



The Current Development of Aerospace Fasteners Production in ASEAN

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Nowadays, ASEAN Aerospace is growing.

Malaysia

Boeing and Hexcel transferred 40 percent factory expansion of their joint venture Aerospace Composites Malaysia Sdn. Bhd. (ACM) to support increased production of Boeing Commercial Airplanes in 2013. ACM produces flight surfaces for all Boeing's commercial programs, including the Next-Generation 737, 747-8, 767, 777, and 787 Dreamliner. The RM50 million (USD 17 million) investment by Boeing and Hexcel adds 125,000 square feet to a factory footprint that now totals 440,000 square feet, and the project includes a clean-room expansion of 11,000 square feet and installation of RM14 million (USD 5 million) in new equipment. With the added capacity, ACM is expected to grow its high-tech manufacturing workforce beyond its current 950 employees, furthering ACM's position as the region's leading employer. The added capacity is expected to be partially used to begin production of 787 Fixed Leading Edge Panels in 2014.

Singapore

Rolls-Royce (an airplane motor producer) has maintained an office in Singapore since the 1950s and its presence is expanding with the development of Singapore as an international business center in the thriving Asia Pacific region. Nowadays, Singapore is a key business hub

for Rolls-Royce, and all four major business sectors – Civil and Defence Aerospace, Marine and Energy- are strongly represented. Rolls-Royce plays a significant role in Singapore's civil aerospace industry. In December 2013, the Group, along with its joint venture partners, employed more than 2,200 people in the city state and accounted for over 15 percent of the country's aerospace output.

Thailand

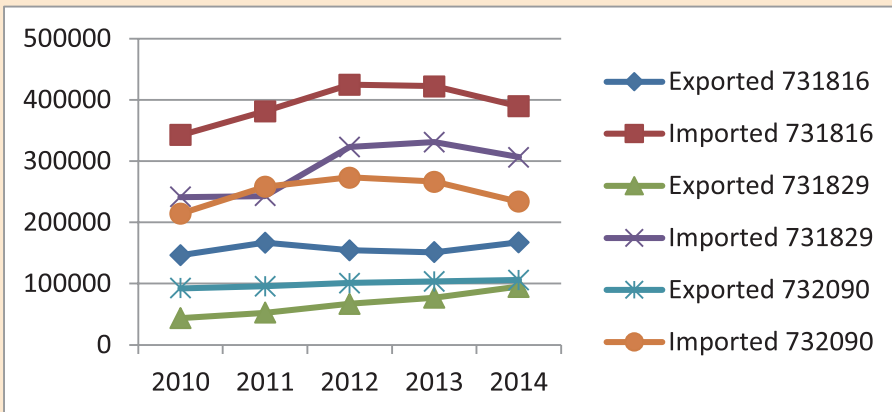
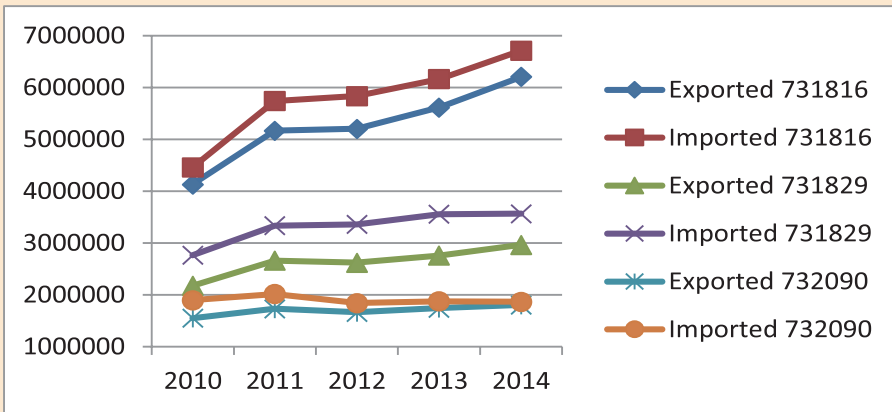
Thailand is laying the foundation for development of an Aerospace Industrial Estate targeting MRO and Tier 2, 3 and 4 aerospace manufacturing segments.

This has a potential of bringing \$US 650.0 million per year by 2023 when the first phase of the park will be operational. The park is planned to be develop in three phases and when all three phases are fully operational, it is forecasted to generate \$US 1.485 billion every year for Thailand, comprising of both manufacturing and MRO services.

ASEAN Aerospace Fastener Situation

3 types of high usage ratio in Aerospace industry has been studied. Their HS codes are: 731816, 731829 and 732090.

	Thousand USD	2010	2011	2012	2013	2014
731816	World (Export)	4,129,617	5,167,789	5,204,176	5,615,741	6,206,704
	ASEAN (Export)	146,653	166,738	154,582	151,349	167,258
	ASEAN market share	3.5%	3.2%	3.0%	2.7%	2.7%
	World (Import)	4,458,994	5,741,337	5,833,896	6,164,538	6,712,767
	ASEAN (Import)	342,864	381,442	424,623	422,090	389,576
	ASEAN market share	7.7%	6.6%	7.3%	6.8%	5.8%
731829	World (Export)	2,176,742	2,661,363	2,621,440	2,759,424	2,963,239
	ASEAN (Export)	43,865	52,689	67,079	76,888	94,818
	ASEAN market share	2.0%	2.0%	2.6%	2.8%	3.2%
	World (Import)	2,765,944	3,335,068	3,358,947	3,556,703	3,564,836
	ASEAN (Import)	241,614	243,351	323,073	330,955	306,294
	ASEAN market share	8.8%	7.3%	9.6%	9.3%	8.6%
732090	World (Export)	1,550,506	1,729,782	1,661,924	1,744,403	1,805,358
	ASEAN (Export)	92,714	95,773	101,062	103,516	105,906
	ASEAN market share	6.0%	5.5%	6.1%	5.9%	5.8%
	World (Import)	1,895,461	2,015,360	1,842,471	1,874,829	1,866,420
	ASEAN (Import)	214,393	258,245	273,162	266,231	233,839
	ASEAN market share	11.3%	12.8%	14.8%	14.2%	12.5%



Graph Notes:

The study on these two graphs shows that aerospace fastener business has grown more than 50% in average during 2010-2014; however, ASEAN did not have a considerable growth according to the global norm.

According to the statistics above, the market share of ASEAN exported aerospace fasteners is not significant,

which means ASEAN fastener factories can think of this business as an opportunity. The aerospace fasteners imported to ASEAN prove this claim.

As we mentioned in the beginning of this article, the activity of aerospace factories has been developed in ASEAN since 2011 through joint venture contract, etc. When the aerospace factories penetrate into the market, ASEAN fastener producers are not

ready for them; therefore the result would be like this: ASEAN's imported aerospace fasteners showed growth and their export decreased till 2013. The statistics of year 2014 says that fastener producers are able to manage the situation; hence, their exported aerospace fasteners showed growth and import of this type of fasteners depicts decline.

Future of Aerospace Fasteners

The reports analyze that the worldwide market for aerospace fasteners is worth US\$ 9000 million. The report provides separate comprehensive analyses for the U.S., Canada, Japan, Europe, Asia Pacific, Latin America, and the rest of the world. According to growth of the aerospace business, it is predictable that this business will grow up about 100% till 2020. Based on locations of the aerospace fastener usages, quality of this type of fasteners is essential and prices are not the first priority for buyers and if ASEAN manufacturers want more market share, they should equip themselves with better technology, materials, and of course, improving their companies' brands.



Fastener World Inc.

