

China's Import and Export of Fastening Tools

in Q1 2021

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In 2020, China's fastening tools industry was worth 5.02 billion USD. Its import value of fastening tools was 1.39 billion USD, and the export value of fastening tools was 3.63 billion USD in 2020.

It was expected that the numbers would have decreased because of the pandemic in 2020 in comparison to 2019, but the statistics tell another story. **Table 1** reflects the fastening tools trade from 2013 to 2020.

Table 1 The Fastening Tools Trade 2013 - 2020

(Numbers in thousand USD)	2013	2014	2015	2016	2017	2018	2019	2020
Import	1,543,730	1,734,053	1,735,007	1,493,095	1,709,614	1,791,160	1,739,051	1,387,445
Import Growth	---	▲12%	▼0.5%	▼14%	▲15%	▲5%	▼3%	▼20%
Export	2,595,056	2,814,767	2,815,326	2,668,518	3,215,687	3,636,030	3,597,601	3,628,848
Export Growth	---	▲8%	▼0.01%	▼5%	▲21%	▲13%	▼1%	▲1%
Ex./Imp	168%	162%	162%	179%	188%	203%	207%	262%

The pandemic affected the Chinese market. The import value growth of fastening tools in 2020 was 20%, which was lower than 2019, but it seemed that the import reduction was a planned policy because the value of this item in 2019 was 3% lower than 2018. The pandemic just sped it up.

The export of fastening tools tells a different story. From 2017 to 2020, the export value of these products never had a negative growth (except for a 1% drop in 2019). The export value of fastening tools in 2020 was the 2nd highest, only second to the export value of 2018, and was up 1% over the export value of 2019, which means the export still grew under pandemic lockdowns. China exported 17.7% of the whole fastening tools and imported 7% of the whole fastening tools in the world. Therefore it is not incorrect to say that China has become a central manufacturing hub of fastening tools in the world. Any disruption in China's output is expected to have repercussions elsewhere through regional and global value chains. However, the following fundamental reforms have reduced China's import value of fastening tools and increased the export value:

1. Efficient manufacturing practices,
2. Upgrade in process technology and
3. COVID returning to Europe and the U.S., and some lockdowns came back again.

The export to import ratio and its growth reveals that China tries to minimize its dependency on overseas tools in this sector.

Export in Q1 2021

Table 2 and **Chart 1** show China's quarterly export values of fastening tools.

China's export value has been increasing since 2017. The 1st quarter of 2020 with the lowest export value reflects the impact of the pandemic. The export value was around 758 million USD in the 1st quarter of 2020, 8% lower than in the 1st quarter of 2019 (the

Industry Focus

Table 2 China's Fastening Tool Export Value (Numbers in thousand USD)

Export Value	2017-Q1	2017-Q2	2017-Q3	2017-Q4	2018-Q1	2018-Q2	2018-Q3	2018-Q4
	645,755	815,433	865,090	889,410	860,809	905,327	939,387	930,507
	2019-Q1	2019-Q2	2019-Q3	2019-Q4	2020-Q1	2020-Q2	2020-Q3	2020-Q4
	791,877	945,136	934,501	926,086	757,666	896,826	958,231	1,015,911
	2021-Q1							
988,990								

pandemic's impact on China's fastening tools industry). China's fastening tools industry started to recover and gave a stunning performance. The last quarter of 2020 unveiled a record value at 1.0 billion USD over the last corresponding quarter; it was 30.5% higher than the 1st quarter of 2020, and was the second highest number since 2017.

Based on this trend it is predictable that the export value of fastening tools will reach 4.0 billion USD in 2021.

Chart 1. China's Fastening Tool Export Value (in thousand USD)

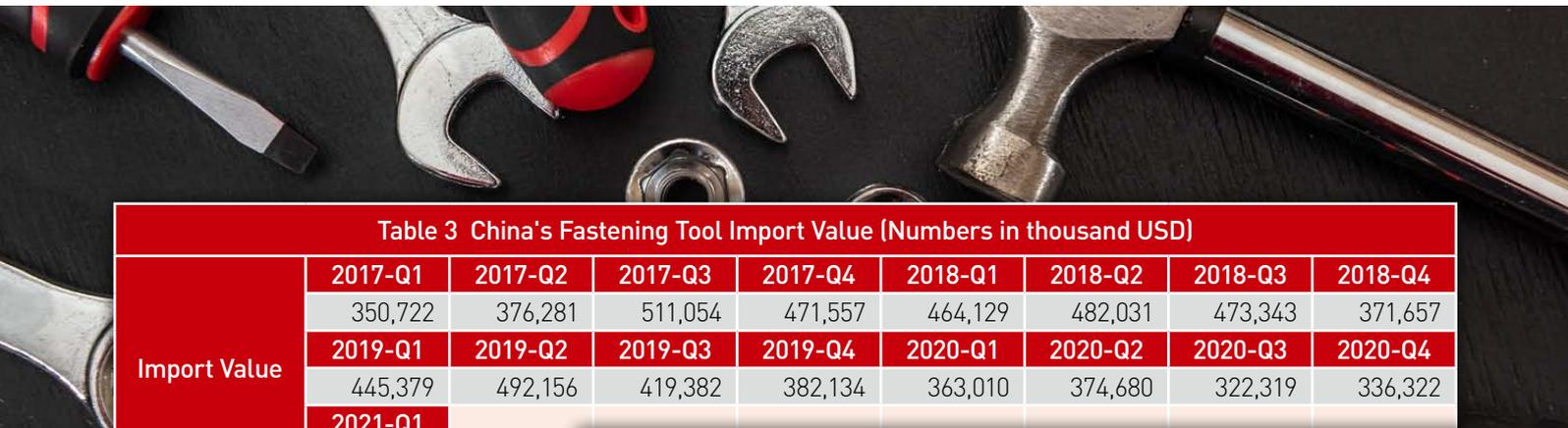
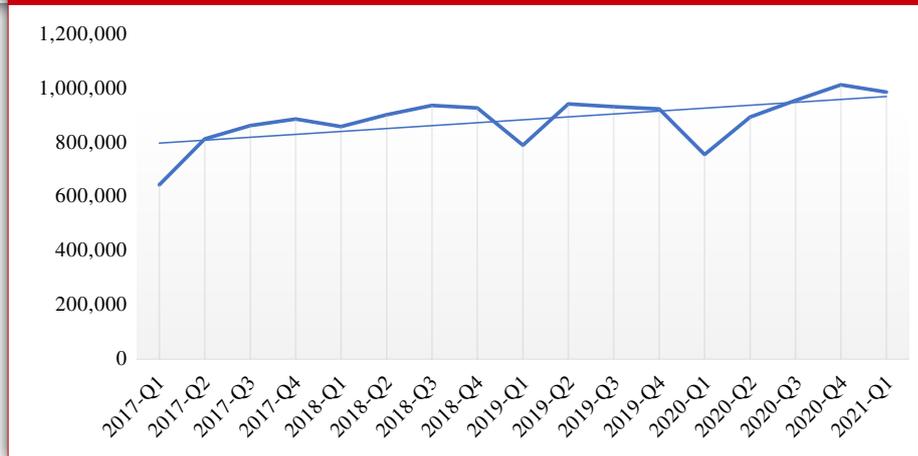


Table 3 China's Fastening Tool Import Value (Numbers in thousand USD)

Import Value	2017-Q1	2017-Q2	2017-Q3	2017-Q4	2018-Q1	2018-Q2	2018-Q3	2018-Q4
	350,722	376,281	511,054	471,557	464,129	482,031	473,343	371,657
	2019-Q1	2019-Q2	2019-Q3	2019-Q4	2020-Q1	2020-Q2	2020-Q3	2020-Q4
	445,379	492,156	419,382	382,134	363,010	374,680	322,319	336,322
	2021-Q1							
376,759								

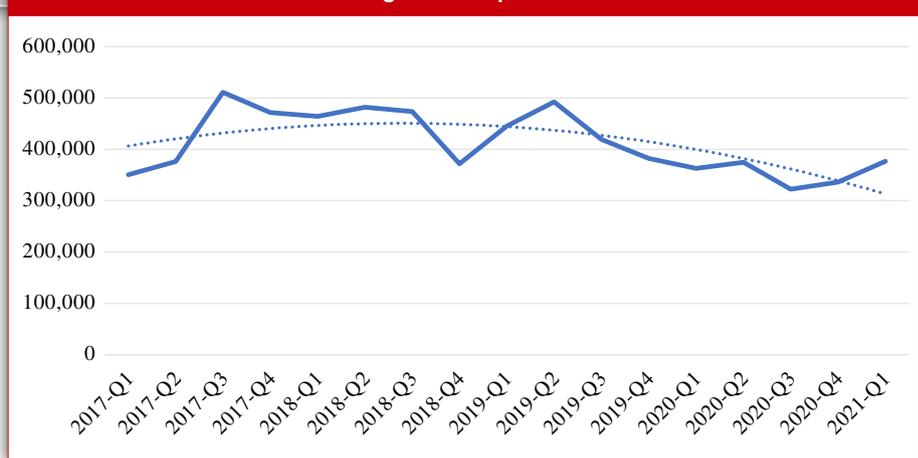
Import in Q1 2021

Table 3 and Chart 2 show China's quarterly import values of fastening tools.

- China's import values improved in 2018 in comparison with 2017
- In 2019 the values declined and dropped faster in 2020. It means that the domestic market has reduced its dependency on overseas fastening tools since 2019.
- In the 1st quarter of 2021 the import value grew in comparison with the 4th quarter of 2020 which was predictable. The sharp growth in export caused the lack of domestic goods, so the import increased to compensate for it.

Based on this trend it is predictable that the import value of fastening tools will be around 360 million USD quarterly.

Chart 2. China's Fastening Tool Import Value (in thousand USD)



China's Fastening Tool Trading Partners

The main markets for China's fastening tools are USA, Germany, India and Japan.

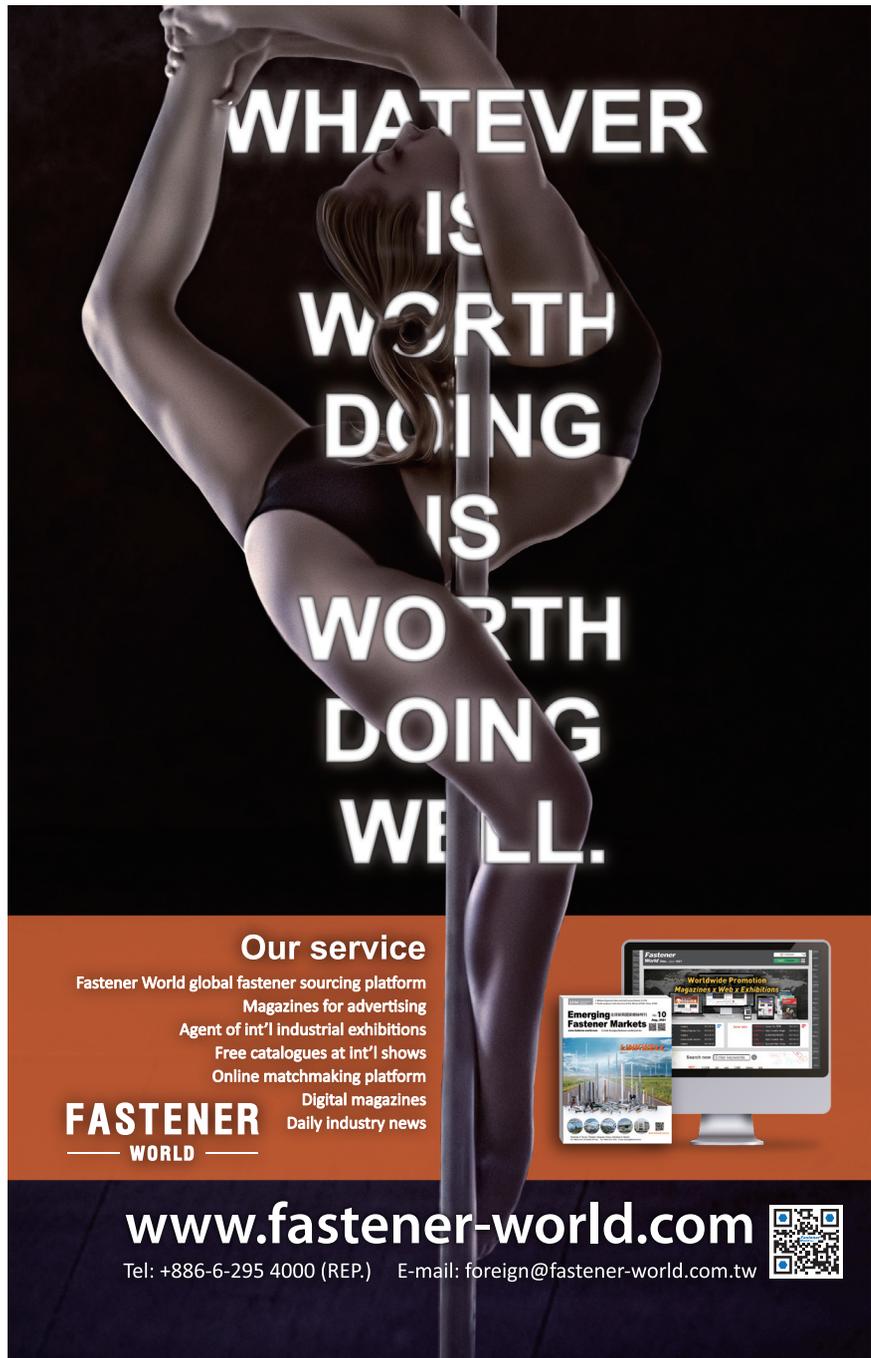
- USA is the top importer of China's fastening tools and imported 202.1 million USD worth of fastening tools in the 1st quarter of 2021, taking up 20.4% of all fastening tools exported from China.
- Germany is the 2nd largest importer of China's fastening tools, and imported 85.5 million USD worth of fastening tools in the 1st quarter of 2021, taking up 8.6% of all fastening tools exported from China.
- India is the 3rd largest importer of China's fastening tools and imported 61.8 million USD worth of fastening tools in the 1st quarter of 2021, taking up 6.2% of all fastening tools exported from China.
- Japan is the 4th largest importer of China's fastening tools and imported 41.4 million USD worth of fastening tools in the 1st quarter of 2021, taking up 4.2% of all fastening tools exported from China.
- The main fastening tools suppliers for China are Japan, Germany, Taiwan and South Korea.
- Japan exported 113.9 million USD worth of fastening tools in the 1st quarter of 2021, which was 30.2% of the total fastening tool import value of China.
- Germany exported 101.5 million USD worth of fastening tools in the 1st quarter of 2021, which was 26.9% of the total fastening tool import value of China.
- Taiwan exported 101.5 million USD worth of fastening tools in the 1st quarter of 2021, which was 13.9% of the total fastening tool import value of China.
- South Korea exported 28.6 million USD worth of fastening tools in the 1st quarter of 2021, which was 7.6% of the total fastening tool import value of China.

Last Word

Some analysts believe that China's fastening tool export has reached the peak, and that it will decline because of:

- Nationalism, the policies of the protection for Chinese goods on a governmental level
- Increasing domestic demand relative to external demand,
- Increasing labor costs and automation costs

Based on the documents and analysis that I made in this article, I believe that the fastening tools industry and its export segment will improve in the future. ■



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