fung's Q2 2024 Revenue and Net Income Increase

Sheh Fung Screws announced on August 2 that its consolidated revenue in Q2 2024 reached NTD 605 million and its after-tax net income reached NTD 58 million, an increase of 17% and 4.26% respectively over the same period last year. The company stated that it benefited from increased orders from European and American customers, coupled with properly controlled operating costs and expenses. The EPS in Q2 was NTD 1.01, which was still stable compared with the same period last year. In Q2 2024, the company's do-it-yourself home repair and construction market revenue proportions were 25.94% and 74.06% respectively. The group is actively investing in the R&D of diversified screw products. In addition, the new factory in Vietnam delivered products for small batch orders in Q2 and it will help boost Sheh Fung Screws's overall business performance.

TR Fastenings Opens New Facility in China

TR Chai Yi Precision Fastenings Manufacturing, now part of the Trifast plc group of companies, is celebrating the launch of its Chinese manufacturing facility in the key industrial city of Dongguan, within the Guangdong Province, capitalising on years of increasing demand in the region. Guangdong is a vibrant world-class centre of innovation and technology, providing the perfect place for TR to produce its precision engineered screws to OEM's and their sub-contractors, whilst leveraging its global scale on a local basis.

The new 2,800 sq. metres of manufacturing space houses 44 cold forging machines and 36 thread rolling machines producing 0.6mm to 4mm micro screws and thread forming screws, in steel, stainless and titanium, with an output of around 1 billion pieces per annum.

TR Chai Yi is proud to have achieved the globally recognised ISO 9001 certification demonstrating that TR has met the stringent criteria required for quality, safety and efficiency standards for its products and services to customers in the region. The accreditation affirms that the team is committed to providing the highest level of quality across the organisation and are continually looking at ways to improve.

Jeremy Scholefield, Asia Pacific Managing Director, comments: “We're delighted to open this new facility and in such a renowned area. It's such a positive move for TR as a group. Our focus is on producing competitive products and continuing to build a strong capability in China and across the Asia Pacific region to meet market demands.”

“Here in Guangdong, one of our key differentiators is our technical engineering knowledge to produce very precise and often complex components, those that are manufactured to exact measurements and mass-produced. This latest investment is key for us, as it highlights TR's robust development in the region and our commitment to staying close to key customers here.” The new China plant is the company's seventh global manufacturing facility with factories now also in Italy, Singapore, Taiwan and Malaysia.

BUMAX Announces New US Master Distributor

Swedish premium fastener manufacturer BUMAX AB is excited to announce the recent appointment of Star Stainless Screw Company, as its new master distribution partner in the US. The announcement marks a notable step forward in the BUMAX route to market in the US and is part of the company's ongoing development strategy for the North America region. Established in 1950, Star Stainless Screw Co. has built an unrivaled reputation throughout the US as an importer and distributor of fastener products in a range of stainless steel and other exotic alloy materials. With a network of distribution centers in strategic locations, Star Stainless is well placed to serve its extensive customer base of fastener and industrial component suppliers across the country.

“We at Star Stainless Screw Company are so excited to be partnering with BUMAX. We feel the quality of products from BUMAX, partnered with the reputation Star has for offering the highest quality of products and service will be a perfect fit. We look forward to our partnership and thank BUMAX for their trust in Star's excellence in distribution,” says Tim Roberto, President of Star Stainless Screw Co. Star Stainless will be responsible for stocking and supplying the extensive BUMAX range of high-strength stainless steel products to fastener distributors and industrial product suppliers throughout the US. This partnership will significantly improve the availability, accessibility and speed of supply of BUMAX products to customers in the US.

“After a long road, I am happy to see our agreement finalized. A key challenge in the US has always been the geographic size and diversity of the market. Bringing together the expertise of both companies, we can now begin the important work of raising awareness of the advantages of BUMAX high-strength stainless steel fasteners in the US market and making our products more readily available throughout the region,” says Jacob Bergström, BUMAX Segment Manager for Distribution.

FASTENAL®

Jeff Watts Promoted to President and CSO of Fastenal, Dan Florness to Continue as CEO

Fastenal Company has appointed Jeff Watts, a 28-year Company veteran with deep global sales experience, to the position of President and Chief Sales Officer, effective August 1, 2024. Mr. Watts assumes the President role from Dan Florness voluntarily vacating the President position on the effective date. Mr. Florness continues to serve as Fastenal's CEO and as a member of its Board of Directors.

In addition to serving as President, Mr. Watts continues in his role as the Company's Chief Sales Officer (CSO), a position he has held since May 2023. As CSO, his responsibilities include establishing priorities, setting goals, and providing guidance and oversight for the Company's global sales activities, which today span 25 countries.

Mr. Watts brings decades of sales experience to both roles, having previously served as Fastenal's Executive Vice President – International Sales, Vice President – International Sales, and Regional Vice President of the Company's Canadian business. Prior to this, he served in a variety of sales roles on the district and local market levels, giving him a direct understanding of what's important to customers and to employees around the world. He joined the Company (as a part-time branch employee) on February 5, 1996.

Acquisition

BOSSARD
Proven Productivity

Bossard to Acquire the Aero Negoce International Group and Significantly Expand Its Presence in the Aerospace Industry

The Bossard Group has signed an agreement to acquire the French Aero Negoce International Group (ANI).

Aero Negoce International SAS, headquartered in Béziers, France, employs 33 people and expects net sales of around EUR 25 million for the current financial year. ANI is a leading French distributor of fastening solutions and provider of logistics services in the aerospace industry. The company also has locations in the USA and Malaysia. Through the contemplated acquisition, Bossard will significantly expand its market presence in the strategically important aerospace industry and in France. In combination with Boysen (now Bossard Aerospace Germany), acquired in 2019, Bossard would become a leading distributor of fastening systems and provider of logistics services in the European aerospace industry.

“The intended acquisition of Aero Negoce International SAS is an important step to accelerate our growth strategy in the aerospace industry and strengthens our strategic presence in the Aerospace Valley in France. In addition, we see great market opportunities in the cooperation with Bossard Aerospace Germany, which will further strengthen our position in the European aerospace industry,” says Daniel Bossard, CEO of the Bossard Group. “We are thrilled about this transaction. The Bossard Group's backing will provide Aero Negoce International SAS with a great opportunity to continue its growth trajectory while preserving the service-oriented ethos that has defined our family business since its inception,” said Patrick and Nathalie Bianchini, who led the company in the second generation.

The closing of the transaction is expected within 2024 and is subject to the approval of the regulatory authorities and other customary closing conditions. The acquisition will be financed through the use of existing credit facilities.

MITOS: A New Company

by Marco A. Guerritore, Editor in Chief, Italian Fasteners magazine

A bright star has been shining in the skies of the Italian Fastener Industry for some time now. MITOS started out as a company specialising in the marketing of screws and bolts. Over time, it expanded its operations to include manufacturing. Today, MITOS is a well-established, ISO 9001 certified company with a functional organisational setup and, most importantly, a clear marketing strategy.

We met with Gabriele Pastorelli, CEO of MITOS S.r.l, who graciously answered a few of our questions.

How do you perceive the evolution of the fastener industry over time?

Mitos is too young to be able to answer this question comprehensively and using adequate criteria. However, we can see that there is a growing demand for a higher standard of quality, for people with more specialised skills and expertise and for continuous research aimed at enhancing production efficiency, sales and services within the industry.

The economic model solely focused on development is being challenged, particularly by environmental advocates. How can industrial production align with today's obligation to protect the environment?

Paying more and more attention to consumption and waste management is undeniably pivotal in reconciling industrial production with environmental responsibility today. Moreover, the search for new renewable energy sources and the adoption of production methods with minimal environmental impact can be key strategies. Partnering with environmentally conscious collaborators and suppliers can promote cooperation, such as efforts to optimise the number of shipments and prioritise local sourcing wherever possible. In essence, a production development plan should focus on reducing environmental impact, particularly in terms of logistics and energy consumption. Technological innovation stands as a potent ally in achieving this objective and addressing other pertinent concerns.

Competition from both European and non-European markets is intensifying in the fasteners sector. What marketing principles do you think can be used to overcome these challenges?

I believe fostering collaborations and synergies with influential companies in the fastener market is imperative to mitigate competition from both European and non-European manufacturers. For this reason, working groups and sector associations, such as UPIVEB, are valuable and necessary for consolidating synergies and strengthening the strategies of each manufacturing company within the country.

Do you believe there are new markets for MITOS to explore?

Our main challenge right now is to consolidate the positive results we have achieved in the domestic market while capitalising on the potential for further expansion into the European market. Currently, Mitos supplies products to Germany, Spain and France. One of our aims for the future is to increase our presence in these countries while also expanding into other markets.

There are a number of contingent difficulties associated with manufacturing in Italy, such as high taxes and energy prices. How do you think it is possible to remain competitive while overcoming the difficulties we are facing in Italy?

What sets Italian companies apart is their flexibility and ability to meet specific customer and market requirements while ensuring that finished products maintain a high level of reliability. Proper planning could be an effective strategy for controlling company and production expenses and reducing waste. Certainly, at the political level, industry associations may need to engage in dialogue with governmental representatives to address issues like rising utility bills and taxes.

What kind of Europe do you expect to emerge from the upcoming elections?

My concern is that individual interests may continue to overshadow the collective interests, even within Europe. I fear that the upcoming elections may not bring about a shift in the mindset of decision-makers.

The current geopolitical scenario is definitely worrying. What impact do you think the ongoing hostility in the Middle East and Ukraine will have on the Italian economy as a whole and its operational trajectory?

We are already witnessing a general decrease in demand. Mitos has, thankfully, managed to carve out a niche in the market where the company's objectives can still be achieved. However, we're closely monitoring developments in neighbouring regions as part of our risk analysis. In any case, maintaining a lean company structure with controlled fixed costs has proven beneficial, maybe more than ever, given the geopolitical scenario you accurately describe as "worrying."

Which managerial function do you believe is appropriate to assign to Trade Associations?

As I said before, Trade Associations could play a crucial role in engaging with government representatives in order to protect companies in the industry from increases in operating costs, direct and indirect expenses, taxes and other challenges beyond the control of individual companies.

What is your final wish to conclude this interview?

We obviously hope for a positive shift towards conflict resolution in Europe and beyond and for a revitalisation of the market in which we operate. This would empower companies like Mitos and others to enthusiastically pursue their projects with the success that comes from unwavering commitment and dedication to their craft. ■