

A Wrap-up and Analysis of Fastener Import & Export of the U.S. in 2021

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Introduction

Industrial fastener is part of the foundation of the U.S. industrial sector utilized in a vast range of applications. The U.S. fastener industry is a major contributor to the overall manufacturing sector and supports most of the other hardware and production industries. This industry creates a multi-billion-dollar segment of the economy mainly centered around automotive, construction, aerospace, maritime and military sectors.

The fastener market in the U.S. is stabilized due to renewed demand from several key downstream industries and rebounding after the COVID-19 induced shock. **The country was the largest importer in the world in 2021 and is likely to witness a similar trend over the next five years mainly due to high product demand from aerospace and other industrial applications.** The aerospace-grade product segment is expected to have the fastest growth over the coming years as military and defence operations in the U.S. keep expanding. The U.S. has the largest defence budget, and its total defence spending amounted to USD705 billion in 2021.

U.S. Trade Deficit

The U.S. trade deficit surged to a record high in 2021 as imports increased sharply. The goods deficit rose to a record USD1.1 trillion last year from USD922 billion in 2020. Imports of goods hit an all-time high of USD2.9 trillion. The goods and services deficit increased USD182.4 billion, or 27.0 percent, from 2020. Exports increased USD394.1 billion or 18.5 percent. Imports increased USD576.5 billion or 20.5 percent.

The economy grew 5.7% in 2021, the strongest since 1984, after the government provided nearly USD6 trillion in pandemic relief, which fuelled consumer spending on goods. They were driven by imports of industrial supplies and materials, which increased to their highest level since 2014, mainly from 70 countries, led by Mexico, Canada and Germany.

Strong import growth overshadowed a robust recovery in exports. Goods exports surged 23.3% to a record USD1.8 trillion. Exports of industrial supplies and materials, foods, consumer goods, other goods and petroleum were the highest on record.

The United States recorded exports to 57 countries last year, led by Mexico, where they rose to USD276.5 billion. Exports to China increased by 21.4% to USD151.1 billion. However, with imports from China increasing 16.5% to USD506.4 billion, the trade deficit with China went up to USD355.3 billion last year from USD310.3 billion in 2020. The U.S. trade deficit with China, not only commercially, but also politically is very important and sensitive for both countries.

Fastener Trade

US demand for industrial fasteners is anticipated to increase to USD16.5 billion by next year, supported by the largest number of fastener distributors from the very large private companies to the big nationals. The distribution of fastener products in the US covers both an internal and an external market. Fasteners for internal consumption are produced in the USA or imported from around the globe by specialist distributors. American Fastener distributors supply fasteners directly to companies that utilize fasteners as part of their assembly process or to maintain machinery. Distributors and manufacturers are

the key importers of fasteners from the international market. **The top countries exporting fasteners to the USA are Taiwan, China, Japan, Germany and Canada. The top five consumers of U.S. fasteners are mainly, Mexico, Canada, China, the UK and Germany.**

Fastener imports and exports largely include standard-grade and aerospace-grade externally threaded fasteners such as bolts and screws; internally threaded fasteners, such as nuts and threaded inserts; non-threaded fasteners such as rivets, pins, and washers; application-specific (or specialized) standard-grade fasteners, including miscellaneous formed fasteners.

Fig. 1 exhibits quarterly basis imports value of fasteners (HS Code 7318) to the US market from top 10 exporters. As it can be seen, **Taiwan, China are the key players in this market and only these two countries together with India had steady growth in their value of exports to the US from the first quarter of 2021 until the last quarter.**

The total value of imports in 2021, was about USD6.6 billion. Within the last quarter of 2021, the US imported about USD1.76 billion worth of fasteners, with almost USD400 million increase compared with the last quarter of year 2020.

In terms of the value of exports, fastener manufacturers in the US, shipped about USD4.13 billion worth of products to other countries in 2021. **More than 60% of the total exports have been delivered to the neighbouring countries, Mexico and Canada.**

As illustrated in **Fig. 2**, about USD2.6 billion worth of fasteners were exported to Mexico and Canada in 2021. This is mainly due to the North American Free Trade Agreement (NAFTA) which encourages trade between the U.S., Mexico, and Canada with reduced or no tariffs on imports and exports between these three countries. In 2021, Mexico imported about USD1.5 billion worth of fasteners and Canada imported about USD1.1 billion worth of fasteners.

Interestingly, in terms of the quantity of imports, within the same year, Canada imported in average twice as high as Mexico. This can be interpreted as Mexican importers purchasing more specialized, application specific and higher quality fasteners, compared to Canadians who imported more standards and DIY products.

In summary, the availability of advanced infrastructure and global demand for quality products provide a promising future hope for U.S.-based manufacturers and distributors in the regional and global fastener market. The market is characterized by the presence of numerous suppliers with high production volumes and wide product portfolios. Even with the slowdown caused by the pandemic in the last two years, the manufacturing of fasteners will continue to grow and manufacturers will be able to find new opportunities for their growth in the global market. ■

Fig 1. US Fastener Imports (US Dollar Thousand) in 2021

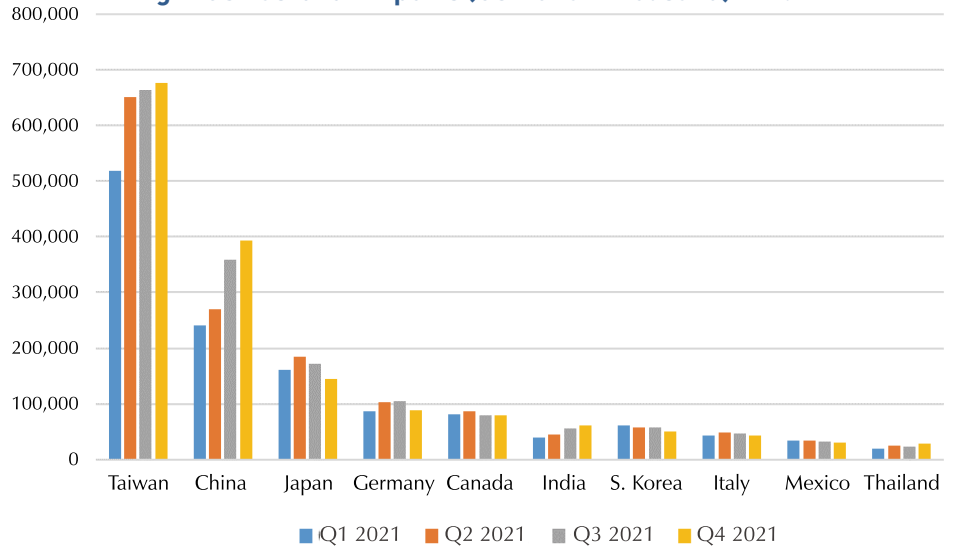


Fig 2. US Fastener Exports (US Dollar Thousand) in 2021

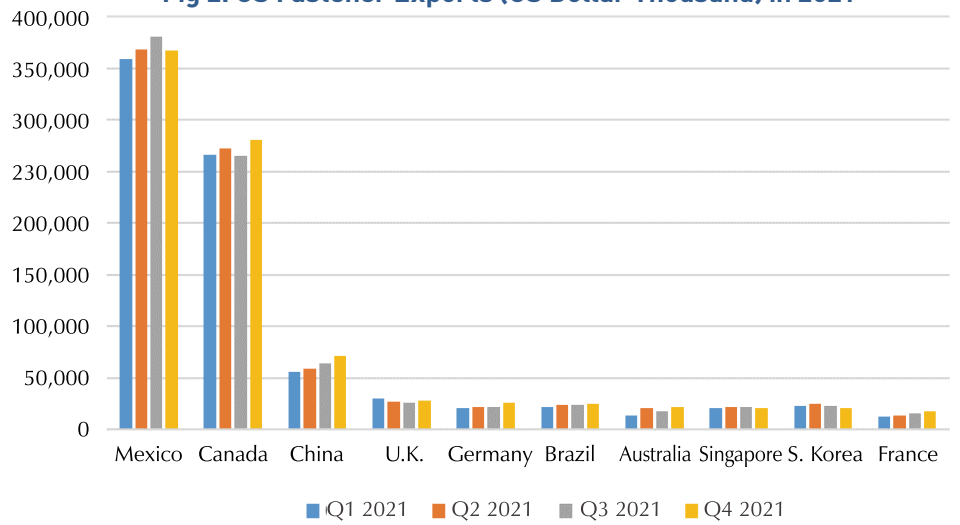
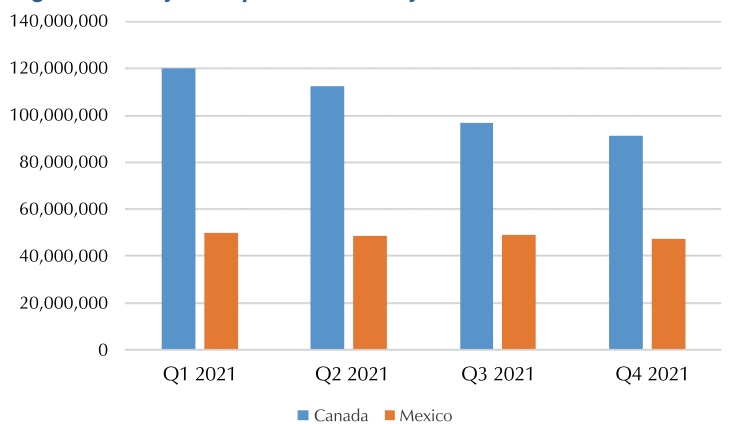


Fig. 3 Quantity of Imports (in KG) by Canada vs Mexico in 2021



Sources: Robust imports boost U.S. trade deficit to record high in 2021, Reuters Trade statistics for international business development, TradeMap