



Fastening Tools Development in Latin America Market

拉丁美洲市場緊固工具發展現況剖析

Introduction

Latin America, with its vast land, rich natural resources, geographical advantage of proximity to the U.S., and a close connection to the U.S. economy, has sufficient consumption power and market potential. Coupled with the successful promotion of economic integration in the region over the years, as well as a number of tariff alliances and large-scale FTAs that are taking shape, the business opportunities for investment and trade should not be underestimated. The annual bilateral trade between Taiwan and Latin America has amounted to USD15 billion. In addition, many Latin American countries have signed a number of trade agreements with Taiwan, and therefore Latin America is indeed one of the important economic and trade regions for Taiwan. However, in recent years, Mexico and Brazil have become the focal points for shifting China's economic clout due to supply chain changes caused by the U.S.-China trade conflict and the trend of regional integration. The global economy has started to slowly recover since 2021, and the Latin American market benefits from the surge of raw material price in North America. There is growing demand from China, the U.S., and the European Union. The import and export of various industries in Latin America has grown significantly by about 25~35%.

This article defines Latin American countries as the 13 major economic and trade countries of the Latin American Integration Association (LAIA), including Argentina, Bolivia, Brazil, Colombia, Chile, Ecuador, Mexico, Paraguay, Peru, Uruguay, Venezuela, Cuba, Panama, etc. Brazil and Mexico, two of the major export destinations for Taiwan in Latin America, are singled out for individual analysis. This article looks at three aspects— global trade, Taiwan trade with LAIA, related emerging industries— and explores the current development of Latin America to put forward relevant suggestions and strategies.

Latin America's Import and Export of Fastening Tools

▲ Import Analysis

Table 1 shows the import of fastening tools by Latin America in 2018 to 2022. **In 2022, the top three Latin American countries importing fastening tools were Mexico (US\$250 million), Brazil (US\$83 million), and Chile (US\$47 million).** Although import does not equal to demand and each country's output capacity must still be considered, import does reflect the mainstream demand for fastening tools in Latin America. The main 13 Latin American countries made an average compound growth rate of 3.7% in import in the past five years, among which the top three importers ranged between 3~5% compound growth rate. Free from the COVID impact, this is a market with stable demand.

Table 1. Import of Fastening Tools by Latin America in 2018 to 2022
(Unit: USD 100 million; %)

Country	2018	2019	2020	2021	2022	2022 Share	CAGR
Mexico	2.22	2.18	1.72	2.26	2.50	2.9%	3.0%
Brazil	0.70	0.60	0.60	0.86	0.83	1.0%	4.4%
Chile	0.39	0.35	0.30	0.53	0.47	0.5%	4.8%
Argentina	0.36	0.28	0.18	0.26	0.37	0.4%	0.5%
Peru	0.24	0.24	0.21	0.32	0.32	0.4%	6.8%
Colombia	0.19	0.19	0.15	0.21	0.30	0.3%	12.5%
Ecuador	0.14	0.12	0.09	0.19	0.15	0.2%	2.5%
Panama	0.09	0.08	0.06	0.10	0.10	0.1%	3.6%
Bolivia	0.06	0.06	0.05	0.07	0.07	0.1%	1.2%
Paraguay	0.06	0.06	0.04	0.06	0.06	0.1%	-1.3%
Venezuela	0.02	0.01	0.01	0.02	0.04	0.0%	23.8%
Uruguay	0.03	0.03	0.03	0.04	0.04	0.0%	7.1%
Cuba	0.06	0.04	0.04	0.02	0.02	0.0%	-21.2%
LAIA	4.56	4.26	3.47	4.94	5.27	6.2%	3.7%
Total Import from the World	76.23	73.72	66.86	84.58	85.53	100.0%	2.9%

Export Analysis

Table 2 shows the export of fastening tools by Latin America in 2018 to 2022. **In 2022, the top three Latin American countries exporting fastening tools were Mexico (US\$55 million), Brazil (US\$16 million), and Panama (US\$7 million). The main 13 Latin American countries made an average compound growth rate of 4.1% in export in the past five years. Among them, Panama and Mexico made it over 10%.** However, because the overall export value is not high, the competitiveness of local fastener manufacturers in Latin America is not enough to affect Taiwanese manufacturers.

Table 2. Export of Fastening Tools from Latin America in 2018 to 2022

(Unit: USD 100 million; %)

Country	2018	2019	2020	2021	2022	2022 Share	CAGR
Mexico	0.40	0.33	0.35	0.45	0.55	0.69%	8.2%
Brazil	0.14	0.15	0.11	0.14	0.16	0.20%	3.6%
Panama	0.05	0.04	0.05	0.06	0.07	0.09%	11.8%
Chile	0.04	0.03	0.01	0.01	0.02	0.02%	-19.1%
Colombia	0.01	0.00	0.00	0.00	0.01	0.01%	12.3%
Peru	0.00	0.00	0.00	0.00	0.01	0.01%	5.8%
Argentina	0.06	0.05	0.03	0.04	0.00	0.01%	-46.4%
LAIA Export	0.70	0.62	0.57	0.77	0.82	1.03%	4.1%
Total Export to the World	70.02	68.14	63.87	80.03	79.56	100.00%	3.2%

Taiwanese Fastening Tool Export to Latin America

Table 3 shows Taiwanese fastening tool export to Latin America from 2018 to 2022. In 2022, Taiwan's export value of fastening tools to the Latin American market amounted to US\$25.38 million (about NT\$756 million), and the compound growth rate of export in the past five years was about 3.5%. **The values and compound growth rates of Taiwan's fastening tool export to the top three Latin American countries in the past five years were as follows: Brazil (US\$8.935 million, 1.8%), Mexico (US\$5.336 million, 2.3%), and Chile (US\$4.666 million, 3.0%).** The top three destinations have steady growing demand for Taiwanese fastening tools; **the top three destinations with higher compound growth rates were Colombia (25.3%), Peru (16.0%), and Argentina (13.3%) and they are still worthy targets for Taiwan's market expansion.**

Table 3. Taiwanese Fastening Tool Export to Latin America from 2018 to 2022

(Unit: USD 100 million; %)

Country	2018	2019	2020	2021	2022	2022 LAIA Share	2022 Global Share	CAGR
Brazil	832.7	766	709	685.3	893.5	35.2%	0.8%	1.8%
Mexico	487.5	419.5	376	561.6	533.6	21.0%	0.5%	2.3%
Chile	415	368.9	286.5	514	466.6	18.4%	0.4%	3.0%
Argentina	141.4	76.9	70.7	116.6	232.7	9.2%	0.2%	13.3%
Colombia	40.4	69.6	59.2	100.6	99.7	3.9%	0.1%	25.3%
Peru	49.7	55.6	57.4	112.6	90.1	3.5%	0.1%	16.0%
Uruguay	58.3	23.2	16.6	12.7	76.2	3.0%	0.1%	6.9%
Panama	90.9	61.5	40.1	63.5	59.5	2.3%	0.1%	-10.1%
Ecuador	61.7	48.4	22.1	58.1	47.8	1.9%	0.0%	-6.2%
Paraguay	26.6	28.8	13.3	15	37.5	1.5%	0.0%	9.0%
Bolivia	1.5	3	0.3	1.3	0.7	0.0%	0.0%	-17.3%
Cuba	0	0	0	0	0.1	0.0%	0.0%	0.0%
Venezuela	5.1	0.2	0	0	0.1	0.0%	0.0%	-62.6%
Export to LAIA	2,210.8	1,921.6	1,651.2	2,241.3	2,538.1		2.4%	3.5%
Total Export to the world	79,574.4	83,075.2	80,393.2	103,296.7	107,362.6	--	100.0%	7.8%

Analysis of Taiwanese Fastening Tool Demand in Top Two Latin American Destinations

Mexico

Table 4 shows Mexico's top import sources and import values for fastening tools from 2018 to 2022; Mexico's global import of fastening tools in 2022 amounted to US\$250 million, with a compound growth rate (CAGR) of 3.0% over the past five years. The import amounts, market shares, and 5-year CAGRs of the top three import sources were the U.S. (US\$77.6 million, accounting for 31.1%, CAGR 1.0%), China (US\$76.087 million, 30.5%, CAGR 9.2%), Germany (US\$15.353 million, 6.1%, CAGR -9.5%). The top 10 import sources for Mexico accounted for 82.4% of the market share, indicating a concentrated market structure. Although the U.S. and China each accounted for nearly 30%, the U.S compound growth rate of import at 1.0% was much lower than China's (9.2%).

It is estimated that China could become the primary import source of fastening tools for Mexico in the future.

Table 5 shows the categories and values of fastening tools imported by Mexico from 2018 to 2022. **The import value and 5-year CAGR of fastening tools imported by Mexico from the world in 2022 were: other interchangeable tools (US\$ 112 million, -1.5%), non-adjustable hand-operated wrenches and spanners (US\$58.726 Million, 7.1%), which altogether accounted for nearly 70% of the import.** These two products accounted for nearly 70% of the total; interchangeable wrench sockets (12.9%) and non-adjustable hand-operated wrenches and spanners (7.1%) had the highest composite growth rate. The overall Mexican market demand for fastening tools is quite stable.

Industry Focus >>

Mexico is the largest importer of fastening tools in Latin America and a member of USMCA (North American Free Trade Agreement), but is only the second largest destination for Taiwanese fastening tools. It shows that even in Latin America, there is still room for Taiwan to work on in the face of fierce market competition. **Mexico's potential industries related to fastening tools are industrial machinery, automobiles (including EVs), green energy industries, etc.** In the industrial machinery industry, Mexico's end products such as heavy machine parts and hand tool sets grew significantly in 2022, showing that there is still room for growth in Mexico's demand for hand tools

and machines. In terms of the automobile industry, Mexico's automobiles are an important foreign exchange-earning industry, accounting for more than 30% of total exports. The total export value of automobiles and spare parts in 2022 were approximately US\$101 billion. Almost all major car manufacturers in the world have investment deployed in Mexico. In terms of the green energy industry, Oaxaca in southern Mexico and California in the northwest are both rich in wind resources, which are potential markets that can be focused and worked on.

Table 4. Mexico's Top Import Sources and Import Values for Fastening Tools from 2018 to 2022
(Unit: USD 100 million; %)

Country	2018	2019	2020	2021	2022	2022 Share	CAGR
U.S.	7,465.3	7,503.7	5,305.9	7,180.9	7,760	31.1%	1.0%
China	5,357.5	5,291.5	4,814.8	6,123.9	7,608.7	30.5%	9.2%
Germany	2,289.3	2,134.2	1,346.1	1,772.4	1,535.3	6.1%	-9.5%
South Korea	653.8	525.2	432.6	686.6	918.1	3.7%	8.9%
Japan	1,601.4	1,304.4	962.9	882.7	790.2	3.2%	-16.2%
India	383.1	397.9	413.8	650.3	608.5	2.4%	12.3%
Taiwan	487.5	419.5	376	561.6	533.6	2.1%	2.3%
Italy	361.3	301.5	330	327.6	357.1	1.4%	-0.3%
Spain	300.1	316	199.1	221.5	233.9	0.9%	-6.0%
Brazil	106.6	85.4	98.9	260.5	226	0.9%	20.7%
Top 10 Import Sources	19,005.9	18,279.3	14,280.1	18,668	20,571.4	82.4%	2.0%
Other Import Sources	3,204.1	3,529.6	2,937.6	3,905.1	4,393.8	17.6%	8.2%
Mexico's Global Import	22,210	21,808.9	17,217.7	22,573.1	24,965.2	100.0%	3.0%

Table 5. The Categories and Values of Fastening Tools Imported by Mexico from 2018 to 2022
(Unit: USD 100 million; %)

Product Type	HS Codes	2018	2019	2020	2021	2022	2022 Share	CAGR
Other Interchangeable Tools	820,790	11,922.4	11,437.5	8717.7	11,123.2	11,209.1	44.9%	-1.5%
Non-adjustable Hand-operated Wrenches & Spanners	820,411	4,456.1	4,526.7	3,681.8	4,938.8	5,872.6	23.5%	7.1%
Interchangeable Wrench Sockets	820,420	2,519.2	2,693.6	2,154.8	3,095.8	4,088.8	16.4%	12.9%
Screwdrivers	820,540	2,000.3	1,900.8	1,573.8	2,044.5	2,084.6	8.4%	1.0%
Adjustable Hand-operated Wrenches & Spanners	820,412	1,312.0	1,250.3	1,089.6	1,370.8	1,710.1	6.8%	6.8%
Mexico's Global Import Value		22,210.0	21,808.9	17,217.7	22,573.1	24,965.2	100.0%	3.0%

▲ Brazil

Table 6 shows Brazil's top import sources and import values for fastening tools from 2018 to 2022. Brazil's global import of fastening tools in 2022 was US\$83.411 million, with a compound growth rate (CAGR) of 4.4% over the past five years. The import amounts, market shares, and 5-year CAGRs of the top three import sources were China (US\$42.913 million, accounting for 51.4%, CAGR 8.4%), India (US\$9.709 million, 11.6%, CAGR 2.6%), Taiwan (US\$8.935 million, 10.7%, CAGR 1.8%). The top 10 import sources for Brazil accounted for 92.2% of the market share, indicating a concentrated market structure like Mexico's.

Table 6. Brazil's Top Import Sources and Import Values for Fastening Tools from 2018 to 2022
(Unit: USD 100 million; %)

Country / Region	2018	2019	2020	2021	2022	2022 Share	CAGR
China	3,109.5	2812	3207	4,323.5	4,291.3	51.4%	8.4%
India	877.6	776.6	735.8	1,173.8	970.9	11.6%	2.6%
Taiwan	832.7	766	709	685.3	893.5	10.7%	1.8%
USA	444	435.5	332.5	359.3	495.2	5.9%	2.8%
Germany	639.3	397.3	334.9	498.3	482.6	5.8%	-6.8%
Italy	168.3	152.8	168.9	436	190.7	2.3%	3.2%
Japan	105.2	179.9	100.6	159.4	148.3	1.8%	9.0%
France	37.3	64.6	105.3	139.1	80	1.0%	21.0%
Hong Kong	28.6	29.9	19.5	53.2	79.1	0.9%	29.0%
U.K.	86.2	96.3	78.5	67.5	61.3	0.7%	-8.2%
Top 10 Import Sources	6,328.7	5,710.9	5792	7895.4	7,692.9	92.2%	5.0%
Other Import Sources	681.6	312.5	191.4	753.5	648.2	7.8%	-1.2%
Brazil's Global Import Value	7,010.3	6,023.4	5,983.4	8,648.9	8,341.1	100.0%	4.4%

Table 7 shows the categories and values of fastening tools imported by Brazil from 2018 to 2022. The import value and 5-year CAGR of fastening tools imported by Brazil from the world in 2022 were: non-adjustable hand-operated wrenches & spanners (US\$23.60 million, 5.6%), other interchangeable tools (US\$23.52 million, 2.3%), interchangeable wrench sockets (US\$18.752 million, 5.1%). These three products accounted for nearly 80% of the total. Adjustable hand-operated wrenches & spanners (12.4%) and non-adjustable hand-operated wrenches & spanners (5.6%) had the highest composite growth rate. The overall Brazilian market demand for fastening tools is quite stable.

Table 7. The Categories and Values of Fastening Tools Imported by Brazil from 2018 to 2022

(Unit: USD 100 million; %)

Product Type	HS Codes	2018	2019	2020	2021	2022	2022 Share	CAGR
Non-adjustable Hand-operated Wrenches & Spanners	820,411	1,896.0	1,785.8	1,682.0	2,553.8	2,360.0	28.3%	5.6%
Other Interchangeable Tools	820,790	2,147.9	1,928.1	1,840.9	2,547.0	2,352.0	28.2%	2.3%
Interchangeable Wrench Sockets	820,420	1,539.4	1,149.9	1,169.6	1,910.5	1,875.2	22.5%	5.1%
Adjustable Hand-operated Wrenches & Spanners	820,412	575.2	518.1	557.7	764.8	917.2	11.0%	12.4%
Screwdrivers	820,540	851.8	641.5	733.2	872.8	836.7	10.0%	-0.4%

Brazil is the second largest export destination for Taiwanese fastening tools. According to Brazil's industrial development policy, **Brazil's mid to long term key development industries and potential areas related to fastening tools include: automotive industry, aerospace industry, construction industry, etc.** In the automotive industry, the export value of the auto parts industry reached US\$6.5 billion in 2022; in the aerospace industry, Brazil's aerospace company Embraer ordered approximately 180 administrative and commercial aircraft in 2022. In the construction industry, Brazil's domestic construction industry scale has reached US\$75-80 billion. Market data shows that Brazil's fasteners and fastening tools still have great potential for development. In addition, the Brazilian government provides services to promote domestic industrial development and introduce foreign component industries. With relevant tax investment incentives, Taiwanese businesses can evaluate and invest in related manufacturing industries in Brazil.

Conclusion

In recent years, China's economic clout in Latin America has continued to expand. In order to curb the speed of China's expansion into Latin America, the U.S. has strengthened economic collaboration with Latin America because the U.S. is the largest export destination for Taiwan's fasteners and fastening tools, and the economic and trade relations between Latin America and the U.S. are very close, so Latin America is a potential area for Taiwan to continue to exert strength. The following are suggestions and a strategy for Taiwan's fastening tool companies to expand into the Latin America.

- (1) Taiwanese business owners can tailor-make fastening tools that match the types of fasteners required by the automotive, green energy, and aerospace industries in Latin American countries.

- (2) Enter the Latin American market through bilateral trade agreements signed between Taiwan and Latin American countries or by taking advantage of tax reciprocity treaties.
- (3) Establish a sales office and collaborate with local importers to build brands and secure orders. Taiwanese companies with business offices generally have shipping warehouses in the U.S., so they can work with importers and distributors nearby to embark on sales expansion strategies, quickly supply the North American market and enter the North American supply chain to satisfy the needs of customers in the Americas.
- (4) Based on actual needs, evaluate the effectiveness of setting up a shipping warehouse, act as an importer, select buyers nearby and set up a shipping warehouse for import.
- (5) Extensive retail channels and flexible marketing: Taiwanese businessmen in Latin America can learn about local market changes nearby, keep in touch with Taiwanese industry players as a basis for product improvement and sales strategy adjustments, enter the local retail market in a timely manner, and actively develop local businesses. They can import, distribute products and even set up stores to operate directly or in high-end shopping malls in Latin America for full-range deployment.
- (6) Utilize exhibitions, matchmaking events and government-led marketing activities to maximize the synergies of integrated sales, create a better image for Taiwanese products, and expand market shares in Latin America. ■

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Data source: compiled by ITC/MIRDC

Monetary conversion rate (average in 2022): USD: NTD=1: 29.78