European News

»» Container Shortages Impact Fastener Supply Chain

A shortage of shipping containers at major global export ports has been seriously impacting fastener availability in the UK and Ireland, the British & Irish Association of Fastener Distributors warns. The crisis is also forcing up container freight costs three-fold and exacerbating other cost drivers to fuel sharp product inflation.

Container shortages were the biggest disrupter according to specialist supply chain media The Loadstar on 1st December 2020. That was an assessment echoed by BIAFD importer members, who say they now have major backlogs at factories, which cannot be shipped to the UK and Ireland due to the lack of containers.

The CAx, an index of container availability, was at record low levels at the end of 2020. A reading below 0.5 indicates a deficit of containers. For week 49 the reading for Shanghai Port was just 0.03 – compared with 0.53 ten weeks previously, and 0.66 in Week 6 of 2020. The indices for other global – and also European ports – also showed plunging container availability over recent weeks.

The container shortages are an indirect consequence of the Coronavirus pandemic. Emerging early from the pandemic, Chinese factories recovered production and recommenced exports to global markets. Export shipments increased ahead of the Chinese National Day holiday in October, further ratcheting during the peak season run-up to Christmas.

Containers are collected from port and road or rail freighted to companies. However, return times to ports in all import markets have significantly increased, due to coronavirus-related shortages of vehicles and drivers.

Container shortages were also exacerbated by the volumes of personal protection equipment being imported. In November, the UK's main container port at Felixstowe was said to be storing some 11,000 containers of PPE ordered by the British Government. Many of these containers have now been moved to inland storage points but the containers are unlikely to be released for many months and potentially longer.

With finances hit hard by the collapse of global trade, resulting from the pandemic, shipping lines radically tightened capacity on most routes. Lack of capacity and low backhaul profitability has meant containers returning to export markets far more slowly. More lucrative transpacific routes to American markets have also taken priority for both container ships and containers over European routes.

While container manufacturers are reported to have stepped up production, output lags well behind demand, and the knowledge that the container market will eventually rebalance is a disincentive to further ramping up output.

All the indications are that it will be several months before equilibrium is restored. With backlogs rapidly growing at exporters and an early Chinese New Year putting further pressure on capacity, it looks improbable the situation will return to any level of normality until the end of quarter one 2021.

UK and Irish importers have faced additional challenges, due to persistent delays at Felixstowe Port, which have knocked onto other UK ports. Some carriers have applied substantial port congestion surcharges, further adding to importers' costs. More problematically, some shipping lines are by-passing UK ports to avoid delays, dropping containers at Northern European ports – which typically adds a further two weeks to lead times, placing further pressure on availability.

In addition to creating availability challenges, all of these factors are driving major increases in freight costs for importers. BIAFD importers report container freight costs tripling, without factoring in port surcharges or costs of rerouted shipments. This means an effective on-cost to products often well in excess of ten percent.

Other inflationary pressures on fastener costs were already becoming evident. Asian steel prices have also increased sharply, with further increases predicted, as supply tightness is compounded by a serious accident in a major Korean steel plant. European steel lead times have also extended sharply, for some wire grades tripling to more than twenty weeks, and steel producers are expected to introduce substantial cost increases early in 2021.

The British & Irish Association of Fastener Distributors represents the interests of more than 85 United Kingdom and Ireland fastener importers, wholesalers and distributors.

»» Lederer Takes over NORMTEC

Lederer GmbH has announced that it has taken over all shares in NORMTEC Montage- und Befestigungstechnik GmbH from Theo Förch GmbH & Co. KG.

Based in Wuppertal, Germany, NORMTEC has eleven employees and has been successfully selling stainless steel fasteners for seven years. From now on, NORMTEC will join Lederer in pursuing the goal of sustainably strengthening and further developing their position in the market for stainless fasteners.

The long-standing employee, and authorised signatory, Sebastian Ovenhausen will take over the management of NORMTEC. NORMTEC will continue to exist as an independent company at its previous location and will continue to operate as part of Lederer GmbH.

»» VVG to Become Honsel

As of 1st January 2021, VVG Befestingungstechnik is now known under the new name HONSEL Distribution GmbH & Co – having fully merged with the Honsel Group.

VVG and Honsel have been closely linked for a number of years – working together and sharing many resources. Alexander Siefert, managing director at VVG Befestigungstechnik, explained: “We have experienced very unusual times in the last few months, which has resulted in us changing our focus to what is important for our company’s future. With VVG and Honsel already working closely together, the natural decision was to merge VVG with Honsel so they both operate under the same brand.”

Alexander added: “For the customers’ perspective there will be no real changes. The company type and company number will stay the same, as will the VAT and registration numbers. Contracts and/or agreements will remain the same and customers will still contact the same person. By merging the companies we will simply become an even stronger partner for customers when it comes to fastening technology.”

Honsel Group has more than 90 years of experience in the development, production and sale of high-quality fasteners and processing solutions.

»» New Improvements for RIV949

The RIV949, a hydropneumatic riveter for rivet nuts from Rivit Srl, has been designed for those sectors where work automation has become necessary, as well as fixed workstations with vertical applications. To increase the fastening possibilities and the mobility of the tool, Rivit has developed solutions that provide the riveter with the necessary support to ensure easy and precise balancing and tool handling. The triple articulated joint arm was already available in the Rivit range, but the new upgrade added supports that allow its use with the riveting tools RIV503, RIV504 and RIV506, both horizontally and vertically.

The chrome hardened steel cartesian arm with balancer for RIV949, has been projected with a new a modern concept. Thanks to the movement on recirculating ball bearings, it allows a fast and precise alignment on the holes and high smoothness. Its main advantages include a multidirectional head that allows riveting in any position; great flexibility in extension and rotation; as well as a fluidity of movement and reduction of operator fatigue.

The supports for the new arm, both horizontal and vertical, have also been designed to allow its use with RIV503, RIV504 and RIV506 riveting tools. It also has a minimum – maximum radius of 500mm – 850mm, a load range of 2kg – 7kg, as well as a working height range of 200mm – 1,000mm. To ensure maximum mobility, Rivit also proposes a housing workbench for the arms and riveting tools, complete with wheels and lower shelf.

»» Fastener Fair Stuttgart 2021 Postponed

Mack-Brooks Exhibitions has announced the postponement of Fastener Fair Stuttgart, which was scheduled to take place from 18th to 20th May 2021. The 9th edition of the show will now take place from 9th – 11th November 2021. Mack Brooks Exhibitions explains the decision was taken in light of the ongoing Covid-19 pandemic and following conversations with all exhibitors and visitors that have taken place over the past weeks and months. Uncertainties around continued travel restrictions were also a contributing factor to this decision due to the truly international character of the Fastener Fair Stuttgart show.

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The Italian Economic Situation in 2020

It has now become normal practice at the end of the year to try to predict what the future may hold.

2020 was a very particular year that will be remembered for one thing – the Coronavirus pandemic. Almost the entire world has been infected by this evil virus which has caused severe negative consequences to public health, the economy and society as a whole. Covid-19 has had a detrimental impact on the market. The reduction and very often total closure of production activities has caused many economic indicators to fall, thus highlighting all the symptoms of a dangerous recession.

In Italy, the most economically critical period was recorded in the first four months of 2020, which corresponded to the first lockdown period. An easing of restrictions in the following months led to a promising economic recovery. With the arrival of winter and a resurgence of the virus, new – although less restrictive – lockdown measures were implemented, resulting in a general slowdown in the economy.

Let' take a broader look at the effects of the pandemic on the Italian economy.

On 31 October 2020, the Bank of Italy announced that Italy's public debt, i.e. the debt contracted by the Italian government to meet its own needs to which is added the interest on previous debt, hit an all-time high of 2,587 billion euros. In fact, at the end of 2019, the nation's public debt amounted to just under 2,420 billion euros. Consequently, the Debt/GDP ratio at the end of 2020 also rose to maximum values (159.9%). However, the debt-to-GDP ratio is expected to fall to around 153.6% in 2021, thanks to a foreseeable recovery in production activities.

In 2020, the entire manufacturing sector, in various ways, was affected by the lockdown. After the summer break, characterised by a weak economic recovery, it slipped into a new recessionary phase.

According to ISTAT data, the monthly seasonally-adjusted index rose by 0.2% on a cyclical basis only for intermediate goods, which are those goods that can be used only once in the production process. On the other hand, the consumer goods index decreased (-4.0%), which is a logical consequence of the reduced activity in the distribution chain. The indices for energy (-3.6%) and capital goods (-0.6%) were also negative. However, the manufacture of rubber and plastic products (+2.9%) and transport equipment did well, a recovery that compensated for a significant drop recorded in previous months (+9.3%).

According to data provided by the European Commission, private consumption in Italy fell by 10.9% in 2020 due to the lockdown, but a recovery of about +7.3% is expected in 2021.

The collapse in demand for private consumption associated with a widespread state of insecurity is the cause of a substantial drop in investments of 14.2% which should however rebound by around 13.0% in 2021. The contribution of exports, after the large drop in 2020 (-13.0%) should turn positive in 2021, (the forecast is +10.5%) in line with the trend in world trade.

In terms of the labour market, unemployment will rise to 11.8% in 2020 and then settle at 10.7% during 2021.

At this point, the question is: "What is the forecast of Italy's socioeconomic situation for the near future?"

The famous economist J.K. Galbraith once said: "The only function of economic forecasting is to make astrology look respectable."

Perhaps there is too much pessimism in the famous economist's statement, although there is a grain of truth in it. However, there are mathematical and statistical techniques that can be used to produce reliable economic forecasts. The greatest margin of uncertainty generally lies in numerical forecasting, or rather in quantitative forecasting. Forecasts of economic trends are perhaps more reliable and interesting. In order to have a certain degree of validity and reliability, any type of forecast needs to be periodically revised and recalculated according to the changes that may occur in the variables considered. That said, there is nothing to prevent us from formulating hypothetical forecasts regarding the Italian economic scenario.

The pandemic is currently the biggest unknown factor because it has amply shown how it is capable of affecting not only the Italian healthcare industry but also the entire socioeconomic fabric of the country. Right now, the greatest hope lies in the efficacy of the vaccine, but it will take months before the entire population is made safe, so the current state of unease will continue for some time. But will everything go back to normal once the storm has passed? Many people are doubtful.

Moralisation of the epidemic and ambitions to reform the capitalist system – writes Alberto Mingardi in an article for "Economia e Politica,"– wager that Covid-19 will leave its mark on us. The pandemic will impoverish us, so we will be able to afford fewer trips, fewer dinners out, and to change our cars less frequently than we want. We will probably be inclined to save more than in the past, as is almost always the case for those who have suffered a very strong shock."

The current state of insecurity in the various social strata can be seen by analysing the main economic indicators such as consumer confidence, which has fallen sharply, and the index of a firm's propensity to invest, which is negative for the near future. On the other hand, the strong growth in bank savings by citizens is confirmation of a general mood characterised by fear and uncertainty about the future, which is becoming more and more widespread, resulting in a lower propensity to spend. This begs the question: "Is the Italian economy slowly freezing up because of the virus?"

It depends on the business sectors. For example, the jobs most affected are those of services (e.g. cafes, bars, restaurants, hotels, tourism), clothing, energy and construction, while other sectors appear not to have been affected by the crisis at all. One of the better performing sectors is that of industrial goods, i.e. products that are sold to other companies, which in turn use them in the production of goods they manufacture. According to people operating in this field, in 2020, the performance of their work was very positive, with orders remaining at satisfactory levels, as did the value of turnover. So what are the reasons for this deviation from the national trend?

Perhaps it is the replenishment of stocks by customers, which were depleted during the pandemic, or purchases made for fear of a resurgence of the Coronavirus with the consequent suspension of production activities, or it could be the early effects of the Recovery Fund, or the important role played by exports.

The truth probably lies in correct marketing actions, which have consciously or unconsciously induced operators in the sector to favour a globalised clientele that has been able to divert its commercial activities from a market in recession to a more effervescent one.

The most enlightening case is probably that of Volkswagen which, in 2020, achieved a profit of 10 billion euros, a figure lower than that achieved in 2019, but still higher than expected, thanks to an increase in sales recorded in the second half of 2020. The pull of VW was certainly helped by China, whose strong demand for cars compensated for the downturn VW suffered in the European and US markets, where the pandemic has been and continues to be very active. VW's suppliers should therefore have felt the effects of the pandemic to a lesser extent. And just like VW, many globalised companies have been able to cushion the impact of the crisis on their suppliers by virtue of their dynamic operations.

Undoubtedly, with the pandemic, the manufacturing world finds itself in a difficult situation, which must be tackled with determination. A good entrepreneur is one who knows how to face and overcome moments of difficulty with the appropriate tools, which are mainly: marketing, information, management technique and above all entrepreneurial intuition. In conclusion, these times call for the entrepreneur to be able to react positively to negative situations, in a word: resilience. ■

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