

Analysis on Russian Fastener Trade in 2021-2022



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Introduction

Since Russia's unprovoked and unjustified invasion of Ukraine in February 2022, the EU Council has adopted 10 packages of sanctions against Russia and Belarus. The sanctions aim to weaken Russia's ability to finance the war and specifically target the political, military and economic elite responsible for the invasion. Economic indicators are showing that the restrictive measures taken in Europe and elsewhere against Russia have had an impact on the Russian economy.

The Russian Economy is Shrinking

According to the World Bank, the International Monetary Fund (IMF) and the Organisation for Economic Cooperation and Development (OECD), 2022 was a bad year for the Russian economy. It was estimated that in 2022, Russia's gross domestic product (GDP) dropped by 2.1%. Russia's economy may continue to shrink in 2023. Its GDP is forecast to decline by 2.5% in the worst-case scenario or by 0.2% according to the World Bank. The IMF, however, expects growth (0.7%) in 2023.

Declining Trade

The restrictive measures target the import of certain goods from Russia and the export of certain goods to Russia. The list of banned products is designed to maximise the negative impact of the sanctions on the Russian economy while limiting the consequences for EU businesses and citizens. Statistics are proving that the restrictive measures are yielding results. Both the World Bank and the IMF estimated that in 2022, Russia's trade in goods and services was set to decline significantly.

Russia's Fastener Export Data Before the War

There is no clear statistics in Russian fastener industry. The following table shows the statistics of fasteners exported from Russia before the war.

The World Market: The exports to the world market show some fluctuations throughout the year, peaking in March 2021 (11,679 thousand USD) and reaching the lowest point in January 2022 (6,769 thousand USD). Despite the fluctuations, there was a general upward trend until around October 2021, followed by a decline in exports in the last two months (December 2021 and January 2022).

Kazakhstan: Exports to Kazakhstan experienced growth in the first quarter of 2021, with the highest value in March (3,828 thousand USD). Afterward, there was a decline until around September 2021, followed by some recovery in the last few months.

Export Destinations	Feb. 2021	Mar. 2021	Apr. 2021	May 2021	Jun. 2021	Jul. 2021	Aug. 2021	Sep. 2021	Oct. 2021	Nov. 2021	Dec. 2021	Jan. 2022
World	8,391	11,679	10,809	8,855	10,494	9,582	10,267	10,149	10,514	10,077	10,854	6,769
Kazakhstan	2,191	2,271	3,828	2,677	3,681	2,538	3,172	3,215	2,952	2,683	3,391	2,036
Belarus	1,022	1,710	2,056	1,615	2,258	2,168	2,371	2,051	1,867	2,030	2,062	1,536
Ukraine	427	294	305	308	476	644	384	502	344	307	415	457
Germany	570	512	598	469	539	487	469	613	669	607	674	445

Note: Numbers in thousand USD

Belarus: Exports to Belarus also saw a peak in March 2021 (2,168 thousand USD) and experienced some fluctuations throughout the year. Like the world market, there was a general upward trend in exports until October 2021, followed by a decline in the last two months.

Ukraine: Exports to Ukraine were relatively low and remained stable over the months, with the highest value in June 2021 (644 thousand USD). Ukraine's imports of fasteners from Russia did not show significant growth during the period of review.

Germany: Germany was a consistent importer of fasteners from Russia, with exports showing only minor fluctuations over the year. The highest export value to Germany was in October 2021 (674 thousand USD).

Key Observations: The first half of 2021 generally saw higher exports compared to the second half, indicating a possible seasonal pattern or other external factors influencing demand. Kazakhstan and Belarus were significant markets for Russian fasteners, with their demand peaking in March 2021. Germany, although a consistent importer, did not experience significant growth in demand during the period.

Russia's Fastener Import Data Before the War

Note: Numbers in thousand USD

Import Source	Feb. 2021	Mar. 2021	Apr. 2021	May 2021	Jun. 2021	Jul. 2021	Aug. 2021	Sep. 2021	Oct. 2021	Nov. 2021	Dec. 2021	Jan. 2022
World	82,158	84,561	90,944	99,422	101,024	92,683	88,885	100,420	98,778	111,550	123,872	114,265
China	36,939	34,101	39,375	48,195	47,250	42,455	38,976	46,385	48,435	53,675	67,022	71,076
Germany	8,047	8,835	9,323	9,020	9,821	8,711	8,855	9,124	8,276	8,718	8,586	6,994
Taiwan	5,693	3,856	7,327	6,014	5,735	4,740	5,111	5,499	5,736	7,117	5,225	5,447

The World Market: Imports from the world market by Russia had shown a consistent upward trend before the war was started. The imports increased steadily from February 2021 to November 2021, and there was a significant surge in imports from November 2021 to January 2022, reaching the highest value of 123,872 thousand USD in January 2022. This suggests Russia's growing demand for global fasteners, especially in the latter part of 2021 and early 2022.

China: China stands out as the largest import source of fasteners for Russia, accounting for a substantial share of Russia's imports. Despite some fluctuations, imports from China have generally increased over time, with the highest value in January 2022 (71,076 thousand USD). The consistent growth in imports from China indicates a strong demand for Chinese fasteners in the Russian market.

Germany: Germany is another significant fastener source for Russia, though on a smaller scale compared to China. Imports from Germany have shown relatively stable levels over the months, with a slight decline towards the end of the data period. The consistent imports from Germany suggest a steady demand for German fasteners in the Russian market.

Taiwan: Imports from Taiwan experienced fluctuations over the months, with the highest value in November 2021 (7,117 thousand USD). While the imports from Taiwan were not as substantial as those from China or Germany, the fluctuations indicate changes in demand or market conditions.

Key Observations: Global import sources, including China, Germany, and Taiwan, collectively show an increasing trend in imports by Russia, indicating a growing global market for Russian fasteners. China is the dominant market for Russian fastener imports, accounting for a significant portion of Russia's imports. Germany and Taiwan also present steady markets for Russian fastener import, with fluctuations possibly reflecting changes in local demand or economic conditions.

Conclusion

Russia has faced numerous challenges in this sector, affecting its global competitiveness and trade dynamics.

- **Supply Chain Disruptions:** Russia's fastener trade has been significantly impacted by disruptions in the global supply chain. The outbreak of the COVID-19 pandemic and the subsequent lockdowns and restrictions led to shortages of raw materials and workforce challenges, affecting production capabilities and causing delays in delivery timelines.
- **Sanctions and Trade Restrictions:** International sanctions imposed on Russia due to its actions in Ukraine have restricted access to crucial technologies, materials, and financial resources. These sanctions have limited the ability of Russian fastener manufacturers to access global markets and have adversely affected their competitiveness.
- **Dependence on Imports:** Despite being a major producer of steel, Russia's fastener industry relies heavily on imports for essential raw materials and advanced technologies. Sanctions and geopolitical tensions have further complicated import processes, leading to uncertainties and higher costs for manufacturers.
- **Quality and Standards Compliance:** Ensuring adherence to international quality and safety standards is essential for gaining trust in the global market. Russia's fastener industry has faced challenges in meeting stringent international standards, impacting its reputation and market access. ■

