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Analysis of Fastener Trade Between the EU and ASEAN

This article will explore 12 main countries in two regions. The selected countries in ASEAN are: Thailand, Singapore, Malaysia, Indonesia, Vietnam and Philippines. The selected countries in the EU are: Germany, Italy, France, Netherlands, Switzerland and UK. Although UK is not an EU member anymore, its numbers are mentioned in this study.

Exported Fasteners from the EU to ASEAN

The export value of EU countries to ASEAN was equal to 84.77 million USD in the 3rd quarter of 2020. The export value of EU countries to the world was 3,687 million USD in the same period of time. Therefore, only 2% of EU's exported fasteners were dispatched to ASEAN.

On the other hand, the export value of ASEAN countries to the EU was equal to 279.82 million USD in the 3rd quarter of 2020. The export value of ASEAN countries to the world was 859.06 million USD in the same period. Hence, 33% of ASEAN's exported fasteners were bought by EU's consumers. The above numbers reveal that **the EU is a main market for ASEAN's fastener producers. However, ASEAN is not a considerable market for EU's exported fasteners.**

The following table demonstrates the type of fasteners which EU countries exported to ASEAN:

ASEAN Import from	Italy	Germany	France	Netherlands	Switzerland	UK	Total
Categories							
731811	-	614	-	9	-	19,313	19,936
731815	2,020	7,874	1,293	2,379	1,174	3,458	18,198
731812	24	40	1	175	1	13,931	14,172
731813	15	91	11	5	6	7,018	7,146
731814	29	889	33	171	564	3,770	5,456
731819	218	1,036	173	156	2,227	1,451	5,261
731816	177	1,671	358	394	97	2,290	4,987
731829	55	1,425	743	371	432	238	3,264
731821	23	825	12	216	61	1,144	2,281
731822	20	771	134	179	87	757	1,948
731824	190	141	143	69	48	616	1,207
731823	-	140	61	-	3	711	915
Total	2,771	15,517	2,962	4,124	4,700	54,697	84,771

The numbers are for the 3rd quarter of 2020 and in thousand USD

The noteworthy points in the table above are that:

- **UK was the main exporter of fasteners to ASEAN.** It accounted for 64.5% of the total EU's exports to ASEAN. Germany was in the second place representing 18.3% of the total EU exports to ASEAN.
- **HS Code 731811 was the main fastener category ASEAN consumers purchased from the EU.** 23.5% of their total imports were in this category. HS Code 731815 ranked the second, and its share in the total imports was 21.5%. HS Code 731812 representing a share of 16.7% was at the third place.



Bangkok Post reported on 26 Oct 2020, “the United Kingdom has maintained strong and warm ties with ASEAN ever since the regional block was formed in 1967. This longstanding economic partnership has allowed bilateral trade in goods and services to reach approximately £42 billion today. In light of the huge impact the coronavirus pandemic has had on the world, the UK and ASEAN have agreed on the importance of economic cooperation and unity to mitigate the economic consequences of the pandemic. Britain is now seeking to become one of ASEAN’s trusted dialogue partners, which will allow its representatives to appear at ASEAN ministerial meetings and summits. Its participation would further enhance economic and social collaboration.”

The above numbers prove the close relationship between ASEAN and UK. Germany based on the power of “Made in Germany” has a small share in this market and the rest of EU countries have nothing to do in this market.

New Opportunity

HS Code 731811 is known as “coach screws”. These screws are primarily used for holding heavy timber together, fixing metal to timber and in some cases masonry or concrete.

ASEAN market is expected to grow at 7.5% in the construction sector, compared to the global growth of 3% over the same period by 2021, which means the value of the construction market will have \$250 billion worth of new opportunities and which means these buildings need new building and construction materials like fasteners under HS Code 731811.

Exported Fasteners from ASEAN to the EU

The following table shows that **the main supplier of EU’s fasteners imported from ASEAN was Vietnam**. EU consumers had 2% of their needs satisfied through ASEAN and 76.5% of their fasteners imported from ASEAN were provided by Vietnam.

EU Import from Categories	Thailand	Malaysia	Singapore	Indonesia	Vietnam	Philippines	Total
731811	28	520	8	-	-	-	556
731812	87	653	1	1	31,852	91	32,685
731813	-	5	19	-	-	1,290	1,314
731814	488	147	70	-	21,307	-	22,012
731815	16,319	10,138	4,523	8,460	154,317	7,533	201,290
731816	1,040	2,308	329	119	863	7,747	12,406
731819	998	332	495	16	707	54	2,602
731821	5	-	1	-	2	-	8
731822	311	23	35	18	2,209	491	3,087
731823	27	41	3	-	3	34	108
731824	18	42	28	2	895	-	985
731829	91	274	325	28	1,990	59	2,767
Total	19,412	14,483	5,837	8,644	214,145	17,299	279,820

The numbers are for the 3rd quarter of 2020 and in thousand USD

EU consumers needed 1.4 billion USD worth of fasteners falling within HS Code 731815 quarterly, which they purchased a small amount from ASEAN. The main suppliers of this sector in the EU region were Germany, Italy, China, Taiwan and USA.

Forecasting the Future

HS Code 731815 is a fastener category generally used by most industries. Based on Trading Economics statistics, **manufacturing with the demand for fasteners such as automotive, aerospace, and home appliances in the EU is expected to grow 4.4% from the last quarter of 2020 by Q1 2021 and is also expected to reach the total growth of 5.2% from the record of 2020 by the end of 2021.**

It is an opportunity for Vietnamese fastener producers as the main supplier of the EU from ASEAN.

Vietnamese Fasteners

Vietnamese fastener producers have two big advantages to gain more market share in the EU.

1. Labor cost.
2. Raw materials for fastener manufacturing: The iron and steel industry is growing fast in Vietnam. Since the last decade this industry has grown over 20% each year. Vietnam as the largest consumer and producer of steel in ASEAN is able to make over 16 million tons of steel and over 5 million tons of iron in a year.

Summary

- The EU is a main market for ASEAN fasteners, especially for Vietnamese iron or steel threaded screws and bolts not elsewhere classified, whether or not with their nuts or washers.
- UK is the main fastener exporter to ASEAN and Germany is at the second place.
- The recent growth of construction in ASEAN creates a potential opportunity for EU producers. Likewise, EU’s industrial growth makes an opportunity for ASEAN fastener producers.
- Based on Vietnamese capability in iron and steel and its low labor cost, Vietnam has an extra opportunity to export inexpensive and high-quality fasteners to the EU. ■

