

# The Pearl on Africa - South African Fastener Market

非洲扣件市場閃耀之星

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## The Size of South African Fastener Market:

According to National Statistics System Fasteners, on average 10 percent of its fasteners are not manufactured in South Africa, which means that the value of domestic fastener market in South Africa is about 1.8 billion USD.

## South Africa's Imported Fasteners

South Africa's imported fasteners showed a sinus pattern in the last 5 years, which is shown in the right and first graph.

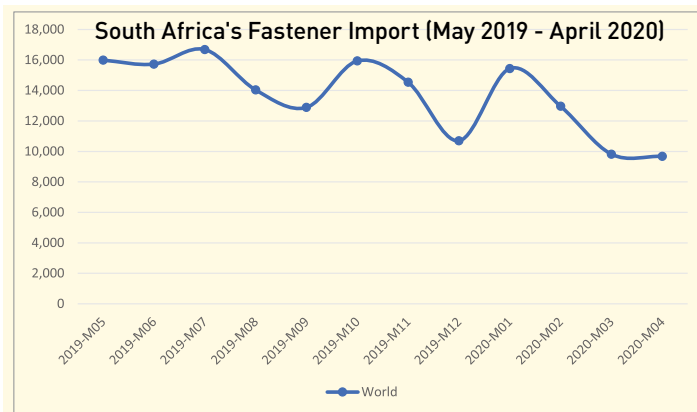
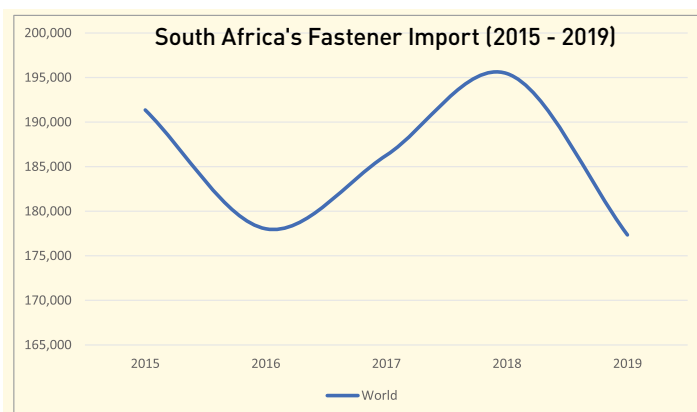
Unit: 1,000 USD					
Exporter	2015	2016	2017	2018	2019
World	191,362	178,032	186,283	195,451	177,346

Based on the right pattern, South Africa's imported fasteners should increase in 2020, but it seems that COVID-19 has changed this pattern.

The right and second graph and numbers obviously showed the sinus pattern in 2019 and the January 2020, but after that, the numbers got negative for 3 months in a row.

The promising point in the numbers was April 2020. Its number dropped by 1.4% in comparison with March 2020. It can be interpreted as a turning point.

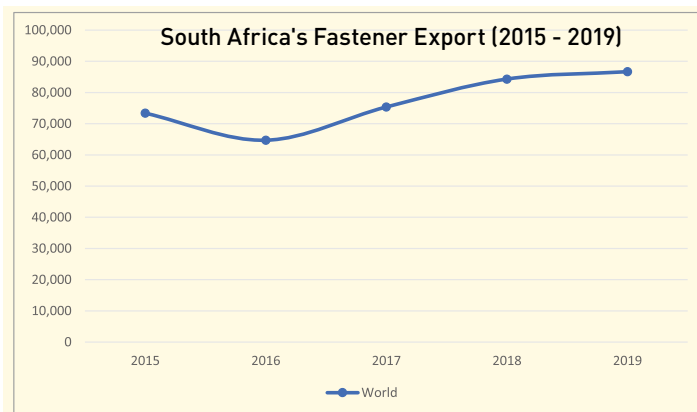
Unit: 1,000 USD						
World	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019
	15,989	15,728	16,684	14,035	12,886	15,937
	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020	Apr 2020
14,540	10,696	15,441	12,962	9,818	9,679	



## South Africa's Exported Fasteners

The right and third graph showed that the trend of South Africa's exported fasteners was positive for 3 straight years in a row!! The growth of 2019 was about 2.7% and it can be the turning point for dropping South Africa's export. The Covid-19 disease intensifies this situation.

Unit: 1,000 USD					
Importers	2015	2016	2017	2018	2019
World	73,379	64,711	75,366	84,318	86,674

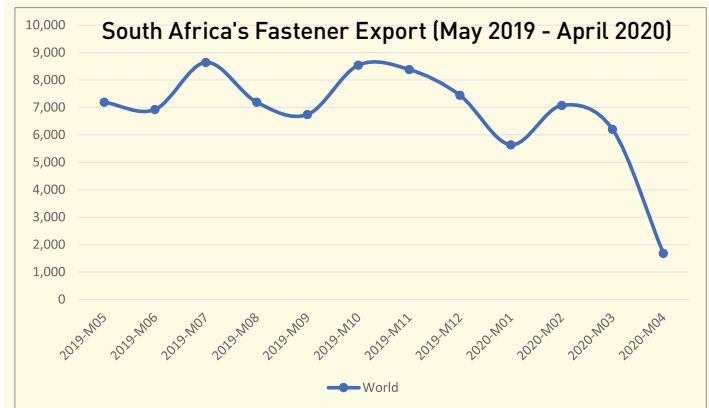


## Industry Focus

The right and first graph and numbers showed that Covid-19 has affected seriously on the positive growth trend of South Africa's exported fasteners.

Although South Africa's exported numbers have turned to negative since October 2019, the number in April has even dropped sharply! Quarantine has caused the businesses to close their activities, the demand for products dropped sharply, and it has been proved by numbers.

Unit: 1,000 USD						
World	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019
	7,190	6,926	8,643	7,193	6,743	8,540
World	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020	Apr 2020
	8,384	7,443	5,640	7,074	6,202	1,684

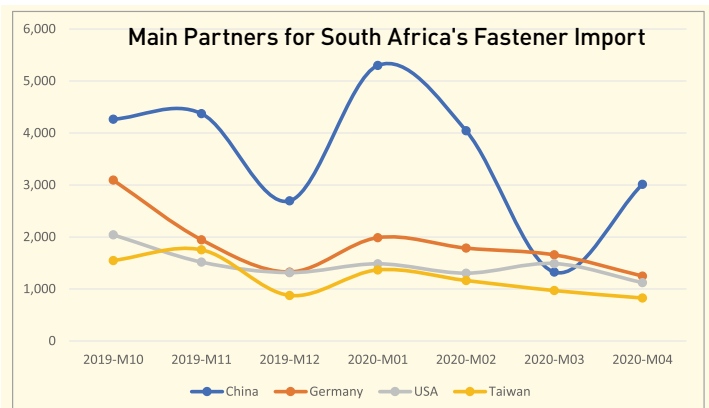


## Who were the Partners of South Africa?

In the import sector, the main partners of South Africa were:

**China** satisfied 32.5% of South Africa's fastener demand; **Germany** satisfied 13.6%; **USA** satisfied 10.9%, and **Taiwan** satisfied 9.5%. These 4 countries supplied more than 66% of South Africa's fastener demand.

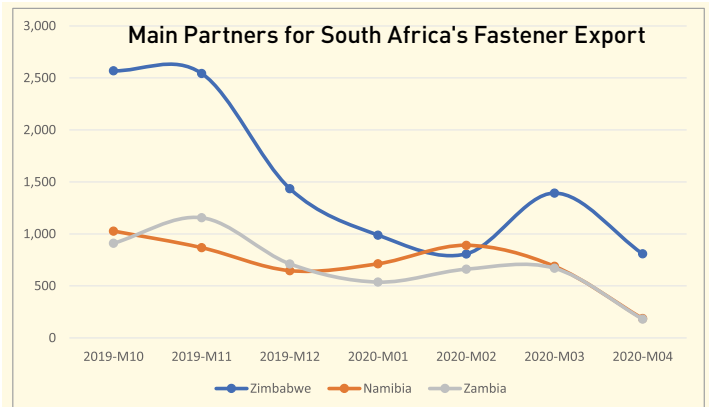
Unit: 1,000 USD							
Exporters	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020	Apr 2020
China	4,266	4,374	2,695	5,299	4,046	1,327	3,014
Germany	3,094	1,948	1,328	1,988	1,787	1,657	1,250
USA	2,042	1,518	1,316	1,485	1,305	1,490	1,124
Taiwan	1,549	1,754	877	1,368	1,164	970	827



In terms of the export sector, the main partners of South Africa were:

**Zimbabwe** bought 22.8% of South Africa's exported fasteners; **Zambia** bought 12.7%; and **Namibia** bought 11.5%.

Unit: 1,000 USD							
Importers	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020	Apr 2020
Zimbabwe	2,569	2,544	1,436	989	808	1,393	809
Namibia	1,028	868	647	713	891	689	186
Zambia	910	1,156	712	537	661	670	181



## The Future of Fastener Business in South Africa

South Africa has travelled along a remarkable road in the two decades since its transition to democracy. Since 2008, however, its average annual GDP growth has slowed to just 1.8 percent, while the unemployment has stubbornly remained at 25 percent.

South Africa is the second largest economy in Africa, only second to Nigeria. It has six dynamic and upwardly mobile cities. South Africa has a good business environment compared to the other African countries and it has a growing consumer base. However, in comparison with the global standard, South Africa still acts poorly, though it is a leader in Africa.

There are four bold opportunities that can improve South Africa's fastener market. These "big four" could increase the numbers in the fastener industry. These opportunities include:

**Advanced Manufacturing.** South Africa can draw on its skilled labor to grow into a globally competitive manufacturing hub focusing on high-value added categories in fastener industries such as automotive, industrial machinery & equipment. To

realize this opportunity, however, South African fastener manufacturers will have to pursue new markets (i.e., keep the African market and go global) and step up innovation and productivity.

**Infrastructure Productivity.** South Africa is investing heavily in infrastructure, but big gaps remain in electricity, water, and sanitation. By forging a true partnership with foreigners, they can together drive three strategies to make infrastructure more productive: making maximum use of existing assets and increasing maintenance; prioritizing the projects with the greatest impact; and strengthening management practices to streamline delivery. (This sector is the government's responsibility).

**Service Exports.** South Africa appears highly potential in fastener industries, yet, it currently captures only 8 percent of the rest of sub-Saharan Africa's market for fastener imports, which is worth nearly one billion USD. With the right investments, fastener businesses could ramp up exports to the region.

**Make Small Businesses.** Investing in small businesses (family-owned businesses) could be a key driver of fastener growth. Capturing this potential (families) will require a bold national industrial plan to ramp up production and productivity.

### Last Word: It's Time for South Africa to Go Global

The general principle is widely recognized: **The larger the market, the more focused your brand must become.**

There is a big change compared to just a few years ago. Before, companies wanted to dominate their category in the domestic market. Today, almost every company wants to dominate the global market, not just the domestic market. Good thinking for South Africa's fastener business is going global. Today, almost every category is dominated by global brands, not domestic brands. In terms of price, Chinese brands, dominate the global market for fasteners. In terms of quality, Germany dominates the global market for fasteners. American suppliers dominate the global market of fasteners for high-tech usage. Where can South African producers stand?

It is obviously that for South African companies, "going global" doesn't have to mean that taking their existing brands and marketing them in some of the 200 countries in the world. That's a mistake. Fastener producers in South Africa shouldn't forget about the general principle when they go global. Rather, they take their existing brands and try to market them on the global market.

Not a good idea. The larger the market, the more focused their brand must become. ■

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