

Fastener News from Emerging Markets

compiled by Fastener World Inc.

Asia-Pacific

Asian Fastener Demand to Share 45% of Global Market by 2018

In 2011, the demand of global industrial fastener market was USD65.5 billion and is expected to reach USD94.65 billion by 2018 (with a CAGR of 5.4%). The economic developments in China, Brazil, and India push up the disposable incomes of consumers and promote the growing demand of the automotive industry, which is one of the important factors to push the fastener market forward. In addition, the developments of the construction and maintenance industries worldwide during 2012-2018 will also become one of the factors to increase the fastener demand. However, the high antidumping rates imposed by the EU will to some extent restrict growth of the fastener market. The customization of fasteners applied to railways and solar equipment will bring more business opportunities to the entire fastener market.



European Commission Initiates Re-investigation on Certain Iron and Steel Fastener Imports from China

The European Commission announced in its official journal on Jan. 30th, 2014 that the investigation on the antidumping measure against certain iron and steel fasteners (other than stainless steel) from China, which has continued to levy 22.9-74.1% antidumping duties on Chinese exporting manufacturers since 2009, has been initiated again and the Commission will make assessments to see if the imports of certain Chinese iron and steel fasteners continue to cause any material injury to related producers within 28 member countries of the EU as well as discuss the possibility of the 5-year extension of the current antidumping measure. As is known, European Commission received the official application from European Industrial Fasteners Institute on Oct. 1st, 2013, which represents one fourth of the total production of iron and steel fasteners in the EU. The Commission has sent the notice to related sampled Chinese exporting manufacturers, Chinese authorities, and related fastener associations in China. Manufacturers concerned had to submit their data and information to the Commission within 37 days (before March 11, 2014) after the publication of the official journal, in order to facilitate the investigation. Manufacturers not included in the sampling could still participate in the investigation by providing their own data. The period of the investigation is estimated to last for 15 months and the final definite measure is expected to be announced on Jan. 29, 2015.

Average Annual Asia-Pacific Fastener Demand to Grow 7.4% Before 2016

According to a report of the Freedonia Group for the global industrial fastener market, the sales of global industrial fasteners will grow 5.2% per year and reach USD82.9 billion by 2016. Many economies will recover from the crisis starting from 2009, boosting the sales of durable goods with the largest demand for fasteners. Due to the recovery of the motor vehicle market in developed countries, the growth of the global production of motor vehicles is expected to speed up, boosting the fastener sales. Up to 2011, the OEM of motor vehicles becomes the largest market of industrial fasteners and is expected to achieve a record high production value by 2016. Additionally, the production and investment in fixed assets will also facilitate the demand for machine fasteners.



From 2011 to 2016, the fastener demand of Asia Pacific will reach a new record and increase with the average annual growth rate at 7.4%, mainly benefited by the strong demand of China. Regardless of the stable growth of fastener demand in China from 2006 to 2011, the growth of fastener demand in China will keep increasing at a faster pace by 2016. On the other hand, India, the country with the second largest fastener demand in Asia Pacific, will also take further steps to facilitate the fastener demand. It is expected by 2016 the global sales of Indian-made fasteners will show the fastest increase. The continuous growth of Chinese and Indian durable goods manufacturing industries and the demand for industrial parts for infrastructure will both stimulate the demand for industrial fasteners.

From 2006 to 2011, the fastener demand in the US, Western Europe, Japan, and other developed economies was much lower than that in developing countries and the growth of fastener sales in developed countries by 2016 will be still below the global average level, as the durable goods manufacturing industries within these regions have been quite matured, inhibiting most of the margin for fastener suppliers to grow. However, with the production of motor vehicles jumping out of the recession and the increasing expenditure in construction investment, the fastener markets in developed economies will show further development.

Japan is 2013's Biggest Investor into ASEAN Region

Japan has ended traditional US dominance with investments worth \$9.2bn this year. The high value of the Japanese yen, has led Japanese companies to become the leading foreign investors in the Association for South East Asian Nations region (ASEAN) this year. Among ASEAN, Thailand and Indonesia are two main targets for Japanese investments.

While the coal, oil and natural gas sector, alongside the automotive original equipment manufacturing and real estate attracted the lion's share of capital from Japan, accounting for \$4.4bn worth of greenfield FDI between January and October 2013, FDI Markets revealed that business services and automotive components received the largest number of greenfield projects, with 14 and 11 projects respectively. This FDI expansion into the ASEAN region illustrates that Japanese companies are using their cash surpluses to make strategic investments across the region.



Bossard Expands in Malaysia

The Bossard Group is continuing to expand its presence in South East Asia. Malaysia forms a focal point of investment activity in this region of the world. Bossard has built a new distribution and administrative center, officially opened previously, in this emerging industrial nation.

The highly industrialized Federal State of Penang in the northwest of the country was selected as the site. The complex, built in the Penang Science Park in Bukit Minyak with an area of 9,000 m², comprises a distribution center, which has a storage capacity of 800 tons, and an office area. In this new facility Bossard Malaysia created capacity for 80 employees.

Bossard Group CEO David Dean gave a reason for the investment in the Penang Science Park, where many multinational industrial groups have settled. "Our new center in Malaysia provides the basis for continued growth in this region of the world. We can use it to approach more directly our customers and serve them even more efficiently", emphasizes David Dean.



Nedschroef Acquired by Shanghai Prime Machinery

Shanghai Prime Machinery listed in Hong Kong Stock Exchange acquired the Netherlands-based Nedschroef, which is a screw and auto fastener supplier with business operations in 14 countries, for 325 million euros. Nedschroef was originally controlled by Gilde Buy Out Partners and Parcom Capita (a venture capital company based in Europe). After the acquisition, Nedschroef will still be headquartered in Netherlands with all its facilities and production being open. This deal can further enhance the reach of Shanghai Prime Machinery to European car manufacturers and also assist Nedschroef in getting access to the vast market in China.



Thai Export of Auto Parts Expected to Grow 10% This Year

According to the forecast made by the International Trade Bureau of Thailand, the Thai export of auto parts is expected to grow 10 % this year due to the depreciation of Thai bahts.

The total production of cars in Thailand this year is estimated to reach 2.5 million units (last year the units of production were 2.457 million), making it the 9th largest car manufacturing country. It has set a goal to increase the level to reach 3 million units by 2016, which will make it the 5th largest car manufacturing country. From 2012 to 2013, the import value of auto parts in Thailand was USD2 billion. However, with the influence of depreciated Thai bahts, Thailand then turned to export auto parts. The total value of auto parts manufacturing in Thailand was on average THB600 billion (50% for export and 50% for import).

One declaration announced by the Thai government last October shows that, in order to boost the development of the domestic automotive industry, the government will adopt policies to stimulate the investment in production of cars, auto parts, and engines. Automotive industries had to submit the application before 3/31 this year to get the benefit and have to invest at least USD0.2 billion in setting up local manufacturing plants, which should start the production before 2019 and the capacity in the first 4 years must be over 100 thousand units per year.

Vietnamese Industrial Fasteners Exported to US Face Antidumping Lawsuits

US-based Mid Continent Steel & Wire, In. has submitted its petition to U.S. Department of Commerce (DoC), alleging that fasteners exported from 7 countries including Vietnam to the U.S. are being dumped illegally, which has caused tangible injury to U.S. industries. It asked the DoC to investigate the import of industrial fasteners incl. screws, bolts, and nuts from these 7 countries. U.S. DoC will continue to conduct its investigations on imports of these products from Korea, Malaysia, Oman, Taiwan, and Vietnam, with its preliminary countervailing duty determinations due on or about August 22, 2014, and its antidumping duty determinations due on or about November 5, 2014.

Africa

S. African ITAC Approves Increase of Import Duties on Fasteners



The South African fastener manufacturer CBC Fasteners told that since 2008 the volume of fasteners imported to South Africa has been increasing year by year, giving more and more pressure to local fastener manufacturers including higher manufacturing cost, 18% capacity drop during 2010 to 2012, and the rising unemployment rate. Even though a regulation came into force in 2012 in South Africa for imposing 104.5% import duties upon the Chinese-made non-stainless steel screws with hexagonal heads. It is said by relevant local fastener manufacturers that the current measure has not been good enough to tackle with such difficulties. Therefore, CBC Fasteners submitted the application to South African International Trade Administration Commission (ITAC) asking for the increase of import duties against fasteners, which was also favored by The South African Fastener Manufacturers' Association (SAFMA).

ECOWAS to Use Common Currency After 2020

15 member states of the Economic Community of West African States (ECOWAS) agreed to use the common currency after 2020. The currency is named "ECO." Member states within the community with English and Portuguese as their official languages will implement this policy early before 2015, while the other member states using West African francs will begin to use ECO in 2020.

When the population of 0.3 billion within the ECOWAS begins to use the common currency, the situation becomes similar to that use of Euro, because all products in the member states will be priced in the same currency and consumers can compare the prices with others. Thus, the competition will be formed and cause the market prices to be lower. At that time, traveling in member states will no longer need currency exchange, reducing cross-border trade barriers and transaction fees. In addition, there will be no concern on the fluctuations of currency rates, which eliminates the worries of investors about the stability of prices and profits. As the inflation is foreseeable, a stable and unified currency is favorable to achieve a lower rate.



Latin America

Brazilian Domestic Car Sale Comes Down

Brazilian car production is mainly for export to Argentina. However, the current economic condition in Argentina is not good, greatly influencing Brazilian car export. What's worse, the domestic car sale of Brazil is less than expected, causing several Brazilian car manufacturers to cut down the production, ask employees to have day-offs, or partially halt production. Brazilian Association of Automotive Assemblers (Anfavea) said that at the end of March 2014 all car manufacturers and agents had up to 0.3871 million units of cars in inventory, which could satisfy the domestic demand for 48 days and was a record high since November 2011. Chairman of Brazilian Association of Automotive Parts (Sindipecas) said that 70% of production of Brazilian auto parts suppliers is provided to local car manufacturers. Thus, when Brazilian car manufacturers cut down the production, other auto parts suppliers have to reduce the production or ask employees to take day-offs.



Argentinian Industries File a Petition for Investigating Dumping of Chinese Wrenches

The Secretariat of Ministry of Economy of Argentina has notified the economic and commercial office of the embassy of People's Republic of China in Argentina that it has received the application of the domestic Argentinian industries asking the government to launch investigation on dumping of wrenches imported from China, Taiwan, and India. Products involved are within the code of 8204.11.00.

Mexico Becomes Largest Import Origin of Auto Parts in USA

According to the statistics of U.S. Department of Commerce, Mexico has become the major import origin of auto parts in the U.S. During Jan. to July 2013, the U.S. imported US\$25.261 billion of auto parts from Mexico, followed by Japan (US\$9.823 billion), Canada (US\$9.722 billion), China (US\$9.191 billion), Germany (US\$5.695 billion), South Korea (US\$4.764 billion), Taiwan (US\$1.662 billion), Thailand (US\$1.09 billion), UK (US\$0.725 billion), and Italy (US\$0.616 billion).

Mexico's auto parts export to the U.S. during Jan. to July 2013 was up 7.6% over the same period of 2012 and represented 33.2% of the total U.S. auto parts import (higher than the 31% of the same period in 2012).

Chairman Oscar Albin of INA (Association of Mexican Auto Parts Industry) says that the current Chinese auto parts industry is growing very fast and its export to the U.S. is also increasing. Since July 2013, China has become the No. 2 import origin of auto parts for the U.S., replacing the place originally taken by Japan. China will definitely become the largest competitor of Mexico in the future.

Construction Types are the Best Selling Fasteners of Ukraine

Due to limited types of construction fasteners in Ukraine, imported products purchased by most consumers consist of assorted types of small screws.

According to statistics, of all the construction fasteners purchased in Ukraine, 30% are used in renovation, 25% in assembling maintenance hangers or molds, 15% in producing plastic and copper windows, and 10% in roofing operations. In particular, the most hot-selling fasteners are those used for house exterior and main entrance structure. In this aspect, Asian manufacturers pose pressure to the Ukrainian opponents.



South Asia & Other Areas



Water Based Adhesives in India to Outperform All Other Adhesive Types Through 2019

Adhesives offer one of the most versatile binding techniques available in the market among other technologies like welding, bolting, screwing, etc. Adhesives have many advantages over other techniques such as elimination of corrosion, superior aesthetics, uniform stress distribution, quick and cost effectiveness, and hence, their consumption is high in the manufacturing sector. The packaging industry, which is the most important end-user industry for adhesives, was valued at USD27.6 billion in 2012-13 and is expected to grow at an annual rate of over 15% through 2016. Many global adhesive players are investing heavily in India as the infrastructure industry, automotive industry and flexible packaging industry continue to grow in the country. Henkel, Huntsman, and 3M are some of the multinational companies, which have expanded their operations in India.

According to "India's Adhesives Market Forecast & Opportunities by 2019", a growing trend prevalent in the industry is increasing use of water-based adhesives. As per the report forecasts, water-based adhesives are projected to share 42% of the country's adhesives market by the end of 2019. With upcoming infrastructural projects such as railway tracks, metro rails as well as new wind energy farms, the country is set to witness a strong growth in the adhesives industry over the next five years. Also, automotive adhesives are expected to witness growth as the demand for lightweight and composite joining adhesives from automobile manufacturers continues to increase. The manufacturing sector in India is still growing and adhesive industry's growth is directly aligned with the country's manufacturing growth. Industrial adhesives are replacing mechanical fasteners for bonding requirements. In India, Pidilite Industries Ltd. is currently the largest player in the adhesives market, and the country is witnessing an increasing number of international players foraying into the market.

Hindustan Motors Shuts Down Uttarpara Plant

Hindustan Motors, the oldest carmaker in the country, has suspended operations at its Uttarpara plant. In a statement to the Bombay Stock Exchange, the company has cited worsening conditions at the 40,000 units per annum plant which include very low productivity, growing indiscipline, critical shortage of funds, lack of demand for its core product (the Ambassador) and large accumulation of liabilities. On February 18, Autocar Professional had reported that HM was set to get a new strategic investor – a foreign entity – with the announcement of the investment expected to be made during the April-June 2014 quarter. The investment by the new partner was to set off the turnaround plan of the beleaguered carmaker. HM has been looking for a strategic investor for the past few years but has failed to find any to invest in the entire company. That is why the company decided to demerge and transfer its Chennai Car Plant (CCP) in January 2013. The new investment would have offered a new lease of life to HM. Demand for "the Ambassador" is at an all-time low: 2,214 units were sold in 2013-14, down from the 3,471 units sold in 2012-13.

Viraj Profiles Starts Fully Automatic Stainless Steel Section Rolling Mill



Viraj Profiles Limited recently inaugurated its new state of the art Section Rolling Mill plant in Tarapur, Maharashtra, India. Equipped with completely automated process, the plant is first of its kind in the country on an industrial scale. The plant is quite unique in terms of Online Pickling facilities, and Automatic Labeling inter-alia Packaging line. Viraj Profiles Limited started with one induction furnace and then slowly moved on to manufacturing stainless steel wire rods, wires, fasteners, flanges, profiles and bars. The annual capacity of the new plant will be up to 180,000 tons per annum.

Pakistani Industries File An Antidumping Petition Against Chinese Wire Coils

According to the notice of National Tariff Commission of Pakistan, some of its domestic industries have submitted their application to the authorities for requesting the Customs to investigate the dumping of imported wire coils from China. Products involved are within HS codes 7213,72139190, 72139990, 7227, and 72279000.



vossloh

Vossloh Wins Contract for High-Speed Railways in Saudi Arabia

Fastening Systems Manufacturer Vossloh Fastening Systems has recently gained the contract for building the 450 kilometers of high-speed rails from Mecca to Medina in Saudi Arabia, which is worth EUR30 million. The first batch of fastening systems have been delivered before the yearend of 2013. This safe, environment friendly, and fast transport system can alleviate the pressure caused from the growing numbers of pilgrims and tourists traveling between Mecca and Medina. The system is expected to officially operate by 2015. It will only take less than 30 minutes to travel from Mecca to Jeddah at 320km per hour and only 2 hours to Medina.

Vossloh was awarded this contract due to its years of experience and excellent reputation in the projects of railways and freight construction. CEO Werner Andree of Vossloh said, "This project is in one of the fast growing markets in the world and provides us with an opportunity to supply high quality fastening systems to the first high-speed rails across the desert in the world."

