



# Overview of Fastening Tools Trade Statistics of Canada in 2023

## 2023加拿大緊固工具貿易統計

### Introduction

The Canadian fastening tool market was moderate in 2023; however, it is expected to grow due to several factors, including:

- **Rise in Construction Activities:** Canada's ongoing infrastructure development projects and residential construction boom are expected to drive demand for fastening tools. **Construction spending for all types of construction projects in Canada amounted to approximately US\$368.8 billion in 2023. By 2028, it is expected to reach over US\$445 billion U.S. dollars.**<sup>1</sup>
- **Manufacturing Sector Expansion:** Growth in the manufacturing sector, particularly in automotive and aerospace industries, will likely increase the need for specialized fastening tools. Following a 3.9% increase in 2021 and a 4.9% gain in 2022, the total manufacturing sales in constant dollars rose 1.5% to US\$671.9 billion in 2023, mainly on higher sales of transportation equipment and machinery.<sup>2</sup>
  - o **Canada's aerospace sector:** Canada's aerospace sector stands as a major engine of Canadian economy, generating US\$27 billion in GDP, with over 80% of manufacturing revenues stemming from exports in 2023 (approximately US\$18.7 billion to 196 countries). In addition, Canada maintains a distinct advantage as one of the only countries

in the world capable of manufacturing an aircraft from nose to tail and certifying it.<sup>3</sup>

- o **Focus on the automotive industry:** DesRosiers Automotive Consultants (DAC) reported new car sales in 2023 reached 1.63 million, a rise of 11.8 percent from almost 1.5 million in 2022 when seven consecutive interest hikes and a supply shortage caused a dip from 1.63 million in 2021. Various industry sources are projecting 1.71 million sales in 2024 and 1.78 million in 2025.<sup>4</sup>

### Trade Balance and Market Trends for Fastening Tools

**Canada's trade deficit in fastening tools widened in 2023. With imports valued at US\$857.7 million and exports at US\$374.7 million, the deficit reached approximately US\$483 million.**

#### •Trade Landscape, Import Activities 2023:

Canada's construction and manufacturing sectors rely heavily on a steady supply of high-quality fastening tools. A robust trade environment is essential for ensuring the availability and affordability of these essential products. Canada imports a significant portion of its fastening tools. According to the International Trade Centre's Trade Map, Canada imported fastening tools worth approximately US\$857.7 million in 2023. Below is a breakdown of the top import sources:

<sup>1</sup> <https://www.statista.com/statistics/964485/projected-value-canada-total-constructions/#:~:text=Construction%20spending%20for%20all%20types,over%20445%20billion%20U.S.%20dollars.>

<sup>2</sup> <https://www150.statcan.gc.ca/n1/daily-quotidien/240215/dq240215a-eng.htm>

<sup>3</sup> <https://aiac.ca/why-canada-needs-an-industrial-aerospace-strategy/>

<sup>4</sup> <https://canadianautodealer.ca/2024/02/how-will-the-year-shape-up/>

- **The United States:** The leading source of imported fastening tools for Canada, accounting for roughly 42.4% of the total value in 2023. Geographic proximity and established trade channels contributed to this strong relationship. The value of imported tools from USA was US\$368 million.
- **China:** China remains a significant import partner, supplying around US\$210.3 million that is 24.5% of Canada's fastening tool needs in 2023.
- **Germany:** Renowned for its engineering expertise, Germany supplied approximately 6.6% of Canada's fastening tool imports. Germany's exported tools value was around USD 57 million.
- **Other Countries:** The remaining 26.5% of imports originated from various countries, including Sweden, Taiwan, and Japan.
- **Trade Landscape, Export Activities:**

While Canada imports a substantial amount of fastening tools, it also exports a notable quantity. In 2023, Canada exported fastening tools valued at approximately US\$374.7 million. The primary destinations for these exports included:

  - **The United States:** The U.S. with US\$268.8 million was the leading export market for Canadian fastening tools, absorbing roughly 71.7% of the total value in 2023. This strong export performance reflected the integrated North American market and established trade ties.
  - **Mexico:** Mexico was a growing export market for Canadian fastening tools, accounting for around 5.3% of the total value in 2023. Mexico's expanding manufacturing sector presented an attractive opportunity for Canadian exporters. The imported fasteners from Canada to Mexico was about US\$20 million.
  - **Other Countries:** The remaining 23% of exports were directed towards various countries across the globe.

These statistics reflect a complex and dynamic Canada's fastening tool trade landscape. While the country relies on imports to meet a significant portion of its demand, there's potential for domestic manufacturing to play a more prominent role.

## Fastening Tools Domestic Manufacturing Challenges

Canada's fastening tool trade hinges on several key factors, including the ongoing trade relationship with the United States, competition from overseas manufacturers, and technological advancements in fastening technology. **There is an increased focus on domestic manufacturing, driven by government initiatives and industry-led efforts to encourage greater production of fastening tools within Canada.** This shift aims to reduce the trade deficit and create jobs in the manufacturing sector. On the other hand, the fastening tool industry is constantly evolving, with new technologies emerging that improve efficiency and functionality. In this case **some key trends that Canadian manufacturers have watched include:**

- **Smart Tools:** Fastening tools equipped with sensors and connectivity features can collect data on usage, torque, and vibration. This data can be used for predictive maintenance, improved tool performance, and enhanced user safety.
- **3D Printing:** Advancements in 3D printing technology could enable on-demand production of custom fastening tools for specific applications.
- **Robotic Fastening Systems:** Increased automation in manufacturing is driving the adoption of robotic fastening systems that offer greater precision and consistency compared to manual methods.

However, there are several challenges that fastening tool producers in Canada need to address. They are listed below.

- **Cost Competitiveness:** Cost competitiveness is a significant issue, as manufacturing costs in Canada are generally higher than in countries like China. To bridge this gap and make domestic production more attractive, government subsidies or tax breaks are considered instrumental.
- **Skilled Workforces:** The fastening tool industry requires a skilled workforce proficient in metalworking, machining, and engineering, an area where Canada has faced challenges.
- **Large-scale overseas manufacturers:** Large-scale overseas manufacturers benefited from economies of scale, allowing them to produce tools at lower costs. Canadian manufacturers need collaborative efforts or niche markets to compete effectively.

## Conclusion

In 2023, the Canadian fastening tool market exhibited moderate growth, but promising indicators point to significant expansion ahead. Key drivers include the rise in construction activities fuelled by infrastructure projects and a booming residential sector. The manufacturing industry, particularly in automotive and aerospace sectors, has also bolstered demand for specialized fastening tools.

Trade dynamics underscore both challenges and opportunities. Canada's imports of fastening tools remain substantial, with a notable deficit due to imports valued at US\$857.7 million against exports of US\$374.7 million. The United States emerges as the dominant partner, both as a source of imports and a destination for Canadian exports, highlighting the strength of North American trade relations.

Looking forward, the industry's future hinges on navigating challenges such as cost competitiveness, the need for a skilled workforce, and competition from large-scale overseas manufacturers. Government support and technological advancements in smart tools, 3D printing, and robotic systems offer promising avenues for growth and innovation.

As Canada moves forward, addressing these challenges while capitalizing on emerging trends will be crucial in shaping a resilient and competitive fastening tool industry that contributes robustly to the nation's economy. ▣

