

# ASEAN Fastener Trade with the World in Q1 2014



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## Introduction

Based on an International Monetary Fund (IMF) report, global activity has broadly strengthened and is expected to improve further in 2014-15, according to the April 2014 World Economy Outlook, with much of the impetus for growth coming from advanced economies.

Developing countries in the East Asia Pacific region (except Thailand) will also see stable economic growth this year, bolstered by a recovery in economies with high income and modest responses in the market so far to U.S. Federal Reserve's tapering of its quantitative easing, according to the East Asia Pacific Economic Update released 7th April 2014 by the World Bank.

The following article tries to study business situations and fastener markets in the first quarter of 2014 in ASEAN region.

## January 2014

### Thailand

In the first 9 months of 2013, Thai economy grew with a fair ratio, and its fastener market had grown 2.7% between July-Sep 2013 compared to the same period in the previous year. This change promised a stable situation but in the last quarter Thai society was engaged in an unwanted political problem, public strikes. The challenges between the government and opposition had stopped the business activities and the market of fastener industry dropped 2.5% compared to the previous quarter!

Although on December 9th, the government decided to deal with the opposition and dissolved Thai parliament, the business situation in the beginning of 2014 was volatile and fastener producers and consumption were no exception.

### Indonesia

Indonesia went through a different situation. Rupiah weakened dramatically- 1USD=RP11,000 to RP12,000- the weakest in the past 5 years! But it caused a paradoxical situation in Indonesia. Although this issue caused to decrease the power of purchase of domestic fastener consumers and put the fastener producers in a hard challenge, it caused to increase the interest of foreigner consumers to this region, therefore Indonesian fastener producers' export became stronger.

## February 2014

### Malaysia

Malaysian fastener export had dropped through 2012-2013. This challenge has occurred because of China's falling market demand and other Asian market demand. This situation has started to recover through the middle of 2013 by replacing with U.S. fastener market and controlling the employees' wages (USD300/month for a skilled worker). In the February of 2014, China's fastener market returned to Malaysian producers and now fastener producers in Malaysia are experiencing a boom in their export demand.

### Philippines

However, Philippine companies suffered different types of natural disasters last year, the fastener producers experienced 8.2% growth in their business in the last quarter of 2013 compared to the same quarter in the previous year. Government policies like the low rate of inflation and interests, also recovering

U.S. market in the beginning of 2014 help Industrial companies in Philippines to keep this growth in 2014. It is expected to increase fastener consumption by 7% more during months ahead.

## March 2014

### Thailand

Unfortunately, the government's action did not solve domestic political problems and in the previous February Thailand had the biggest public strike, many domestic and foreigner companies stopped their activities in Bangkok and the other cities. Therefore, for the next months we think, Thai economy will drop more and fastener producers in this country will also suffer this unwanted action.

### Indonesia

Industrial producers including fastener producers in Indonesia could change the threat of their weak currency to a big opportunity! Their business was in growth of 6.0% during the first three months of 2014. It is predictable that Indonesian industrial producers can keep this growth for the next month.

## April 2014

### Vietnam

Vietnam has been a new country that could absorb investors from countries like Japan, Hong Kong, etc. since 2013. Because of the foreigners' investment, in the industrial sector including the fastener section, Vietnam's export rate increased 12.3% during the past 4 months compared to the same period in 2013.

## Last word

Based on the international statistics, the economic situation and financial integration are developing in ASEAN region with a higher ratio compared to the world ratio. Therefore, it is a cause that USA, Japan and other developed countries have started to support ASEAN countries by providing technical assistance, investment, etc.

### Sources

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