

Fastener World News

compiled by Fastener World



Industry Update

Argentina Made 2nd Final Sunset Review of Anti-dumping Measures on Carbon Steel Fasteners from China

The Ministry of Productive Development of Argentina issued a report numbered 573/2021 on September 22 regarding the second final sunset review of anti-dumping measures on carbon steel fasteners from China, stating to carry on the anti-dumping measures confirmed in a report numbered 1181 back in 2015 which continue to set the minimum FOB price at USD 4.67 per kilogram. This translates to imposing an anti-dumping tax which is the balance of minimum import price and landed price on the involved products. The measures are effective for 5 years from the date of the announcement.

The products involved are standard or thick carbon steel fasteners with outer diameters between 60.3 mm and 323.8 mm and manufactured to ASME B16.9, ASTM A234 and equivalent standards such as IRAM 2607, not including 180-degree elbows, reducing elbows and carbon steel tees under tax numbers 7307.19.20 and 7307.93.00 by MERCOSUR.



China's Energy Consumption Control Policy Suppresses or Pauses Domestic Steel Industry Production

In early September, China issued an energy consumption policy that sets the targets for controlling total energy consumption by provinces, autonomous regions,

and administrative regions of municipalities, to monitor and audit all government levels. Restrictions on the steel industry are taken up a notch across many government segments and measures to reduce production are implemented in many places. Guangxi, Jiangsu, and Yunnan governments require many large steel companies to cut down another 20% of the production planned for September, thus leading to prominent initial results. According to the statistics by China Iron and Steel Association, the first half of September recorded daily crude steel production of 2.04 million tons, down 0.38%, and daily steel production of 1.93 million tons, down 7.61%.

Recently, steel plants in various places have been implementing production control. Harbor stocks are reducing at a lower pace and hence there is serious harbor congestion. Supply is

expected to increase steadily. There is not enough momentum for iron ore price to turn upwards with the backdrop of stronger supply and weaker demand. The iron ore price is expected to continue downwards after September.

Analysis of China's Fastener Market (2020-2021)

2021 sees the U.S. and Europe reopen markets in tandem with the increase of vaccination. Countries are in full throttle to reboot economy and infrastructure construction. Benefiting from this trend, the steel and fastener industry is warming up. However, the export will be subject to impact as the EU announced an anti-dumping investigation on certain steel fasteners imported from China. The investigation covers wood screws, self-tapping screws, other screws, bolts with head shapes and bolts with washers.

According to statistics by General Administration of Customs of China, China exported around 3.06 million tons of fasteners in 2020, down 3.47%, and the export value was USD 6.97 billion, up 2.05%. China's fastener import was more stabilized in 2020, totaling around 272 thousand tons, up 1.87%, and the import value was USD 2.79 billion, down 6.06%. Overall, the added value and average export price of China's fasteners were lower. The average export price was USD 2.33 per kilogram, and the average import price was USD 10.83 per kilogram which was nearly 5 times the average export price.



Import Statistics 2019-2020				
	Volume (10,000 Tons)	Change (%)	Value (USD 100 Million)	Change (%)
2019	26.7	-15.7%	29.7	-7.70
2020	27.2	1.87%	27.9	-6.06

Source: General Administration of Customs of China

Export Statistics 2019-2020				
	Volume (10,000 Tons)	Change (%)	Value (USD 100 Million)	Change (%)
2019	317	-3.7%	68.3	3.7
2020	306	-3.47%	69.7	2.05

Source: General Administration of Customs of China

China Fastener Average Import & Export Price 2019-2020		
	2019	2020
Average Import Price(USD/1,000KG)	11.24	10.83
Average Export Price(USD/1,000KG)	2.08	2.33

Source: General Administration of Customs of China

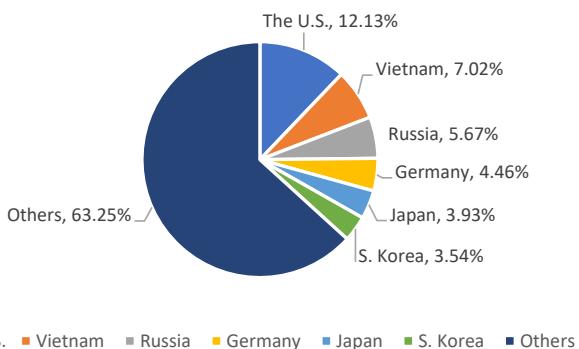


the first 8 months of 2021 increased over 30%. One of the factors is increased orders, and another is lower inventory rate in overseas user markets; therefore, the second half of 2021 sees apparent increase in orders across the whole market.

The world's automotive production is decreasing as a result of shortage of semiconductors in the U.S. and Europe. Carmakers' demand for automotive components are less but the demand remains strong in the new energy car and after sale markets. The After Sale Components Division of China Automobile Dealers Association points out that OEM service is decreasing because car sales are dropping. With the conversion to new energy cars, many components will go through a change. Engine and transmission gear related product sales will go downwards with the development of new energy cars, while chassis, electrical engineering, battery and electronic control will go up. The after market is on a fast growth path with the aging of cars and their popularization as well as their capacity.

According to statistics by Shanghai Customs, RMB 96.6 billion worth of automotive components have been exported from Shanghai's harbors, up 36.4%, mainly to the U.S., the EU and Japan. Although the number of orders for China's automotive components has

Top Destinations for China's Fastener Export in 2020



Developing Diversified Markets for the Belt and Road Initiative

The U.S. and Europe are important markets for China's fastener export, but the export has shrunk as a result of the anti-dumping measures by the EU and the trade war between China and the U.S. Because of low concentration in the fastener export market, the Chinese fastener industry could take a further step in the future in developing markets that fall within the Belt and Road Initiative, considering that the increased ties in the relationship between China and African countries can help develop the Belt and Road Initiative and provide the fastener industry with an advantageous point. The first factor is the support via China's preferential policies and clauses, and an example is the new industrial parks under construction in Uganda and Kenya. The second factor is that the products sold in these countries are not at low prices and it provides a price edge for China's fasteners. Additionally, the infrastructure in these countries require a large amount of fasteners, hardware, machines, high-end equipment and automotive parts. The market is huge and so is the profit margin. Perhaps for the Chinese fastener companies, it is worth considering the benefits of Belt and Road Initiative and working on developing diversified export markets.

China's Automotive Components Export Surged in the First 8 Months of 2021

According to statistics by General Administration of Customs of China, China exported RMB 316.58 billion worth of automotive components in the first 8 months of 2021, up 34.6% from the same period of 2020 and up more than 9 times the value recorded in 2019 (RMB 31.22 billion). Despite the fact that global automotive production is declining, China's automotive components export in



exploded and factories are busy with production, local companies are excited but also worried about the surging material and freight prices. Therefore, their universal solution is to pursue innovative R&D and increase product prices.

Russia Imposes 15% Provisional Export Tariffs on Certain Metals

The Government of Russian Federation has announced to impose the export tariffs of at least 15% each on steel, nickel, aluminum, and copper since Aug. 1st, 2021 and this measure officially comes into effect and will be effective through the end of this year. According to the measure, copper is subject to a tariff rate of US\$1,226 per ton; nickel is subject to a tariff rate of US\$2,321 per ton; aluminum is subject to a tariff rate of US\$254 per ton; however, rates for steel products differ from each other, and in the “hot rolled steel” category, it is at least US\$115 per ton.

The measure is aimed at protecting national defense and construction industries in Russia from the impact of hiking material costs. As the aluminum output of United Co Rusal International represents around 10% of the global total and the nickel output of Norilsk Nickel represents around 20% of the global total, and Russia itself is also the world's 3rd largest steel exporter (mainly shipping to Europe), it is expected that such a measure will cause a significant impact on the global metal supply market.

Some analysts also estimated that, since several consumers in Taiwan and Asian countries import steel scrap, semi-finished steel billets, and hot rolled steel from Russia, plus the recent plunge of China's export, the capacity to supply Asian market may be become tighter.

USITC Makes Determinations in Five-Year (Sunset) Reviews Concerning Steel Nails from Korea, Malaysia, Oman, Taiwan, and Vietnam

The U.S. International Trade Commission (USITC) determined that revoking the existing antidumping and countervailing duty orders on imports of steel nails from Korea, Malaysia, Oman, Taiwan, and Vietnam would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. As a result of the Commission's affirmative determinations, the existing orders on imports of this product from Korea, Malaysia, Oman, Taiwan, and Vietnam will remain in place. Chair Jason E. Kearns, Vice Chair Randolph J. Stayin, and Commissioners David S. Johanson, Rhonda K. Schmidlein, and Amy A. Karpel voted in the affirmative. Today's action comes under the five-year (sunset) review process required by the Uruguay Round Agreements Act. The Commission's public report Steel Nails from Korea, Malaysia, Oman, Taiwan, and Vietnam (Inv. Nos. 701-TA-521 and 731-TA-1252-1255 and 1257 (Review), USITC Publication 5200, May 2021) will contain the views of the Commission and information developed during the reviews. The report has been available on June 18, 2021 and can



be accessed on the USITC website at: https://www.usitc.gov/commission_publications_library.

Vietnam Steel Export to EU up 5 Folds in First 5 Months of 2021

According to the data of Vietnamese Customs, Vietnam's steel export reached 980 thousand tons at an export value of USD 833 million this May, down 4% in volume and up 8.2% in value from this April. The total export volume reached 4.88 million tons in the first 5 months of 2021 at a total export value of USD 3.61 billion, up 61.6% in volume and up 117% in value from the same period last year. The EU, China, Cambodia, Malaysia and Mexico are the top 5 destinations for Vietnamese steel products. In the first 5 months of 2021, Vietnam grew 500% (at 713 thousand tons) in steel export to the EU, 200% to China (at 1.1 million tons), and 250% to Mexico (at 293 thousand tons).

The significant growth in Vietnam's steel export to the EU could be attributed to the European Union-Vietnam Free Trade Agreement (EVFTA). This also means that Vietnamese companies have acquired standardized production lines and are capable of meeting the stringent requirements and demand by the countries they export to.

4 Companies (Fastener & Hardware) Enter the “2021 Top 1,000 Taiwanese Companies in China”

According to the database by China Credit Information Service, of all entrants to the “2021 Top 1,000 Taiwanese Companies in China”, four



are fastener and/or hardware companies. The overall net profit margin of the thousand entrants turned from negative to positive after two consecutive years (2018 and 2019) of negative growth, and hit a record high with a 5.76% pre-tax profit margin. Additionally, the four Taiwanese fastener and/or hardware companies have all moved up in the ranking. Regarding revenue growth, Walsin Lihwa and Hama Naka Shoukin Industry exhibit a growth exceeding 30%. The pre-tax profit margin of Hama Naka Shoukin Industry is the highest at 40% and exhibits high competitiveness.

Fastener price and volume increased in 2020. Taiwanese companies face the challenge of a business paradigm shift during the U.S./China trade war in the aftermath of the pandemic, seeking vibrant market demand in China. They will gradually break from the pattern of emphasizing foreign trade over domestic sales and pivot towards balanced domestic and overseas sales.

2021 Ranking	2020 Ranking	2019 Ranking	Net Revenue (RMB 1,000)	Revenue Growth (%)	Pre-tax Profit (RMB 1,000)	Net Profit Margin (%)	Company Name	Parent Company
27	60	76	20,211,861	39.63	61,604	0.30	Nanjing Walsin Metal	Walsin Lihwa
283	346	381	1,688,108	0.58	255,019	15.10	Xinrixing Precision Electron (Suzhou)	Xinrixing
433	680	701	966,936	32.32	412,351	41.36	Hamamatsu Yuanyuan Metal Products (Kunshan)	Hama Naka Shoukin Industry
793	989	989	383,810	-1.92	10,556	2.75	Chunyu (Dongguan) Hardware Products	Chun Yu



Companies Development

Certain McLaren Cars Recalled for Safety Concerns with Banjo Bolts

McLaren Automotive Distribution (Shanghai) recalled 9 vehicles imported in 2020 under the models 570s Spider, 720s (Coupe and Spider), 600lt Spider and GT, manufactured between July 2 2019 and February 13

2020. The affected vehicles may have been assembled with banjo bolts lacking holes for hydraulic fluid to flow into the calipers. There would be no braking effect on the affected corner of the vehicle. The vehicle could pull to the left or the right, increasing the risk of collision especially in braking at high speed.”

McLaren will check the banjo bolts for the recalled vehicles for free, and if McLaren spots incorrect assembly, the bolts will be replaced to eliminate safety concerns. As an alternative solution to an emergency, if the driver spots the vehicle pulling to one side when braking, the driver should stop using the vehicle immediately and contact a sales agent to handle the issue.



OFCO's June Revenue up 327% with Optimism for H2 2021

Taiwan's OFCO reported its consolidated revenue in June at NTD 362 million, up 327% from the same month last year. The consolidated revenue for the first 6 months of 2021 was NTD 1.7 billion, up 283.09% from the same period last year.

OFCO said, due to the fact that Chinese steel fasteners are recently subject to import registration in the EU, the EU'S AD investigation against Chinese fasteners, short supply and surging demand in the global steel market, and steel prices being pushed to new heights,

OFCO is now seeing a strong growth in order acceptance. To cope with increased orders, OFCO has ordered 11 sets of fastener forming machines and 11 sets of threading machines from Chun Zu, which is expected to increase its monthly capacity by 10%-15%. According to OFCO president, OFCO's main fastener business is expected to continuously perform quite well in the second half of this year.



Nitto Seiko's 2nd Indonesia Plant Now Offers Vertically Integrated Production



PT. NITTO ALAM INDONESIA starting with 30 employees was founded in 1985 with the total investment value of 700 million Rupiah. Its second plant inaugurated in Bekasi on August 2018 is dedicated to introducing automated production to provide automotive and other industry clients with high quality and shorter lead times. The so-called automated production system means that the plant has the equipment for heading, threading, heat treatment, electroplating, inspection and packaging. It took the plant 3 years to establish a vertically integrated production system, helping shorten lead time by around 30%. The plant will target the Japanese manufacturing cluster in Bekasi on the outskirts of Jakarta, and provide them with screws, bolts, anchors and other special cold forged products.

Chun Yu Expects to See Continuous Customers' Orders Through the End of 2021

The wire rod price adjustment for the third quarter of 2021 announced by Taiwan CSC is lower than what the market had expected, giving Chun Yu an upper edge in cost competitiveness and a boost in its revenue and profit gains. With the outlook of a gradual increase in the global fastener demand which is expected to peak before Christmas, the orders placed to Chun Yu is expected to continue through the fourth quarter of this year.

Chun Yu President Huei-Jeng Lin said that the strong post-COVID demand in the U.S., Europe and China as well as reshoring of many Taiwanese businesses helped drive up the steel demand. The second quarter of this year continues with a rise in both wire price and volume as well as a large amount of fastener and wire orders placed to Chun Yu's 3 major manufacturing bases in Taiwan, Indonesia, and China. The company's revenue set a new high in May at NTD 970 million.

Meanwhile, the leading industrial & automotive fastener supplier, Boltun, benefiting from the same cost competitiveness, also sees its manufacturing already scheduled through the fourth quarter of this year. Another wire rod supply giant, Tycoons, also expects to see continuous customers' orders through the fourth quarter of this year.



Acquisitions

Bülte Acquires the Fasteners' Division of Werit

The summer of 2021 marks a new milestone in the history of Bülte. The Bülte Group, which has been active in the manufacture of plastic fasteners and protection products since 1956, is now extending the scope of its activity by acquiring the specialised plastic fasteners division of the company Werit in Germany. Negotiations were concluded at the end of June 2021 between Mr Schneider (Werit) / Mr Stein (Werit) and Stefan Bülte, President of the Bülte Group. The acquisition represents a strategic turning point in BÜLTE's business policy and a new direction for the future.



With this investment, Bülte is expanding its tooling range which will enable the company to further improve both quality and manufacturing efficiency. It will also strengthen its position in the Eastern and Northern European markets. Bülte will continue to maintain its current production facilities, mainly in Germany, thus maintaining and confirming its "made in Germany" criteria for ever greater quality, flexibility and reactivity.

Like Bülte, the Werit Group is a family-owned company with production sites throughout Europe. Founded in 1949 by the engineers Wilhelm Schneider and his son Helmhold, the company with its headquarters in Germany is celebrating its 72nd anniversary this year. Another similarity to Bülte, which is celebrating 65 years of continuous existence this year. Specialising in thermoplastics for injection moulding and blow moulding technology, Werit will concentrate on its other business areas. The BÜLTE Group will further strengthen its market position in the field of plastic fasteners by taking over a long-standing market companion.

TFC Acquires GLR Fasteners Inc.

Triangle Fastener Corporation (TFC) is excited to announce the acquisition of GLR Fasteners Inc., located in San Jose, California. GLR is a distributor of fasteners used in roofing and glazing applications and has serviced the San Francisco Bay area since 1977. This acquisition expands its coverage in the Bay Area by providing customers with local access to the complete line of Triangle Fastener products and services.



GLR will immediately become TFC's 24th branch. To ensure continuity, Gloria Rubalcava and her entire GLR team will continue to run the daily operations. The branch is located at 1425 Koll Circle #104, San Jose, CA 95122.



Birmingham Fastener Has Acquired Steel City Bolt and Screw

Birmingham Fastener is delighted to announce their recent acquisition of Steel City Bolt and Screw.

They look forward to serving and partnering with all current customers of Steel City Bolt and Screw. Operations of Steel City Bolt and Screw will be consolidated into the production facility at their corporate headquarters in Birmingham, Alabama. In doing this, the level of service they can offer their valued customers will be increased. Customer service remains paramount at Birmingham Fastener; in-turn, all Steel City Bolt and Screw customers will become valued partners of Birmingham Fastener and be serviced as a top priority.

Association

Jim Derry Awarded NFDA's 2021 Fastener Professional of the Year Award

The National Fastener Distributors Association is pleased to announce the 2021 recipient of its Fastener Professional of the Year award is Jim Derry of Field (Machesney Park, Illinois). The Fastener Professional of the Year award was created by NFDA to honor individuals and companies that make a substantial positive impact on people's lives.



Jim and his brother Bill purchased Field Fastener in 1990. As president and CEO, Jim focuses on Field's long-term strategic plan and ensures that their partners love Field. He is dedicated to enhancing Field's world-class culture that creates an environment that allows their team members to thrive and that is a competitive advantage in the marketplace. Field's culture has been recognized by Great Places to Work and Inc. Magazine as being one of the best small places to work in America. The culture at Field is critical to the growth of the company, averaging 19% per year growth since 1990 and has been on Inc. Magazine's fastest-growing private companies eight times in the past ten years. The overall goal of Field's 10-year strategic plan is to improve lives, and Jim is committed to improving the lives of the Field team members, their families, Field's customers and suppliers, and the communities in which Field operates. Under Jim's leadership in 2020, Field created the Do Good Team. This initiative allows their team members to volunteer up to 40 hours per year focusing on charities of interest to them. The focus of this benefit is to allow their team members to spend a significant amount of time volunteering in the communities they operate.

Jim along with Bill Derry founded The Derry Foundation, which supports educational initiatives. The foundation provided funds toward the engineering building at Rock Valley College located in Rockford, Illinois. It also helps fund Rock Valley's scholarship program. Jim is also a current board member and past president of Carpenter's Place, which provides the tools necessary for rebuilding the lives of the homeless. He is a Six Sigma Black Belt and believes strongly in lean principles to drive efficiency, continuous improvement, and innovation. Jim has a mechanical engineering degree from the University of Illinois. Jim received his award at the Professional Fastener of the Year Virtual Celebration on September 10. Nominations for the next Fastener Professional of the Year award will open in January 2022. □

