

# An Analysis of Chinese Automotive Fastener Market Based on Its Fastener Trade Statistics in the Full Year of 2016



by Sharareh Shahidi Hamedani

## Introduction

12 Chinese car manufacturers produced more than 28.1 million units of cars in 2016. Because of this activity, China has become the largest car producing country in the world. Its production was more than 2 times higher than U.S. production as the 2nd largest car manufacturing country in the world. And, USA represented about 30% of the produced cars in the world.

The list of major car manufacturers in China are: SAIC Motor, Dongfeng, FAW, Chang'an, Beijing Automotive Group, Brilliance Automotive, BYD, Chery, Geely, Jianghuai (JAC), Great Wall, and Guangzhou Automobile Group. In addition, several multinational manufacturers have partnerships with domestic manufacturers in China.

Based on country, cars sold in China has been categorized below<sup>1</sup>:

	2016 Change	2016 Share	2015 Share
Domestic	+27,4%	41,4%	38,1%
European	+9,8%	22,4%	23,9%
Japanese	+11,5%	16,0%	16,8%
US	+13,9%	12,5%	12,9%
Korean	+6,7%	7,6%	8,3%

## China Fastener Market

China is one of the biggest fastener producers in the world. Based on statistics the total value of exported fasteners from China to the world is 54% higher than that of its imported fasteners from the world (see the following table).

Unit:1,000 USD	2012	2013	2014
Exported Fasteners to the World	4,512,320	4,603,966	5,059,026
Imported Fasteners from the World	2,891,185	3,032,197	3,287,575
Export/Import	1.56071645	1.51835979	1.53883212
Unit:1,000 USD	2015	2016	
Exported Fasteners to the World	4,892,050	4,537,443	
Imported Fasteners from the World	2,848,018	2,938,040	
Export/Import	1.71770333	1.54437754	

The consumption of fasteners based on models of cars is different. It is between 5,000 to 7,000 pieces and we assume 6,000 pieces approximately.

Numbers in Million	2016	2015	2014
Produced Cars	28.1	24.5	23.7
Fasteners Used in New Cars	168,713	147,020	142,337
Numbers in Million	2013	2012	2011
Produced Cars	22.1	19.3	18.4
Fasteners Used in New Cars	132,701	115,631	110,513

## Main Market of Fasteners is Second-hand Cars<sup>2</sup>:

Another interesting story to watch is the growth and development of China's aftermarket for car parts and services — everything needed by the consumer once the car rolls off the showroom floor. China already has 172 million vehicles on its roads, compared to 265 million in the United States. However, sales of at least 25 million vehicles annually over the next five years will push China's vehicle population to approximately 300 million by 2020. At the same time, the age of China's vehicle population will increase from its current five years to a number that approaches the 11-year age of vehicles in the U.S. With both the size of China's vehicle population and the age of the country's vehicle fleet increasing, demand for aftermarket parts and services can be expected to grow significantly over the next five years.

## Brand Ranking<sup>3</sup>

10 largest brands that sold their cars in China are listed as follows. The following table can be a road map for fastener importers and producers in China to recognize which type of rivets are most demanded and from which country they can import and which type of fastener they should produce or import.

	Brand	2016	2015	Change	2015 Rank
1	Volkswagen	3,006,215	2,666,360	12,7%	1
2	Buick	1,229,804	1,035,372	18,8%	3
3	Honda	1,196,664	980,662	22,0%	5
4	Changan	1,149,820	937,980	22,6%	6
5	Hyundai	1,142,016	1,062,925	7,4%	2
6	Toyota	1,064,704	1,010,178	5,4%	4
7	Nissan	1,015,605	891,361	13,9%	7
8	Ford	951,396	870,652	9,3%	8
9	Haval	938,019	662,475	41,6%	10
10	Geely	778,896	532,384	46,3%	14

Volkswagen is the best-selling brand in China, even though it lost market share as it grew slower than the overall market. Still, for the first time ever VW tops 3 million sales from its two Joint Ventures with FAW and SAIC, and China remains its biggest market by far. Buick holds on to the #2 spot thanks to an 18.8% increase. The brand sold just over 1 million more cars with its partner SAIC than it did in the US in 2016, but Honda and Changan are closing in quickly, both with sales up 22% or more. Hyundai (+7.4%) is kicked off from the Chinese podium by these two fast-growing brands, which also pass Toyota (+5.4%), as both brands lose a significant chunk of market share. Nissan is closing in on its Japanese rival as well with sales up 13.9%. These 7 brands all sell over a million units in China. Ford misses that mark by 50,000 units and adds just 9.3% to its volume. The biggest gainers in the top-10 are Haval(+41.6%) and Geely, which make an entrance among the 10 best-selling brands in China with sales up 46.3%.

## Future

China's path to motorization differs completely from those experienced in the 20th century by developed countries beginning with the US. Accordingly, many phenomena are occurring which cannot be explained based on precedence and common belief of markets in developed countries. Just like trying to predict accurately an unsettled weather pattern, so too is the extreme difficulty in precisely judging the short-term direction of China's car market<sup>4</sup>. China industry ministry said China is targeting 35 million vehicle sales by 2025 and wants new energy vehicles (NEVs) to make up at least one-fifth of that total.

However China's auto industry is likely to grow by six to seven percent annually, bringing the total production and sales of vehicles to well over 30 million new vehicles and 300 million second hand vehicles annually by 2020<sup>5</sup>. ■

1. <http://carsalesbase.com/china-car-sales-analysis-2016/>

2. <https://www.forbes.com/sites/jackperkowski/2016/03/04/chinas-auto-industry-alive-and-well/#662747365389>

3. <http://carsalesbase.com/china-car-sales-analysis-2016/>

4. <https://www.fourin.com/english/report/ChinaCarMarketForecast2020.html>

5. <https://www.forbes.com/sites/jackperkowski/2016/03/04/chinas-auto-industry-alive-and-well/#662747365389>

# U.S. Fastener Trade with China in the 1st Half of 2017

by Sabrina Rodriguez



This is an analysis on the first six months of US fastener trade with China considering the newest presidential administration and controversial topics related to Chinese steel manufacturing.

Data note: The data for this article is derived from the US Census trade statistics. US Census trade statistics analyze import and export on all modes of transportation. That value is calculated in USD by general CIF for imports and FOB for exports. Fasteners in this article are defined as any product under HS Code 7318 (Screws, bolts, nuts, coach screws, rivets, cotters, cotter pins, washers and similar articles of iron or steel).

China was reported to produce the highest volume of manufactured steel in 2015 and 2016. US imports of industrial fasteners from China have increased during these two consecutive years. The increase of fastener imports could partially be fueled by the recent increase in automobile manufacturing in the US and overall increase of US manufacturing. The current US administration has introduced several controversial ideologies regarding the current trade agreements which could potentially disrupt the current level of fastener imports from around the world, particularly those imports from China.

The most obvious consumption of fasteners in the US are led by automobile manufacturers, manufacturing for the department of defense, and distributors of fasteners. The raw material associated to industrial fasteners is related to steel, which seems to be by and large manufactured in China. Controversial arguments have arisen during the current US administration related to the sourcing of steel. One of the controversial topics relates to producing steel in the US rather than importing steel from China at the risk of US buyers receiving unfair prices. US imports of fasteners could have possibly decreased due to the US's anti-dumping regulations on Chinese imports of steel products.