

# Fastbolt Group

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Having left the extreme times of the Covid-19 pandemic behind us at the end of 2022, the desire, also within the fastener industry, to return in 2023 to market conditions that allowed profound strategic planning, and well managed operations, was noticeable. However, it quite rapidly became obvious that the market would continue to face significant impacts resulting from issues experienced in the years 2020 to 2022.

**W**hile the backorders from times of extreme product shortage had reached and filled European fastener warehouses, the overall market demand started to decrease. The reason was not only more available stock on all steps of the supply chain, but also industries suffering from increased energy prices – resulting from Russia’s war in Ukraine and other industries slowing down, in the course of the European Central Banks’s attempt to fight the extraordinarily high inflation rate by dynamic and significant increases of the interest rate.

The result of these developments was an extremely competitive wholesale market for fasteners in 2023, establishing a new price level that reflected the ‘return to normal’ for many factors that inflated the price in 2021 and 2022 – such as raw material price, sea freight and production capacity shortages.

This alone would have made 2023 challenging enough but the EU had more to offer. On very short notice the European Commission decided ‘last minute’ to add fasteners to the product scope of the planned introduction of CBAM for Q4 of 2023. While the importance of the principles of CBAM and its attempt to globalise the view on CO<sub>2</sub> emissions is more than understandable, it seems though that the timely rush, and lack of quality in the communication on implementation procedures, has created significant issues for entire industries, which depend on predictability in complex global supply chains. At the end of 2023, CBAM became effective and the first reporting of emissions embedded in the products that we have been importing, during the first period, is due in only a few weeks from now. However, the remaining open questions on essential procedural details by far outweigh the limited certainty we have gained so far. Although resources have been made available both to the importer, as well as on the exporter side outside the EU, the market and related EU services still seem to not be ready yet.

Obviously the widening of the Russia sanctions in 2023 to also cover the raw material fasteners are made from, imported from third countries, brought another level of complexity to our industry and allowed only very limited time to apply required additions in documentation for the product imported from outside the EU.

After the implementation of incomprehensibly high anti-dumping duties for certain fasteners originating from PR China in 2022, the above mentioned regulatory changes, and their rushed implementation in 2023, have continued to add to the high complexity in essential international sourcing of standard fasteners. A fact that made us at Fastbolt increase our efforts in providing solutions to not only consistently supply European fastener distributors with the right product, at the right time, but actually to widen our product range significantly. While the digital transformation of our business at Fastbolt over the past few years has proven to be very successful, and offers remarkable added value to the purchasing processes



of fastener distributors all over Europe, we are convinced that widening the established solutions we offer to an increased scope of product is the right way forward for our company. Finding efficient and reliable solutions to the increased complexity in international trade is therefore absolutely essential for Fastbolt and its business model.

As an increase of product range also requires an increase in stock holding, goods receipt, as well as picking and output capacities, we are also looking on 2024 as a year of upscaling our logistical infrastructure – particularly at our central warehouse location in Germany. Building extensions and the introduction of efficient future oriented automation solutions are on the way and we know already that not only the demanding market environment but also our own agenda, following our long-term strategic planning, will keep us very busy in 2024.

We expect in 2024, and the years to come, that it will be more and more challenging for fastener companies to find their way to comply with an increasing amount of bureaucracy and a long-term high-level of regulatory changes. We at Fastbolt see that both as a challenge and as an opportunity to provide efficient supply solutions to fastener distributors in Europe. +



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