

# Analysis of Fastener Trade in Vietnam in 2018

by Shervin Shahidi Hamedani

## Introduction

Vietnam's move to a market economy from a centrally planned economy has transformed Vietnam into a lower-middle income country, as reported by the World Bank. This country is now one of the most dynamic and fastest growing emerging markets globally. Last year, a continued astonishing growth in manufacturing production, driven by export demand for electronics as well as robust FDI inflows, largely powered up concrete growth. The growth is expected to continue this year, backed by healthy private consumption with strong credit growth and increasing incomes in private sectors. The growth of industrial sector also continues to increase at a fast pace, supported by strong foreign investment injecting into this country. Constant solid economic growth, ongoing reform, and a large population of 93 million, half of which being young generation under the age of thirty, all have joined together to make a dynamic and quickly evolving commercial environment in Vietnam.

Sales of equipment, technologies and consulting as well as management services associated with growth in Vietnam's industrial and export sectors and implementation of major infrastructure projects continued to be a major source of commercial activity and interest for foreign investors. In terms of infrastructure, based on the reports published by the Asian Development Bank in April 2017, Vietnam's infrastructure investment in both public and private

sectors ranked the highest in Southeast Asia region, with an average of 5.7 percent of the country's gross domestic product. The government of Vietnam has a plan to increase the country's GDP to at least USD18,000 by 2035. With disposable income levels in major urban areas four to five times the national average, significant opportunities in the consumer and services sectors are emerging fast.

Vietnam has made steady progress in improving its business environment. This country has signed several tariff-free trade agreements with other countries in order to facilitate seamless trade relation with the global market. Japan, for instance, provides a large market for exports, with tariff-free trade therefore benefiting the manufacturing sector in particular. In regards with the international trade sector, foreign investors are exempt from import duties on goods imported for their own use which cannot be procured locally, including: machinery, vehicles, components and spare parts for machinery and equipment, raw materials, inputs for manufacturing, and construction materials that cannot be produced domestically.

Overall in 2018, the manufacturing subsector was one of the best performers as a key economic growth driver. Momentum in the industrial sector has likely been carried through in the first half of 2019, as seen by companies' positive business confidence. In addition to an increasingly open trade and investment policy environment, there has been a significant shift in the government's focus towards policies aimed at maintaining price stability, and ongoing efforts to further address macroeconomic imbalances and fiscal deficits.



## Trade Statistics

Vietnam recorded the total trade revenue of USD482.23 billion in 2018, an increase of 12.6% against 2017, including USD244.72 billion worth of export revenue, up 13.8%, and USD237.51 billion worth of import revenue, up 11.5%. Based on a report published by the General Department of Vietnam Customs, among 10 biggest trading partners of Vietnam in 2018, 8 of them are in Asia and only two are outside Asia, which are the United States and Germany. The total value of trade between Vietnam and these 10 major markets reached a total turnover of USD 346.579 billion, in 2018, accounting for more than 72% of the total import-export turnover of this country. Among the 10 largest trading partners, Vietnam achieved trade deficits from 6 markets. In particular, the Vietnamese market suffered a huge trade deficit with South Korea, which is up to USD 29.293 billion. This explains that how Vietnam's trade is dependent and tied with all those 10 countries and specifically with those 8 Asian markets.

By looking at numbers, it can be derived that, the trade relation between Vietnam and China is very strong as it recorded the largest figure compared with other countries. In 2018, the import and export value between these two countries reached about USD106.7 billion and accounted for more than 22% of the total trade value of this country. The trade values between Vietnam and other major trade partners are illustrated in the following table:

Trade Partner	Trade Value (USD)	Trade Value (%)
South Korea	USD65.7 billion	13.7%
US	USD60.3 billion	12.6%
Japan	USD37.8 billion	7.9%
Thailand	USD17.3 billion	3.6%
Taiwan	USD16.4 billion	3.4%
Malaysia	USD10.7 billion	2.2%



# NYLON FASTENERS



washers

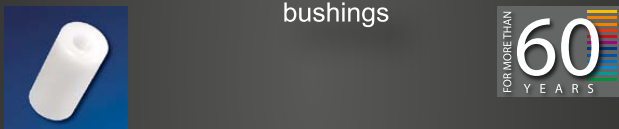


handles

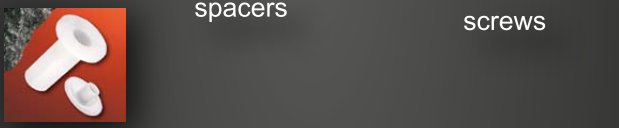
plugs



nuts

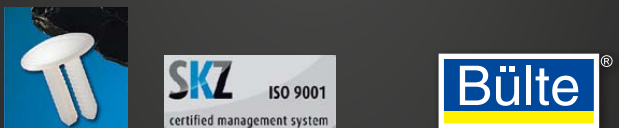
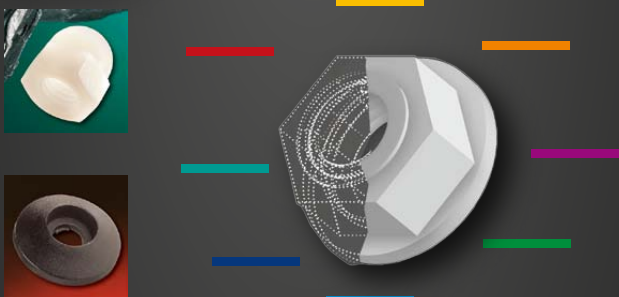


bushings



spacers

screws



**BÜLTE GmbH - Kunststoffzeugnisse**  
 D 59348 Lüdinghausen - Germany  
 Tel : (+49) 02591/9194-0  
 Fax : (+49) 02591/9194-34  
 bulte@bulte.com - [www.bulte.com](http://www.bulte.com)

Other than Korea, Vietnam suffered a trade deficit in 2018, and other countries are China with a nearly USD24 billion trade deficit, Taiwan with USD10.077 billion, Thailand with USD6.529 billion, Malaysia with USD3.402 billion and Japan with USD161 million. On the other hand, the US is the largest export market for Vietnam with a turnover of USD34.772 billion, followed by Hong Kong with USD6.416 billion, Germany with USD 3.048 billion, and India with USD2.395 billion in 2018.

## Fastener Trade Balance

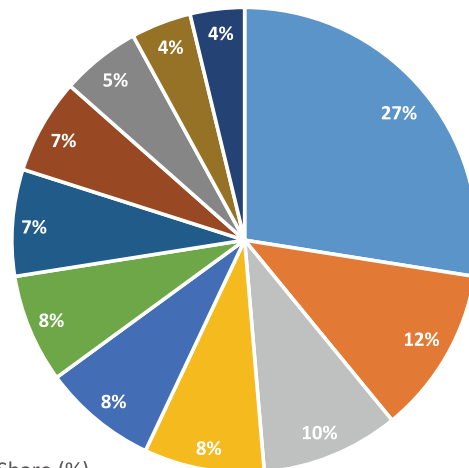
Like many other Asia Pacific countries, the industrial fasteners market in Vietnam is undergoing a transition from manufacturing standard metal products to producing higher quality and specialty fasteners in order to meet rising demand for application-specific products. However, fluctuating raw material prices, intense market competition, and subsequent price war are expected to hamper profit margins for industry players.

In 2018, the total value of fasteners (HS Code: 7318) imported by Vietnam reached about USD375 million with the positive trade balance of USD147 million. The main exports came from China with about USD177 million with about 47% of the total Vietnam's imports value. Other major importers and the value of imports for fasteners are exhibited in the chart in the next page.

In terms of the fastener exports, in 2018, Vietnamese manufacturers shipped about USD522 million fasteners (HS Code: 7318) to the global markets, mainly to the European countries and the US. Germany is the major destination of Vietnamese fasteners followed by Netherlands and the UK. The chart in the next page explains the exports destinations and the values of exports from Vietnam in 2018.

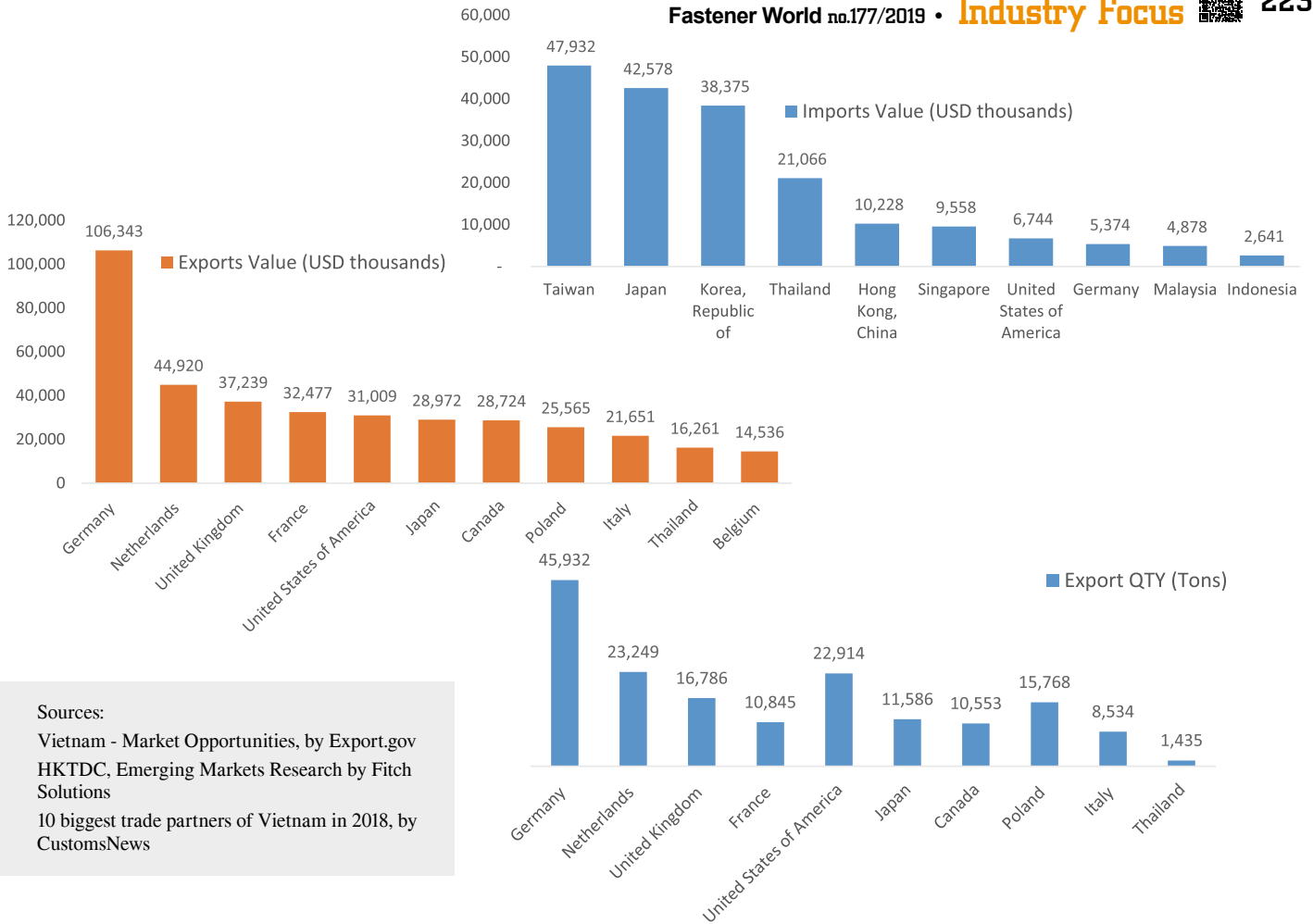
The major export market shares are illustrated in the following pie chart, led by Germany, as the key export destination for the Vietnamese fastener manufacturers.

Finally, in terms of the quantity of exports, Germany is still the top importer but there are some changes in others as stated in the following chart. ■



Export Market Share (%)

- Germany
- United States of America
- Netherlands
- Japan
- Italy
- United Kingdom
- Canada
- Thailand
- France
- Poland
- Belgium



Sources:

Vietnam - Market Opportunities, by Export.gov  
 HKTDC, Emerging Markets Research by Fitch Solutions  
 10 biggest trade partners of Vietnam in 2018, by CustomsNews



# YHM



# YUANCUT



**Copper Alloy Wires & Rods Manufacturer**

- Copper Alloy Wire
- Brass Wire
- Nickel Silver Wire
- Phosphor Bronze Wire
- Silicon Bronze Wire
- Free Cutting Brass Rod & Wire
- RoHS Brass Rod
- EDM Wire
- Copper Anode

**銅合金ワイヤー及びロッドメーカー**

- 銅合金ワイヤー
- 真鍮ワイヤー
- ニッケル・シルバーワイヤー
- 燐青銅ワイヤー
- シリコソ青銅ワイヤー
- 快削真鍮ロッド及びワイヤー
- RoHS快削真鍮ロッド
- EDM ワイヤー
- 銅アノード








**元祥金屬工業股份有限公司**  
**YUANG HSIAN METAL INDUSTRIAL CORP.**

台灣彰化市彰水路 175 號  
 No. 175, Chang Shui Rd., Changhua City, Taiwan  
 TEL: +886-4-7613688 E-mail: info@yhm.com.tw  
 FAX: +886-4-7612289 http://www.yhm.com.tw  
 Skype: yhm7613688