

China Trade Truce Freezes U.S. Fastener Tariffs Until 2020

The U.S. and China formally signed the first phase of a trade agreement intended to ease trade tensions between the world's two largest economies. In exchange for a halt to tariff hikes, China agreed to purchase an additional \$200 billion in U.S. goods over the next two years, CNBC reports. The additional purchases reportedly will come on top of the 2017 U.S. export numbers.

Fasteners are not on the list of goods China promised to purchase, leaving the fastener industry to deal with 25% tariffs on bolts, screws and other fasteners (HTS subheadings 7318.11.00 to 7318.29.00) manufactured in China, as well as 15% tariffs on all Chinese iron and steel nuts (HTS subheading 7318.16.00) until at least the end of the year.



President Donald Trump said he opposed any tariff cuts until a more comprehensive “phase two” agreement is reached with China, a deal he indicated would not occur until after the U.S. election in November 2020. He has said he plans to travel to Beijing for further negotiations at an unspecified later date.

The trade deal is perceived as “fragile,” with some analysts still seeing more tariffs as a possibility, according to CNBC. “The phase one trade deal strikes an uneasy truce between the U.S. and China, but even with the reprieve, analysts see more tensions between the U.S. and its trading partners,” writes Patti Domm of CNBC.

Trump’s strategy to use import tariffs to protect and boost U.S. manufacturers led to job losses and higher prices, according to a Federal Reserve study published in December. “We find that the 2018 tariffs are associated with relative reductions in manufacturing employment and relative increases in producer prices,” concluded Fed economists Aaron Flaaen and Justin Pierce.

American businesses and consumers are bearing the financial brunt of President Trump’s trade war.

“U.S. tariffs continue to be almost entirely borne by U.S. firms and consumers,” stated Mary Amiti, an economist at the Federal Reserve Bank of New York. U.S. Federal Reserve research (and other economists) shows that U.S. tariffs on Chinese industrial components and materials — which largely won’t be lifted by the new deal that was signed in January — are “proving especially damaging to American manufacturing competitiveness and jobs” Reuters reports.

In mid 2019, Brighton-Best International president Jun Xu said that his company took a “hybrid” approach to address tariffs. “We’ve had to increase our prices to compensate for the added cost of tariffs, and we’ve been looking to diversify our countries of origin,” Xu stated. Ohio-based Stelfast president Don Haggerty said that his company also raised prices.

On September 1, the U.S. imposed 15% levies on another \$300 billion worth of Chinese imports, including all iron and steel nuts (HTS subheading 7318.16.00) imported from China. Trump’s original 10% duty on fasteners from China was applied September 24, 2018. The duty was increased to 25% in May. The Office of the U.S. Trade Representative (USTR) announced a tariff exclusion request process for Section 301 tariffs in July.

The Office of the U.S. Trade Representative (USTR) list includes:

7318.11.00	Iron or steel, coach screws
7318.12.00	Iron or steel, wood screws (o/than coach screws)
7318.13.00	Iron or steel, screw hooks and screw rings
7318.14.10	Iron or steel, self-tapping screws, w/shanks or threads less than 6 mm in diameter
7318.14.50	Iron or steel, self-tapping screws, w/shanks or threads 6 mm or more in diameter
7318.15.20	Iron or steel, bolts and bolts & their nuts or washers, imported in the same shipment
7318.15.40	Iron or steel, machine screws (o/than cap screws), 9.5 mm or more in length and 3.2 mm in diameter
7318.15.50	Iron or steel, threaded studs
7318.15.60	Iron or steel, screws and bolts, nesoi, having shanks or threads less than 6 mm in diameter
7318.15.80	Iron or steel, screws and bolts, nesoi, having shanks or threads 6 mm or more in diameter
7318.19.00	Iron or steel, threaded articles similar to screws, bolts, nuts, coach screws & screw hooks, nesoi
7318.21.00	Iron or steel, spring washers and other lock washers
7318.22.00	Iron or steel, washers (o/than spring washers and other lock washers)
7318.23.00	Iron or steel, rivets
7318.24.00	Iron or steel, cotters and cotter pins
7318.29.00	Iron or steel, nonthreaded articles similar to rivets, cotters, cotter pins, washers and spring washers



FINdex Gains Outpace Related Industrial Stocks in '19

The FIN Fastener Stock Index gained 33.7% in 2019, besting a 24.4% increase by an index of related industrial stocks.

EACO (Bisco Industries) achieved the highest percentage gain, improving 84% during the year. Full-year revenues grew 14.5% to \$221.2 million, largely due to a higher volume of product sales. Gross margin rose 11.3% to \$61.2 million.

Arconic achieved an 82.5% increase in 2019. During Q3, Arconic realigned its operations into two segments: the Engineered Products and Forgings (EP&F) segment and Global Rolled Products (GRP) segment. The EP&F businesses will remain in the existing company, which will be renamed Howmet Aerospace Inc. at separation, and the GRP businesses will comprise Spin Co. and will be named Arconic Corporation at separation.

Other companies achieving a stock increase of 20% or more during the year included Carpenter Tech (40%), Grainger (20%), ITW (41.8%), Lawson Products (64.9%), Simpson Mfg. (48.2%), Stanley Black & Decker (38.4%), and Wesco Aircraft (39.5%).

FINdex companies losing 10% or more in value during 2019

included Chicago Rivet (down 18%), Dorman Products (down 15.9%), Fastenal (down 29.3%), and Tree Island Steel (down 21.6%).

After slowing to 5.4% rate of increase in the third quarter, the FINdex increased 11.7% in the fourth quarter of 2019, outperforming a 0.98% gain by an index of related industrial stocks during the quarter.

Lawson Products achieved the highest percentage gain in Q4, increasing 34.5% during the period. Founded in 1952, Lawson Products distributes MRO products and services. Lawson has distribution centers in all 50 states, Puerto Rico, Canada, Mexico and the Caribbean and is headquartered in Chicago. Lawson's Bolt Supply House serves customers in Western Canada and the Kent Automotive brand supplies the collision and mechanical repair products to the automotive aftermarket.

Other FINdex companies achieving gains of 10% or more during Q4 included Arconic (18.3%), EACO (20.6%), Fastenal (13.1%), Grainger (13.9%), ITW (14.8%), Nucor (10.5%), Park Ohio (12.7%), Simpson Mfg. (15.6%), Stanley Black & Decker (14.8%), and Tree Island Steel (11.3%).

Washer Importer Loses AD Duty Appeal

A federal circuit court affirmed that imports of spring lock washers from China by United Steel and Fasteners Inc. (USF) were properly subjected to U.S. antidumping duties because evidence supported their classification as "helical" washers, Bloomberg Law reports. However, the appeals court held that the Commerce Department overstepped its authority in making the duties on the company's washers retroactive by 20 years.

The U.S. has imposed antidumping duties on certain Chinese helical spring lock washers since 1993. In 2013, USF requested a scope ruling from Commerce, arguing that its imports didn't fall within the scope of helical washers for the railway market. The court determined that Commerce can only retroactively apply an antidumping duty on USF's lock washers on or before the start date of a scope investigation, according to Law360.



Founded more than 30 years ago, Itasca, IL-based USF distributes bolts, screws, nuts and pins for industrial and railway markets.



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• Miscellaneous Hardware
• Picture Hangers
• Pegboard Hooks
• Bolts
• Hooks



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Bulten To Acquire PSM International

Swedish fastener manufacturer Bulten agreed to acquire all shares in PSM International Holdings Limited for US\$24.5 million (SEK 230 million), strengthening Bulten's position in the international fasteners market and providing a "strong platform for continued growth globally."



Founded in 1931, PSM manufactures and supplies fasteners to international markets, primarily automotive. The company has approximately 350 employees and production facilities in China, Taiwan and the UK, as well as distribution centers in 22 countries. Asia-Pacific accounts for approximately 50% of PSM's sales, while the U.S. accounts for approximately 30% of PSM's US\$42 million (approximately SEK 395 million) in annual sales.

The acquisition is expected to be completed during the first quarter of 2020.

Bulten recently opened its new automotive fastener factory in Tianjin, China, which is about 90 miles southeast of Beijing. Founded in 1873, Sweden-based Bulten supplies fasteners to the international automotive industry, with 1,400 employees in eight countries.



\$100 Million in Annual Sales for Field Fastener



Field Fastener reports it has achieved its goal of reaching US\$100 million in annual sales. This accomplishment is a major validation of the commitment to serve its customers and use its culture as a competitive advantage over the past 29 years. "When the company went to Vegas to celebrate our 20 year anniversary, I boldly predicted we would continue to grow at about 19% per year, and as a result, would be a US\$100 million company in eight to ten years," said Field Chairman. The value proposition was clear from the beginning—be the best in the industry at reducing costs from a technical approach to fastening and provide world-class VMI programs that always ensure part availability while continuously improving processes. Field would like to thank all of its customers, suppliers and the Field family, who have all played a huge role in achieving this milestone.

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We have 40 years of professional manufacturing experience to help customers solve fastener problems



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▲ Aluminum alloy

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