



is an Opportunity or Threat for Top Fastener Suppliers?

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金磚國家對頂尖扣件供應商是機會還是威脅？

BRICS Market

BRICS with 3.1 billion people share 41% of the whole world's population; the nominal GDP of these 5 countries is 16.8 trillion USD, which is 22.6% of the nominal GDP of the whole world. It means that they have been below the average line of gross domestic products!

What is the car production situation in these countries?

Car production is one of the biggest markets for fasteners, so a trend study of this market shows the situation of fastener consumption in BRICS.

The following table shows that the growth trend of car production is negative in the whole world, but for 3 countries of BRICS the negative trend is very serious. The growth trends of India and South Africa are positive.

	2015	2014	2013	2012	2011
World	90,780,583	89,747,430	87,507,027	84,141,209	80,092,840
Growth	1.1%	2.6%	4%	5.1%	-----
China	24,503,744	23,722,890	22,116,825	19,271,808	18,418,876
Growth	3.3%	7.3%	14.8%	4.6%	-----
India	4,125,744	3,840,160	3,898,425	4,174,713	3,927,411
Growth	7.4%	-1.5%	-6.6%	-6.3%	-----
Brazil	2,429,463	3,364,890	3,712,380	3,402,508	3,407,861
Growth	-27.8%	-9.4%	9.1%	-0.2%	-----
Russia	1,384,399	1,886,646	2,184,266	2,233,103	1,990,155
Growth	-26.6%	-13.6%	-2.2%	12.2%	-----
South Africa	615,658	566,083	545,913	539,424	532,545
Growth	8.8%	3.7%	1.2%	1.3%	-----

From another perspective the story is a little different, the total market share of BRICS' car producers shows growth except for 2015. In a simple word, the negative trend of car production in Brazil, China and Russia is lower than the other countries in the whole world.

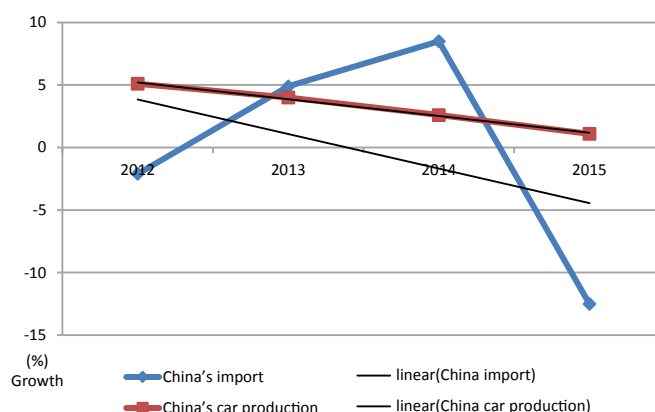
Therefore, for a better analysis it is necessary to look into the detailed statistics.

	2015	2014	2013	2012	2011
World	90,780,583	89,747,430	87,507,027	84,141,209	80,092,840
BRICS Car Producers	33,059,008	33,380,669	32,457,809	29,621,556	28,276,848
World Growth	36.4%	37.2%	37.1%	35.2%	35.3%

China:

Main exports to Chinese markets are shown in the following table. Chinese statistics show that Chinese market has engaged with an economical depression.

Exporters	Import value in 2011	Import value in 2012	Import value in 2013	Import value in 2014	Import value in 2015
World	(1,000 USD) 2,954,393	2,891,185	3,032,197	3,288,723	2,877,820
Growth	-	-2.1%	4.9%	8.5%	-12.5%



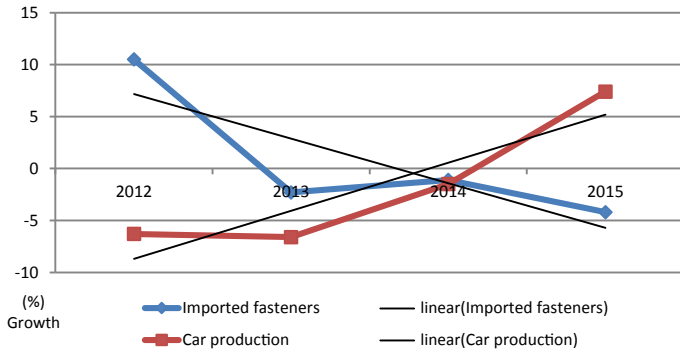
The statistics of China's exported fasteners prove the claim that in 2014 Chinese fastener producers exported 5.05 billion USD worth of fasteners but in 2015 the value declined to 4.8 billion USD; their export had dropped by 5%!

India:

The car production of India dropped for 3 years in a row; however, Indian automotive manufacturers could stop the negative trend of their production in 2015 and their production showed 7.4% growth in 2015. Looking to India's fastener import and export gives you better understanding of India's fastener market as the 2nd biggest car producer in BRICS.



Exporters		Import value in 2011	Import value in 2012	Import value in 2013	Import value in 2014	Import value in 2015
World	(1,000 USD)	675,620	746,724	729,695	721,679	691,171
	Growth	-	10.5%	-2.3%	-1.1%	-4.2%



The negative trend of imported fasteners compared to the positive trend of car production is a paradox that we should find the answer in India's exported fasteners. The following table shows the values of India's exported fasteners. The export statistics shows a positive trend till 2014 but a sudden drop in 2015.

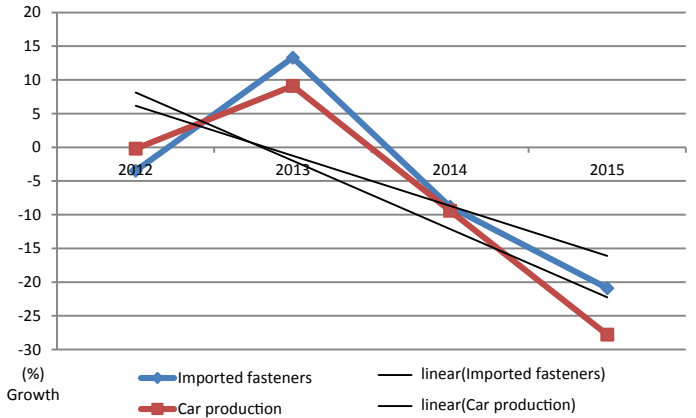
Importers		Export value in 2011	Export value in 2012	Export value in 2013	Export value in 2014	Export value in 2015
World	(1,000 USD)	533,387	584,743	803,477	982,800	552,017
	Growth	-	9.6%	37.4%	22.3%	-43.8%

As India's market shows decline in imported and exported fasteners and its car production has growth, it means India is self-sufficient in the fastener production. Its domestic fastener producers supply the local market but its capacity is not enough to cover the export section yet.

Brazil:

Brazil is the 3rd biggest car manufacturer in the BRICS. Its car production is suffering an economic depression and a part of this drop belongs to its domestic political problems. In the fastener sector the situation proves the depression in the fastener market of Brazil.

Exporters	Import value in 2011	Import value in 2012	Import value in 2013	Import value in 2014	Import value in 2015
World (1,000 USD)	909,955	878,422	995,476	907,554	717,593
Growth	-	-3.5%	13.3%	-8.8%	-20.9%
Importers	Export value in 2011	Export value in 2012	Export value in 2013	Export value in 2014	Export value in 2015
World (1,000 USD)	134,712	133,701	122,489	120,566	103,626
Growth	-	-0.8%	-8.4%	-1.6%	-14.1%

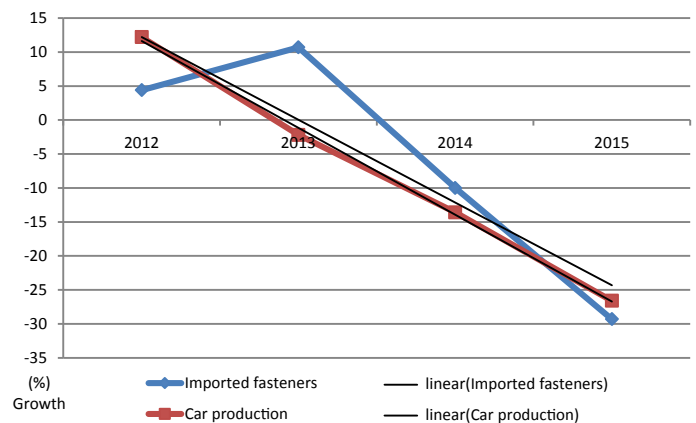


The above graph and the similarity between car production and the imported fastener line clearly shows that Brazil's fastener production sector does not mature yet and it can be a good market for forging machine producers interested in entering this market.

Russia:

Russian car producers do not have a better situation than of Brazil's car producers and in the fastener sector the situation is predictable; that is, a dropped market.

Exporters		Import value in 2011	Import value in 2012	Import value in 2013	Import value in 2014	Import value in 2015
World	(1,000 USD)	728,182	760,131	841,490	756,993	535,219
	Growth	-	4.4%	10.7%	-10%	-29.3%

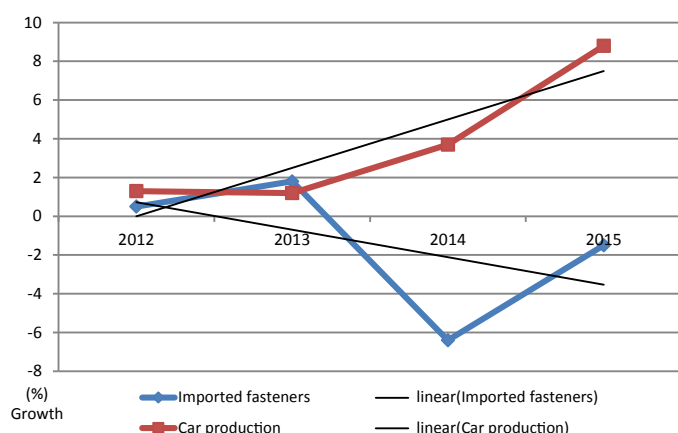


Russia's exported fastener section is not a huge amount (64.1 million USD in 2015 and 82.5 million USD in 2014). However, the dropped statistics also prove a sick market.

South Africa:

South Africa as the smallest country in the BRICS shows a different growth story in the car production sector.

Exporters		Import value in 2011	Import value in 2012	Import value in 2013	Import value in 2014	Import value in 2015
World	(1,000 USD)	202,946	204,058	207,813	194,506	191,531
	Growth	-	0.5%	1.8%	-6.4%	-1.5%
Importers		Export value in 2011	Export value in 2012	Export value in 2013	Export value in 2014	Export value in 2015
World	(1,000 USD)	97,151	92,232	88,346	84,033	73,289
	Growth	-	-5.1%	-4.2%	-4.9%	-12.8%



Conclusion

China: it seems that the red dragon wants to sleep. It is impossible if we think that China will be eliminated from the fastener market as one of the important players. But returning to the China's golden era is not easy, too. The issue becomes serious when the other countries attack China's position as the land of investment providing the lowest product prices. Chinese producers have positioned themselves as the cheapest producers. Nowadays, some countries have broken China's prices, and investing in Chinese facilities has been also hit by better facilities from other countries.

India: It seems that India is not a good destination for fastener producers, but the market will be the heaven for suppliers of machines and tooling for producing fasteners.

Brazil & Russia: Political problems damaged both economies. Brazil has the internal problems and Russia has been engaged with Syria war. By the way statistics say that these two countries are the main markets for fastener producers in BRICS and they should be ready to re-enter in the near future.

South Africa: This new player is a good market for fastener producers and equipment suppliers. Distance between South Africa and the other countries will be the biggest problem that South Africa must try to deal with.

