



Fastener Market in Thailand

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Fasteners of Taiwan are mainly exported to the U.S., Europe, Canada, and China. Little portion of fasteners is exported to emerging industrial countries, among which the top 5 include Thailand (2%), Poland (2%), Russia (1%), Mexico (1%), and Brazil (1%). This article will expound upon the condition of Thai fastener market.

Overview of Thai Economy

Thailand is rich in its natural resources including vast forest and enormous mines. Although the economy of Thailand declined in 2009 as a result of the global economic recession, it started to recover in 2010 after its government promoted the financial stimulus plans. In 2011, it was struck again by natural disasters halting the economic growth. On

the other hand, the big earthquake in northeast Japan on March 11 impacted the supply chain of Thai automobile and hard drive industries, and the floods in northern and central Thailand also paralyzed the agriculture, construction, manufacturing, and transport industries, dragging down the real GDP of Thailand in Q4 2011. In 2012, The Thai economy recovered rapidly with the post-flood reconstruction and the stable political condition.

Briefing on Thai Fastener Market

Thai industrial fastener demand mainly comes from automobiles, electric & electronic device, and machinery segments. The capacity of cars reached 2.48 million units in 2012. In addition, Honda (Thailand) produces over 1 million motors every

year. Thai fastener demand in 2012 was USD 880 million, as shown in **Table 1**. However, the capacity of Thai industrial fasteners was comparatively lower, thus, resulting in the imbalance between production and sales.

The recovery of Thai automobile industry substantially boosted the demand for related fasteners. Ford invested USD 450 million in July 2011 to set up an automobile plant in Rayong with an annual capacity of 15 thousand units. Besides, due to the growth of the overall manufacturing industry that pushed the fastener demand from OEMs, fasteners in Thai market were in short supply and the import value was much higher than the export value, as shown in **Figure 1**. In 2012, Thailand imported USD 1.27 billion worth of fasteners mainly from Japan, China, Malaysia, and Taiwan, as shown in **Table 2**. In 2012, Thailand exported USD 480 million worth of fasteners mainly to the U.S., Indonesia, Japan, and Germany.

Thai fastener manufacturers are mostly small-to-medium sized companies, including well-known

Table 1. Fastener Demand of Thailand during 2011-2016(F)

Unit: Million USD

	2011	2012	2014 (F)	2016 (F)
Industrial Fastener Demand	810	881	1,041	1,230

Source: Freedonia Group

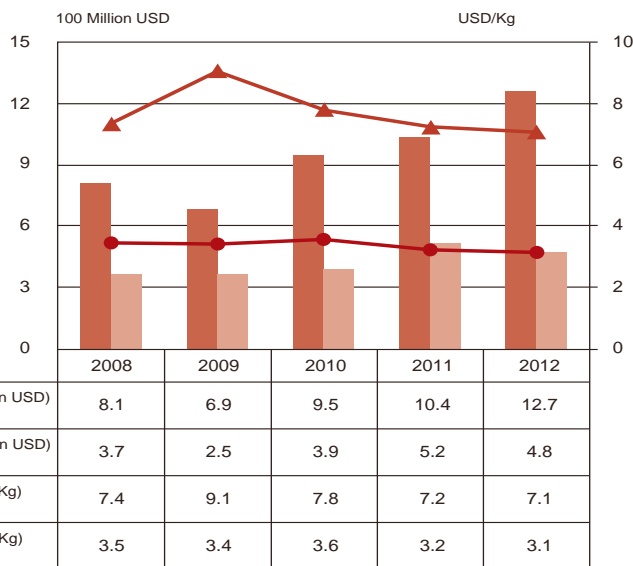


Figure 1. Thai Fastener Import & Export During 2008-2012

Source: Freedonia Group

Atlantic Yuki Thailand, Dura Fasteners, and Thaisin Metal Industries. The local manufacturers face fierce competition from foreign companies based in China, Japan, Taiwan and other Asian Pacific countries. Direct investment in Thailand by foreign manufacturers is not large. Most production bases in Thailand are invested by Japanese companies, including Aoyama Seisakusho, Fuserashi, Meira, NHK Spring, NIFCO, Nitto Seiko, and Piolax. German Böllhoff and U.S. Stanley Black & Decker also set up manufacturing plants in Thailand, while the other operations of

multinational companies are mostly for distribution.

The rapid growth of Thai automobile industry, the strong increase in durable products & regular investments, the strong domestic demand, and increasing export revenue, all support the stable growth of Thai fastener industry. Nonetheless, as foreign low-level products enter the battlefield, the competition in domestic and international markets turns fierce, and this may weaken the growth. The fastener demand in Thailand is expected to grow 8.7% annually and it will reach USD1.23 billion by 2016.

Conclusions

Thailand, a significant emerging market, represents 2% of the total export value of Taiwan. Thailand has a well-developed manufacturing industry. Its automobile industry in particular reached the capacity of 2.48 million units in 2012, and topped the ASEAN as the largest car manufacturing country. The figure is expected to reach 3 million units by 2013, fueled by the growth of the car market that attracts more foreign (especially Japanese) companies to invest in Thailand. Thai automobile industry mainly consists of Japanese brands. Recently, the fastener export from Taiwan to Thailand has been increasing from 11 thousand tons in 2008 to 23 thousand tons in 2012, making Taiwan the 4th largest import origin of Thailand. Taiwan is advantageous in producing auto fasteners, and many Taiwanese fastener manufacturers cooperate with Japanese car brands. Thus, Taiwanese manufacturers should utilize the advantage of industrial clustering, and enhance the relationships with Japanese car manufacturers to enter the supply chain of Thailand.

Table 2. Top 10 Import Origins & Export Destinations of Thai Fasteners in 2012

Unit: Million USD, %

Rank	2012					
	Country	Import Value	Percentage	Country	Export Value	Percentage
1	Japan	711	56.2%	USA	76	15.7%
2	China	141	11.2%	Indonesia	39	8.2%
3	Malaysia	109	8.6%	Japan	35	7.3%
4	Taiwan	78	6.1%	Germany	28	5.7%
5	Singapore	51	4.0%	Malaysia	21	4.4%
6	USA	36	2.9%	South Africa	21	4.4%
7	Germany	33	2.6%	Vietnam	20	4.1%
8	South Korea	17	1.4%	India	18	3.8%
9	UK	13	1.0%	Italy	18	3.8%
10	Italy	11	0.9%	Brazil	17	3.6%
Total of Top 10 Countries		1,201	94.9%	Total of Top 10 Countries	294	61.2%
Global		1,265	100.0%	Global	480	100.0%

Source: ITIS Project of MIRDC