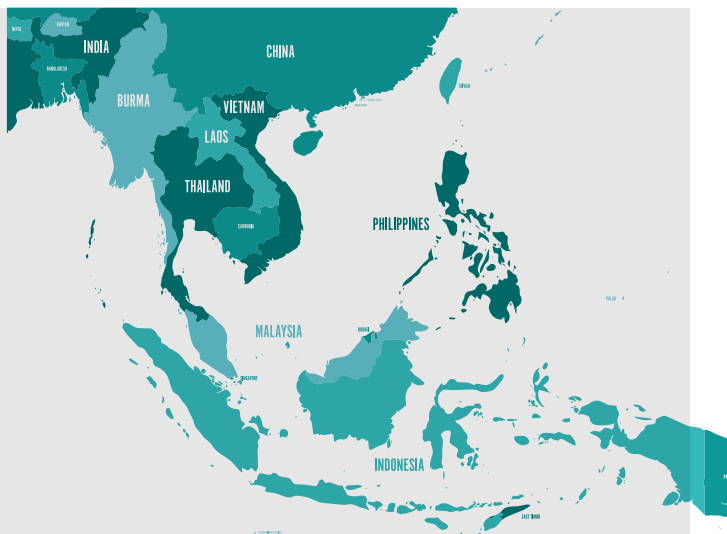


# Taiwan's Fastener Trade with ASEAN



**First 11 Month's Export Value down 12% and Import Value down 19% in 2020**

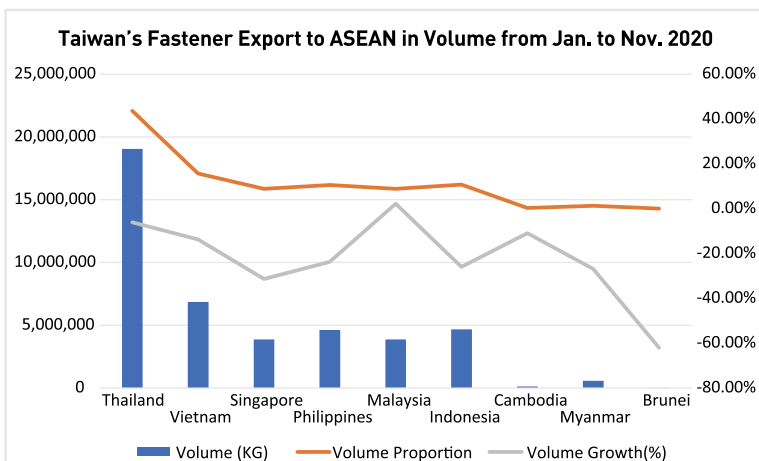
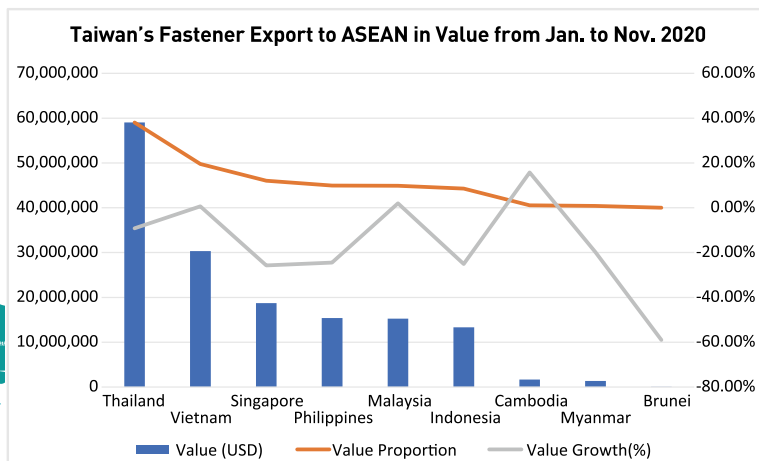
by Dean Tseng, Fastener World

In our previous issue, we wrote that fastener (HS code 7318) export from Taiwan to the world in the first 3 quarters of 2020 dipped 12% over the same period of 2019. The backdrop of U.S./China trade war in which the U.S. is to put more focus on ASEAN to counter China, along with the signing of RCEP that pulls the world's attention to Southeast Asia, urge the need for this article to take a closer look at Taiwan's fastener trade with ASEAN by analyzing trade figures from January to November 2020.

## Thailand as the Largest Taker of Fasteners Exported from Taiwan; Cambodia Sticks out with Increased Import

Taiwan's top 3 fastener export destinations in ASEAN were Thailand (USD 59.4 million; 19 thousand tons), Vietnam (USD 30.33 million; 6,857 tons), and Singapore (USD 18.72 million; 3,683 tons). The export proportion to Thailand neared 40%. For Vietnam, it was nearly 20% and for Singapore, 12%. We can tell that Thailand compared to other ASEAN countries has a lot more demand for Taiwanese fasteners. In light of the trade war that shifts Taiwanese companies' focus to Southeast Asian markets, the fastener markets in Thailand and Vietnam are worth developing for Taiwanese fastener companies.

As a result of the pandemic, Taiwan's fastener export value to ASEAN dropped quite a lot. The drop extended to more than 20% in Taiwan's fastener export to most ASEAN countries, except for the drop of export to Thailand which barely kept within 10%. What particularly stuck out was Cambodia to which the export of Taiwanese fasteners grew 15% in value despite reduction in volume. Cambodia handled the pandemic well in the first 11 months of 2020. For once it had zero positive cases on April 13 and also for as long as a month. Cambodia could be a stepping stone for Taiwan's fastener export.



Taiwan's Fastener Export to ASEAN from Jan. to Nov. 2020 (Unit: USD; KG)

Ranking	Regions/Countries	Value	Value Proportion	Value Growth	Volume (KG)	Volume Proportion	Volume Growth
0	ASEAN	155,134,958	100.00%	-12.20%	43,674,842	100.00%	-14.37%
1	Thailand	59,404,586	38.06%	-9.18%	19,053,895	43.63%	-6.04%
2	Vietnam	30,333,538	19.55%	0.64%	6,857,756	15.70%	-13.75%
3	Singapore	18,726,964	12.07%	-25.69%	3,863,563	8.85%	-31.32%
4	Philippines	15,407,185	9.93%	-24.42%	4,620,567	10.58%	-23.71%
5	Malaysia	15,243,109	9.83%	2.04%	3,874,382	8.87%	2.21%
6	Indonesia	13,340,390	8.60%	-25.07%	4,677,581	10.71%	-25.91%
7	Cambodia	1,656,452	1.07%	15.77%	127,645	0.29%	-10.92%
8	Myanmar	1,341,215	0.86%	-19.79%	578,137	1.32%	-26.86%
9	Brunei	45,519	0.03%	-58.98%	21,316	0.05%	-62.02%



Taiwan's top 3 fastener import origins in ASEAN were Vietnam (USD 3.26 million; 1,997 tons), Thailand (USD 1.45 million; 327 tons), and Singapore (USD 1.38 million; 22 tons). The import proportion from Vietnam reached 37%. Particularly the fastener import from Indonesia during the pandemic leaped nearly 1.5 times in value and nearly 2.5 times in volume. The import value from Malaysia grew over 70%. The import value from Philippines recorded the largest drop of 61%.

By comparison, in the first 11 months of the pandemic, Taiwan's fastener export to Thailand decreased 9% and import from Thailand increased 2.9%. The export to Vietnam increased 0.6% and import from Vietnam decreased 20%. The export to Singapore decreased 25% and import from Singapore increased 11%.

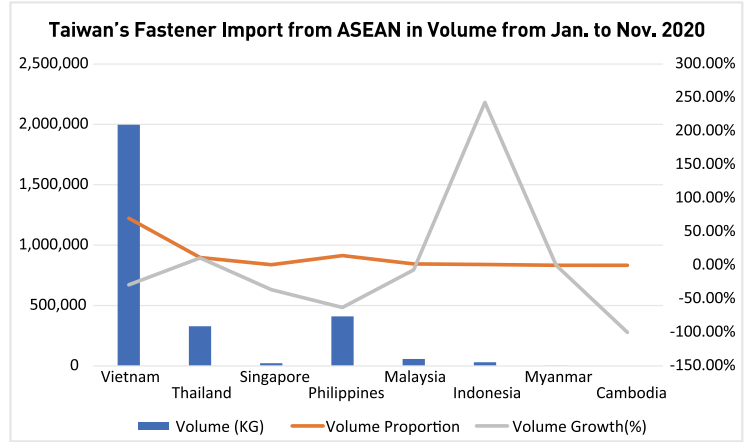
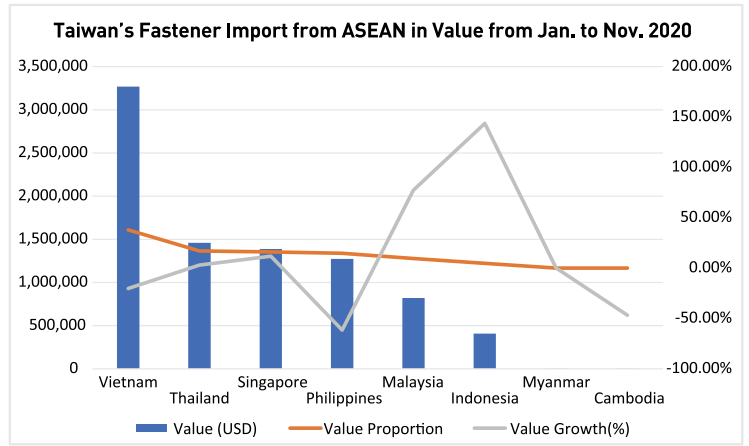
## Automotive Screw Export to ASEAN Grew Nearly 30% Against the Backdrop

Against the backdrop in which the export of almost all Taiwanese fasteners to ASEAN tumbled, automotive screws are the only fastener product with a nearly 30% growth in export value during the pandemic. As mentioned in the previous issue, considering Taiwan's global fastener export, automotive fasteners face a tremendous challenge in their export to the world (especially to the U.S. and Europe). However, if we look into ASEAN, we will find that automotive screws sell relatively better there during the pandemic. With Japanese, South Korean and Chinese carmakers and component makers rooting in Southeast Asia, Thai, Indonesian and Malaysian governments dished out their automotive industry blueprints to improve automotive capacity and switch to electric vehicles. ASEAN is expected to become an automotive industry hub in South Pacific Ocean and could provide a sales alternative for Taiwanese automotive fastener companies.

On another note, the previous analysis mentioned Taiwanese construction screw (wood screw) export to the U.S. was on an apparent growth path (export volume up 57%; export value up 36%). On the contrary, Taiwan's export to ASEAN dropped across all construction screw categories, where self-tapping screws dropped 8% and other wood screws dropped 26%. It means the automotive market momentum remains in ASEAN during the pandemic, but momentum seems to turn weaker in the ASEAN construction market.

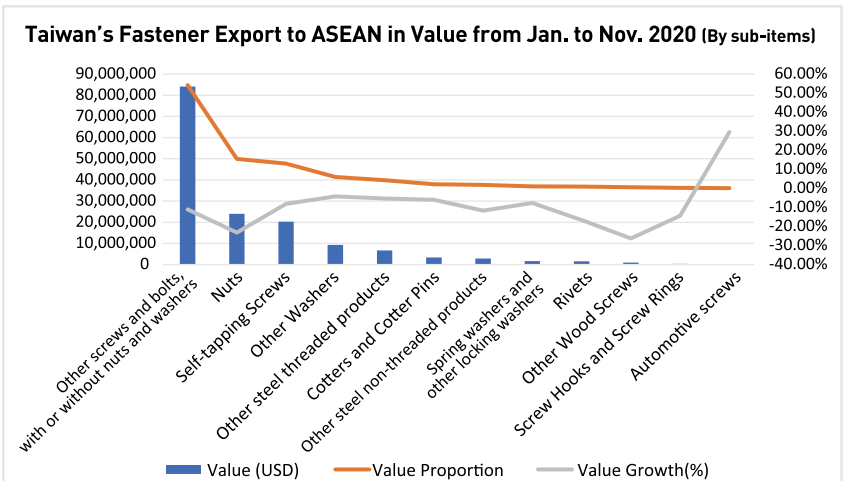
## Worried Taiwanese Fastener Company Owners Frown at Inaccessible International Trade Agreements

The latest topic that concerns Taiwanese fastener business owners is the signing of RCEP (Regional Comprehensive Economic

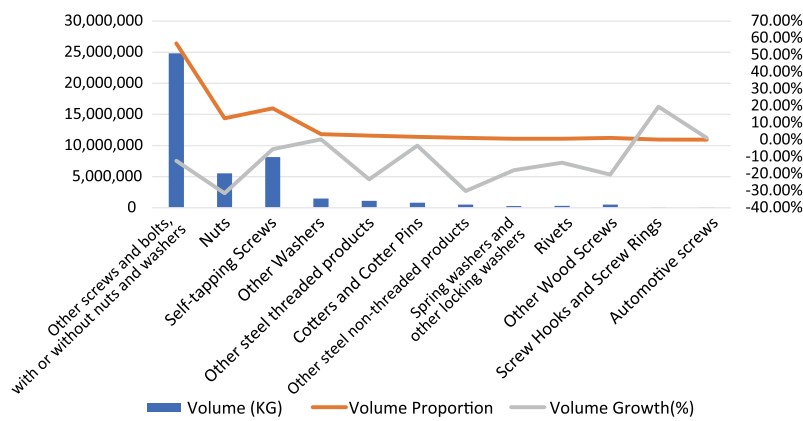


Taiwan's Fastener Import from ASEAN from Jan. to Nov. 2020 (Unit: USD; KG)

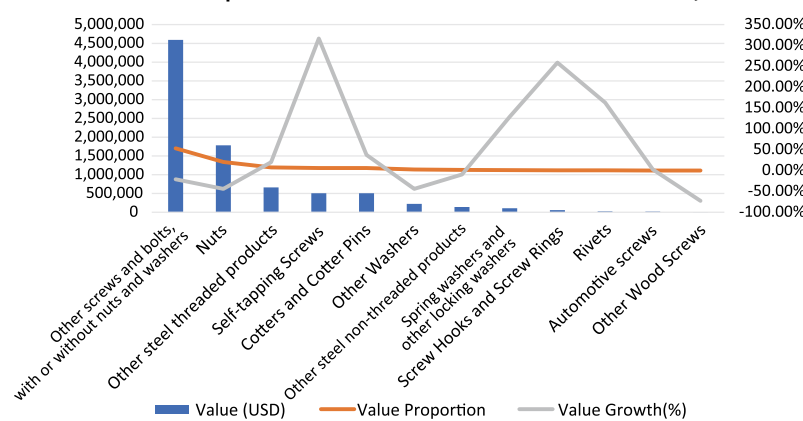
Ranking	Regions/Countries	Value	Value Proportion	Value Growth	Volume (KG)	Volume Proportion	Volume Growth
0	ASEAN	8,617,086	100.00%	-19.41%	2,847,374	100.00%	-34.18%
1	Vietnam	3,267,410	37.92%	-20.21%	1,997,998	70.17%	-29.00%
2	Thailand	1,459,760	16.94%	2.91%	327,921	11.52%	10.91%
3	Singapore	1,388,147	16.11%	11.82%	22,159	0.78%	-36.29%
4	Philippines	1,272,207	14.76%	-61.52%	411,022	14.44%	-62.97%
5	Malaysia	821,289	9.53%	77.40%	58,047	2.04%	-6.77%
6	Indonesia	408,072	4.74%	143.59%	30,054	1.06%	242.85%
7	Myanmar	167	0.00%	---	173	0.01%	---
8	Cambodia	34	0.00%	-46.88%	0	0.00%	-100.00%



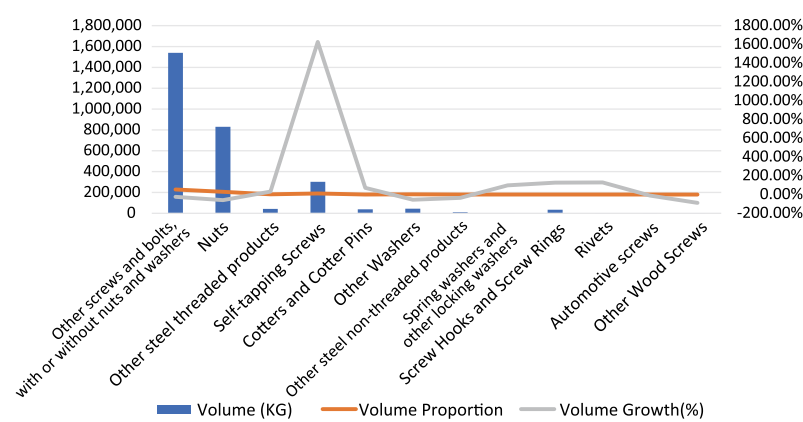
Taiwan's Fastener Export to ASEAN in Volume from Jan. to Nov. 2020 (By sub-items)



Taiwan's Fastener Import to ASEAN in Value from Jan. to Nov. 2020 (By sub-items)



Taiwan's Fastener Import to ASEAN in Volume from Jan. to Nov. 2020 (By sub-items)



Taiwan's Fastener Export to ASEAN from Jan. to Nov. 2020 (Unit: USD; KG) (By sub-items)

Ranking	HS Codes	Product Name	Value	Value Proportion	Value Growth	Volume (KG)	Volume Proportion	Volume Growth
0	731811-731829	Total	155,134,958	100.00%	-12.20%	43,674,842	100.00%	-14.37%
1	731815	Other screws and bolts, with or without nuts and washers	84,105,266	54.21%	-11.02%	24,838,331	56.87%	-12.38%
2	731816	Nuts	24,012,275	15.48%	-23.14%	5,535,764	12.67%	-31.45%
3	731814	Self-tapping screws	20,212,310	13.03%	-8.06%	8,151,159	18.66%	-5.44%
4	731822	Other washers	9,310,122	6.00%	-4.21%	1,482,033	3.39%	0.31%
5	731819	Other steel threaded products	6,669,818	4.30%	-5.26%	1,111,370	2.54%	-23.24%
6	731824	Cotters and cotter pins	3,336,348	2.15%	-5.94%	796,241	1.82%	-3.38%
7	731829	Other steel non-threaded products	2,875,951	1.85%	-11.69%	512,730	1.17%	-30.10%
8	731821	Spring washers and other locking washers	1,606,006	1.04%	-7.63%	282,140	0.65%	-17.90%
9	731823	Rivets	1,518,801	0.98%	-16.59%	307,060	0.70%	-13.47%

Partnership) on November 15 of 2020 among 15 countries in the Asia Pacific region. Although the Taiwanese government concludes that RCEP shouldn't cause much impact on the whole Taiwanese manufacturing industry, that is not the case for a portion of Taiwanese fastener companies. The fastener industry performs well in aerospace, automobile and electronics, but faces tense price competition from China and Southeast Asia, as well as negative factors about exchange rate and tariff. Despite the fact that some Taiwanese fastener companies have already deployed into Southeast Asia, Taiwan's inaccessibility to RCEP favorable taxes spells hidden risks for other fastener companies.

Fastener World Magazine asked around a few Taiwanese fastener business owners regarding RCEP and reached one conclusion. On fastener products, Taiwan exported only around 3% of its total to Southeast Asia. Couple that with partial Taiwanese fastener companies having deployed bases there, RCEP should only have limited impact on Taiwan's fastener export on the whole. However, since up to 90% of exported Taiwanese fasteners end up in the U.S. and Europe, Taiwanese fastener companies are more interested to know whether Taiwan can join CPTPP (Comprehensive and Progressive Agreement for Trans-Pacific Partnership). On fastener-related machines, they are exported mostly to Southeast Asia. For one, some Taiwanese companies have had establishments there; for another, China's machine manufacturing level will not be able to exceed Taiwan's at least in the short term and Taiwanese machine pricing is lower than the American and European pricing, and therefore RCEP shouldn't amount to a huge impact on Taiwan's machine export to Southeast Asia. In any case, CPTPP is definitely the best shot for Taiwanese fastener products and machinery companies if there is a chance to be part of CPTPP.



10	731812	Other wood screws	909,008	0.59%	-26.27%	523,663	1.20%	-20.48%
11	731813	Screw hooks and screw rings	370,884	0.24%	-14.42%	71,695	0.16%	19.60%
12	731811	Automotive screws	208,169	0.13%	29.55%	62,656	0.14%	1.21%

Taiwan's Fastener Import from ASEAN from Jan. to Nov. 2020 (Unit: USD; KG) (By Sub-items)

Ranking	HS Codes	Product Name	Value	Value Proportion	Value Growth	Volume (KG)	Volume Proportion	Volume Growth
0	731811-731829	Total	8,617,086	100.00%	-19.41%	2,847,374	100.00%	-34.18%
1	731815	Other screws and bolts, with or without nuts and washers	4,590,572	53.27%	-21.04%	1,540,018	54.09%	-23.28%
2	731816	Nuts	1,783,304	20.69%	-44.02%	830,020	29.15%	-60.68%
3	731819	Other steel threaded products	660,265	7.66%	19.77%	43,111	1.51%	30.87%
4	731814	Self-tapping screws	505,466	5.87%	316.57%	301,812	10.60%	1,626.51%
5	731824	Cotters and cotter pins	505,262	5.86%	37.55%	38,098	1.34%	70.97%
6	731822	Other washers	223,547	2.59%	-44.00%	43,677	1.53%	-55.81%
7	731829	Other steel non-threaded products	139,279	1.62%	-9.43%	10,101	0.35%	-34.43%
8	731821	Spring washers and other locking washers	109,027	1.27%	128.70%	3,265	0.11%	97.64%
9	731813	Screw hooks and screw rings	54,195	0.63%	258.88%	33,514	1.18%	126.34%
10	731823	Rivets	25,109	0.29%	163.00%	1,693	0.06%	130.03%
11	731811	Automotive screws	18,634	0.22%	2.36%	1,920	0.07%	-11.56%
12	731812	Other wood screws	2,426	0.03%	-72.64%	145	0.01%	-88.72%

In December 2020, Biden said in a New York Times interview: "I'm not going to enter any new trade agreement with anybody until we have made major investments here at home..." This signifies temporary inability to see Taiwan make its way into CPTPP and the broader world market through the support from the U.S. However, William Pesek wrote in a column of The Nikkei (the Japanese economic newspaper) that Biden could support Taiwan to join CPTPP after he assumes the presidency in the White House, because the best way for him to prove America's return to lead the world is to get back in CPTPP. If there is a turn of events like so, it could provide a new export alternative with preferential tariffs for Taiwanese fastener companies. ■

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