South Africa Imposes Three-Year Ad Valorem Safeguard Measures Against Certain Imported Iron and Steel Screws, Bolts and Hexagonal Nuts

According to the latest announcement of The International Trade Administration Commission of South Africa, since July 24, 2020, South Africa has launched 3 phases of ad valorem safeguard measures against certain imported screws, bolts, and hexagonal nuts of iron and steel from all countries (except for some developing countries such as Brazil, Mexico, Russia, Indonesia, Thailand, Turkey, Vietnam, etc.), effective for 3 years. The HS codes of products involved are: 7318.15.41, 7318.15.42, 7318.16.30. Taiwan will be also influenced by the measures.

Below are the specific ad valorem duties for the 3 phases:

Phase one: 54.04% (07/24/2020-07/23/2021)

Phase two: 52.04% (07/24/2021-07/23/2022)

Phase three: 50.04% (07/24/2022-07/23/2023)

Taiwan's CSC Raises Q4 Steel Prices; Fastener Companies Seek Tailored Pricing

On August 21st, Taiwan's China Steel Corp (CSC) announced to raise Q4 and October steel prices by NTD 500-1,000 per ton for each type of steel, up an average of 3.36% which set the largest single-quarter increase over the last two and a half years. CSC is expected to turn a loss into a profit after losses for 4 consecutive quarters. CSC President says given the status quo of the global market, there is room for further raising CSC steel prices. Considering the competitiveness of downstream clients, however, CSC seeks to take a steady price strategy to push the price upturn through the end of this year and onto Q1 2021.

After the lockdown in China was lifted, the Chinese manufacturing industry was the first to resume manufacturing activities. The steel inventory in China is consumed at an accelerated pace. The steel export continues to drop and the import into China sees a drastic increase. The September hot/cold rolled steel prices in Baowu were raised by RMB200 to RMB260 per ton on average. Furthermore, the floods spurred reconstruction that drove explosive demand for steel distribution and brought up Asian steel prices.

In response to CSC Q4 and October steel price adjustments, Taiwan fastener industry is seeking tailored steel pricing from CSC to gain an edge in future order intake.

Taiwan CSC's Price Adjustments of Steel Products (Fastener Related Only) for Q4 2020:

Item	Avg. Price Adjustment (NTD/Ton)
Wire Rod	+750
Automotive Materials	+800

USMCA Comes into Effect on July 1st

After 3 years of negotiation, articles revision, and Parliaments approval procedures in USA, Mexico, and Canada, the all-new United States-Mexico-Canada Agreement (USMCA) has officially become effective since July 1st, 2020. The purpose of this new Agreement is to exempt relevant tariffs and lift certain trade barriers in the N. American region to facilitate trade activities amongst USA, Canada, and Mexico and reinforce the competitiveness of businesses in these countries.

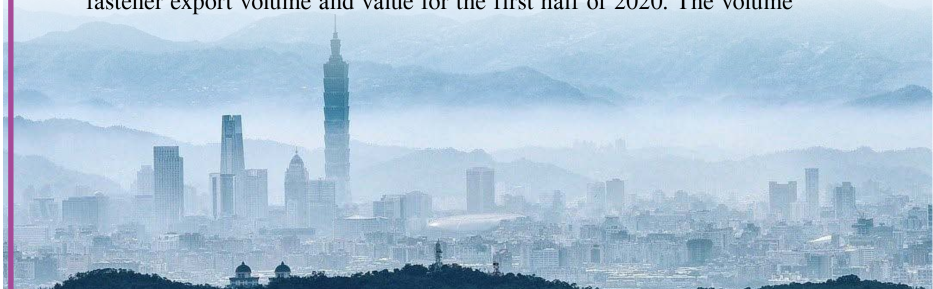
The new Agreement includes specific requirements for the origins of certain automotive components and materials used, which clearly states that above a certain percentage of automotive components must be produced in USA, Canada, or Mexico, which could cause a significant impact on the automotive industry. Below are the detailed requirements:

1. At least 75% of certain automotive components assembled on a car must be produced in N. America. (The NAFTA period was 62.5%).
2. At least 70% of steel and aluminum materials used on a car must be produced in N. America.
3. Over 40-45% of automotive components produced in N. America must be produced by workers with the hourly pay of US$ 16 for each.

The requirement stating "at least 75% of certain automotive components assembled on a car must be produced in N. America" was specifically formulated for 7 major automotive components, including chassis, engines, axles, transmissions, bumpers, sensors for steering wheels, and electric vehicle cells. If any of these items on a car is not produced in N. America, it won't be considered "a car produced in N. America" and cannot enjoy the tariff-free benefit. With these requirements coming into effect, suppliers will be required to submit their origin documents and manufacturers will be also required to provide relevant copies. However, automotive fasteners are not included in the list of items subject to the requirements.

Taiwan's Fastener Export Shivers with 14% Slump for First Half 2020

The Covid-19 pandemic has triggered a decline in both Taiwan's fastener export volume and value for the first half of 2020. The volume



reached merely 687.7 thousand tons, down 14% over the last same period; The export value only landed on USD 1.979 billion, down 14.69%, the lowest half-year performance since the financial crisis. What is in contrast and rare is that China's import of fasteners from Taiwan grew 10.2%. Mr. Tu-Chin Tsai, Chairman of Taiwan Industrial Fasteners Institute, says the orders redirected to Taiwan were the result of the increased demand in China and the shutdown of a portion of Chinese fastener production lines.

The Institute's survey reveals the fastener export in June nearing 110 thousand tons, higher than that in this April or May, but still 17% lower than the export volume last June. The export unit price for June was USD 2.88 per kilogram, down 0.28% from last June.

Chairman Tsai thinks that the large decrease in fastener export was mainly due to the continuous spread of the pandemic in Northern America, which is the largest export destination for Taiwan's fasteners. In the first half of 2020, the American market declined 10.9% while the export to Germany and the UK also showed a decline of 21.3% and 32% respectively. He forecasts that the fastener demand in China for re-construction after the current great floods will increase exponentially and will boost the fastener export of many Taiwanese fastener companies.

<< Companies Development >>

Chun Yu Turns Optimistic for Business in Q3 2020

Chun Yu's revenue in June was NTD 660 million, up 23.16% over May and down 13.3% over the same month last year. The consolidated revenue for the first half of 2020 was NTD 3.775 billion, down 18.35% over the last same period. Chun Yu says it took the brunt of the coronavirus impact in Q2. As the demand in Taiwan turns stable and overseas monthly sales pick up, the third quarter sales will gradually turn upwards.

President Huei-Jeng Lin says domestic shipment of construction fasteners remains steady and robust while overseas demand is yet to be vitalized as a result of the pandemic. However, the company saw an uptick in overseas sales which pushed revenue in June up more than 20% over that in May. Lin says the revenue of the subsidiary in China bottomed up in May and went back on a growth track in June, gaining 7.1% over the last same month. Furthermore, work resumption after the reopening of economies in the U.S. and Indonesia brought the company's local revenues to increase over the ones in this April and May.

Lin has turned optimistic about the business in the third quarter. He says Taiwan's China Steel Corp. lowered the third quarter steel prices at the end of May which should improve order intake. The pandemic mainly impacted the company's business in Q2, but there is hope for a gradual upturn in Q3.

Sheh Fung's Q3 Sales Surged Due to Growing U.S. House Improvement Demand Amid the Pandemic

Sheh Fung General Manager, Kent Chen, says the pandemic keeps U.S. residents indoors and makes them unable to find anyone for doing home improvement works. They have to do it by themselves and that in turn bumps up Sheh Fung's fastener shipment. Pressure from clients' incoming orders has been high lately and Sheh Fung already sees 3 months of pending orders ahead. The third-quarter revenue is expected to be a double-digit growth and the full-year revenue is very likely to land on the NTD 2 billion mark.

Sheh Fung's fasteners are mostly used on wooden houses, iron roofs, wooden footway, and indoor renovation. The U.S. tops the sales of Sheh Fung by 64%, followed by Australia (12%), Asia (12%), and Europe (7%). The company is not much subjected to the pandemic this year because of the sales growth of highly profitable long screws.

According to Sheh Fung, the gross margin of short screws is around 12%-17%, and long screws is 22%-27%. Long screws have just become the main requested category of customers since recently. They are used to enhance wooden house structures and are time-saving with a great growth potential. They have become an important profit driver for Sheh Fung by an increased sales proportion from 10% to 30%.

Additionally, last year Sheh Fung decided to set up a base in Vietnam which will be launched in the first quarter of 2022 and focus on low-to-medium-profit screw manufacture.

Bulten Moves and Expands Its Manufacturing Facility in Taiwan

Bulten has signed a lease contract on a manufacturing facility in Taipei through its subsidiary PSM Fasteners Taiwan Ltd (PSM Taiwan). The new location allows for a more efficient and sustainable operation and a base for further expansion. The current operation of PSM Taiwan will be moved to the new location during the fall of 2020.

PSM International

PSM Taiwan was acquired by Bulten in February 2020 and is today primarily producing machined, smaller dimension fasteners for both automotive and non-automotive customers. In line with plans to make the production more efficient, as well as expand PSM Taiwan's manufacturing capacity and provide a sustainable and attractive work environment for the employees, PSM Taiwan will transfer its operations from its current location to the new site, located approximately 30 minutes from the existing one. The larger floor space will make it possible to both in-source a portion of the components that are currently purchased from suppliers, and to utilize PSM Taiwan for production in connection with new contracts. The new building is also more suitable for the operations and will allow for a range of desired improvements to be made.

"We are continuing to move ahead with the plans we made in connection to the acquisition of PSM and this move will enable us to execute on synergies identified early on in that process", says Anders Nyström, President and CEO of Bulten.

The lease runs for a period of five years with optional extension. One-time transfer costs will be approximately 4 MSEK and the incremental recurring lease cost will be approximately 1.8 MSEK per year.

TR Formac Expands Presence in Thailand and Joins Electric Vehicle Association

TR Formac, part of Trifast plc with corporate world headquarters in East Sussex, U.K. has expanded its global presence by moving into larger premises in Prawet, Bangkok, in response to strong growth across Asia and winning new business from global OEMs. The new facility provides around 3000 sq. ft. of space enabling the company to trade more efficiently and to help further strengthen its position in the growing EV market.

Operations in Thailand are headed up by Country Manager David Ng, a knowledgeable and well connected individual who has witnessed the fast development of the automotive sector across the country. Chris Black, Global Director of Automotive Business Development, will be supporting David and the TR Formac team to increase their market share of the Automotive EV sector, sharing his experience and knowledge with the Thailand team.

David Ng David commented; "There are huge growth opportunities in Thailand with key focuses on technology and innovation of electric vehicles. With this in mind, and to collaborate with other companies, we decided to join the Electric Vehicle Association of Thailand (EVAT) which the Thai government was instrumental in launching.

ARaymond to Close Its Brunswick Plant at Year's End

In an effort to further enhance the efficiency of its operations, ARaymond in the process of optimizing its North American metal footprint and streamlining its available manufacturing capacity. As part of this strategy, it made the difficult decision to close its Brunswick, OH plant and transfer the work to its other North American facilities.

According to ARaymond, "We deeply regret having to make this decision, because of the long-standing and excellent relationship we have had with our employees and the Brunswick community. While we have continued to persevere throughout a challenging economic climate, the time has come for us to take additional measures in order to advance the future sustainability of the company. This realignment is aimed at accelerating our cost competitiveness and better serving the needs of our customers. We remain a committed strategic partner to our customers, vendors and suppliers, with a focus on collaborative long-term success, just as we have for the past 155 years."

<< Association News >>

Adam Derry Elected NFDA President 2020-2021

Adam Derry of Field (Machesney Park, Illinois) has been elected as the 2020-2021 president of the National Fastener Distributors Association. Keven Simmer of Wurth Des Moines Bolt Supply (Des Moines, Iowa) will serve as vice president, Kelly Charles of Sems & Specials (Rockford, Illinois) as associate chair, and Doug Ruggles of Martin Fastening Solutions (Florence, Alabama) will remain on the Board as immediate past president.

Jon Queenin of Specialty Bolt & Screw (Agawam, Massachusetts) has been elected to serve on the Board of Directors effective July 13, 2020.

Continuing on the NFDA Board are Don Haggerty, Craig Penland of Eurolink FFS (Greer, South Carolina), Scott Somers of Mid-States Bolt & Screw (Flint, Michigan), Jodie Thinnes of Copper State Bolt & Nut (Phoenix, Arizona), and Bryan Wheeler of Star Stainless Screw (Wood Dale, Illinois).

Kelly Cole (Hayes Bolt & Supply, San Diego, California) completed his service on the Board this year.

<< Acquisitions >>

Midwest Fastener Acquires Hy-Ko Products

Midwest Fastener has acquired Hy-Ko Products. The combined companies will be led by the DeVries family (Midwest Fastener) and Bass/Kaufman (Hy-Ko) with the goal of superior customer care, long-term growth, and operational efficiencies. The cultural and business combination makes sense for both companies moving forward.

All employees will remain in place and the expertise of each enterprise will be retained and expanded to help serve the marketplace. The ongoing mission of providing quality products and service to their retail and distribution partners is first and foremost. Their global companies will focus on new products, R&D, innovation, supply chain optimization, sales support, and leadership.

Grainger Announces Agreement to Divest Grainger China

Grainger, the leading broad line supplier of maintenance, repair and operating (MRO) products serving businesses and institutions, announced it has entered into a definitive agreement to sell its distribution business in China, Grainger China LLC (Grainger China), to a purchaser owned by the Grainger China management team and Sinovation Ventures, a China-based venture capital firm.

This divestiture will better enable Grainger to focus on its key businesses and geographies. To support this portfolio, the company will maintain its Global Sourcing operations based in China. Grainger's Global Sourcing provides the company with private label products in categories that include safety, cleaning, electrical, motors and tools.

This transaction is not subject to any financing condition but is subject to the standard regulatory approvals. The deal is expected to close later this year.

Metso Outotec to Bring Unique Fasteners and Wear Monitoring Technology to Its Minerals Customers by Acquiring Davies Wear Plate Systems in Australia

Metso Outotec has closed the acquisition of the Australia-based fastener and wear monitoring technology provider Davies Wear Plate Systems, extending its wear lining portfolio and capabilities.

The acquired technology includes fasteners with a unique locking mechanism that does not require traditional studs and nuts and thus enables faster and safer maintenance work. Davies Wear Plate Systems' portfolio also includes wear monitoring technology, which provides a real-time forecast of wear and expected liner change-out timing. The monitoring solution can be fitted to any metallic or ceramic liner, independent of attachment systems.

"This acquisition supports our target to offer comprehensive and unique solutions for the entire wear lining value chain. We are eager to introduce these advanced solutions globally to our customers; we now have the market's widest range of optimized wear protection solutions, tools and services. The new technology will increase safety during maintenance and increase uptime. I warmly welcome the new colleagues to become part of the Metso Outotec team," says Sami Takaluoma, President of Consumables business area at Metso Outotec. ■