

Observation on Malaysian, Indonesian, Australian and New Zealand Fastener Markets

Foreword

The fastener industry is a traditional industry in Taiwan with export advantages. The fastener (screws and nuts) industry has been doing well as it has a mature industrial chain and a development history of more than 60 years. It is a moderately capital-intensive, highly labor-intensive and highly globalized export industry. The existing manufacturers are all companies that provide excellent product quality and quantity as the poorly structured manufacturers have been eliminated during the 2008 financial crisis.

Taiwan's major fastener export destinations include developed countries/regions such as Europe, the United States and Japan. Taiwan's export momentum was affected by market fluctuations in the EU and the United States. Despite the gradual recovery of the EU and steady growth of the U.S. economy, the emerging markets are less affected by the financial turmoil. Malaysia and Indonesia, with tremendous future growth potential, have business opportunities not to be ignored. To compete with the growing ASEAN market, and make most of the "Agreement between New Zealand



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| Capital | Kuala Lumpur | Religion | Islamism (national religion) |
| Time Difference with Taiwan | 0 hours | Currency | Unit: Ringgit (RM) |
| Population | 29.72 million (2013) | Official Language | Malay and English |
| Gross Domestic Product (GDP) | US\$312.4 billion (2013) | GDP Per Capita | US\$10,513 (2013) |
| Gross National Income (GNI) | US\$301.3 billion (2013) | Unemployment Rate | 2.7% (2014/9) |
| Annual Growth Rate of Consumer Prices(CPI) | 2.8% (2014/10) | Production Price Indexes (PPI) Growth Rate | -0.7% (2014/10) |
| Economic Growth Rate | 5.6% (2014/9) | Lending Interest Rate | 4.61% (2013) |
| Foreign Debt | US\$100.95 billion (2013) | Foreign Exchange Reserve | US\$128.123 billion (2014/10) |
| Export Value | US\$255.8 billion (2013) | Import Value | US\$226.7 billion (2013) |
| Value of Exports to Taiwan | US\$8.124 billion (2013) | Value of Imports From Taiwan | US\$8.184 billion (2013) |
| Major Exported Items | Electronic and electrical products, refined petroleum products, liquefied natural gas, chemistry and chemical products, palm oil, crude oil, metal products, machinery parts and accessories, optical and scientific instruments and rubber products | | |
| Major Export Destinations | Singapore, China, Japan, the United States, Thailand, Indonesia, Hong Kong, Australia, South Korea and India | | |
| Major Imported Items | Electronic and electrical products, refined petroleum products, chemistry and chemical products, machinery parts and accessories, transport equipment, metal products, metal products, steel products, crude oil, optical and scientific instruments and processed foods. | | |
| Major Import Sources | China, Singapore, European Union, Japan, the United States, Thailand, Taiwan, Korea, Indonesia and Vietnam | | |

Source: Import/export statistics of Bureau of Foreign Trade, MOEA, TAITRA Global Trade Source, World Bank, Australian Bureau of Statistics, Reserve Bank of Australia

and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Cooperation, ", it is advised that Taiwan's fastener industry should pursue market opportunities in Malaysia, Indonesia, Australia and New Zealand with heightened sales targets in mind as fasteners are one of Taiwan's major export products..

Introduction to Malaysian Fastener Market and Manufacturers

According to the statistics of Malaysian Statistics Department, the fastener import demand is higher than the export demand. The statistics for the first half of 2014 showed the total imports of the country at US\$ 194 million, and the main import origins were China (23.49%), Singapore (18.26 %), Japan (17.4%), the United States (8.24%) and Taiwan (8.12%) while the export amounted to US\$167 million. The major export destinations included Singapore (15.55%), Germany (14.98%), Thailand (11.23%), China (5.7%) and the U.S. (4.82%).

With great market potential, Malaysia is a gate way to the ASEAN countries and the world. The local construction and automotive industries have high demand for fasteners. Take the automotive industry for example, according to the data of Malaysian Automotive Association (MAA), the total capacity (including manufacturing and assembly) of private cars and commercial vehicles (including, buses and trucks) reached

600,000 units in 2013. In addition, there are many overseas Chinese doing business in the country, who mainly speak Chinese. These conditions make Malaysia a springboard for the manufacturers to make inroads into the ASEAN market.

The author once visited INMAX Sdn Bhd located in Kuala Lumpur. The company was founded in 1989 and chairman Mr. Chiang, Wen-chou graduated from the Machinery Department of Kwang Hwa Vocational High School of Technology in Taichung. He went to Malaysia to start business when the Taiwanese government promoted the "Southward Policy", which became the first local manufacturer of industrial pneumatic nails with the main business of processing industrial pneumatic gun nails, wire nails, and wire boards. The company is currently one of the largest suppliers of industrial pneumatic gun nails in Southeast Asia.

Introduction to Indonesia's Fastener Market and Manufacturers

Indonesia has the world's fourth largest population of nearly 250 million, which is the largest in the ASEAN market, accounting for 40% of the population of ASEAN countries. The country has booming steam locomotives, machinery, construction, electronics and furniture industries and therefore has basic needs for fasteners, tooling and machinery.

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| Capital | Jakarta | Religion | Islam, Catholicism, Hinduism, Christianity, Buddhism, Confucianism |
| Time Difference with Taiwan | -1 hour | Currency | Unit: Rupiah (Rp) |
| Population | 249.87 million (2013) | Official Language | Bahasa Indonesia |
| Gross Domestic Product (GDP) | US\$8,68.346 billion (2013) | GDP Per Capita | US\$3,475.25 (2013) |
| Gross National Income (GNI) | US\$8,41.475 billion (2013) | Unemployment Rate | 5.94% (2014/8) |
| Annual Growth Rate of Consumer Prices (CPI) | 6.41% (2013) | Production Price Indexes (PPI) Growth Rate | 7.74% (2014/11) |
| Economic Growth Rate | 5.78%(2013) | Lending Interest Rate | 11.86%(2013) |
| Foreign Debt | US\$292.286 billion (2014/9) | Foreign Exchange Reserve | US\$1,11.973 billion (2014/10) |
| Export Value | US\$206.171 billion (2013) | Import Value | US\$223.503 billion (2013) |
| Value of Exports to Taiwan | US\$0.7151 billion (2013) | Value of Imports from Taiwan | US\$5.149 billion (2013) |
| Major Exported Items | Coal, natural gas, palm oil, crude oil, natural rubber latex, copper ore, footwear, processed plywood, motor vehicle parts and accessories and unplasticized tin | | |
| Major Export Destinations | Japan, China, Singapore, the United States, India, South Korea, Malaysia, Thailand, Taiwan and Australia | | |
| Major Imported Items | Electronic and electrical products, refined petroleum products, chemistry and chemical products, machinery parts and accessories, transport equipment, metal products, metal products, steel products, crude oil, optical and scientific instruments and processed foods. | | |
| Major Import Sources | China, Singapore, the European Union, Japan, the United States, Thailand, Taiwan, Korea, Indonesia and Vietnam | | |

Source: Import/export statistics of Bureau of Foreign Trade, MOEA, TAITRA Global Trade Source, World Bank, Australian Bureau of Statistics, Reserve Bank of Australia

The value of Indonesia's fastener imports amounted to US\$ 670 million in 2013 with the main import source countries like Japan (44.3%), Singapore (13.16%), China (9.7%), Thailand (8.47%) and Taiwan (4.76%). The amount of fastener exports was US\$ 79 million with the major export destinations like Japan (17.27%), Germany (14.64%), Thailand (8%), the Netherlands (7.8%) and Belgium (6.57%).

Since many factories in Indonesia are invested by Japanese businesses, fasteners are made in Japan or the components are shipped back to Japan for assembly, which is why Japan takes up a relatively prominent percentage in the fastener import and export values of the country.

In addition, Indonesia's fastener import value is much higher than the export value, which shows a very impressive local demand for fasteners and there are local fastener manufacturers. The most important consideration for standard products, mostly imported from China, is the price. Taiwanese manufacturers, with an advantage of higher production technologies, focus mainly on the market of patented or customized products.

The author once visited in PT. SAGATEKNINDO Sejati in Jakarta. The company has been established for more than 20 years. It originally engaged in trade and later set up factories and is now a manufacturer of automotive fasteners and related parts with major customers being the Japanese car

assembly plants in Indonesia. The company also exports to Vietnam and Thailand. It imports machinery and equipment mostly from Taiwan. Although with the same equipment used by some manufacturers in Taiwan, more than 90 percent of the customers are Japanese businesses which demand nearly perfect yield rate for the products. As quality is more important than quantity for the company, each operator is responsible for only one machine, the factory environment is relatively clean in contrast to the working space in Taiwan where large quantities are pursued and one person is in charge of several machines.

Introduction to Australia's Fastener Market and Manufacturers

Located in the southern hemisphere, Australia, with high degree of urbanization, has its sales markets mainly concentrated in a few coastal cities. Distribution is a major cost as the cities are distant from one another. For Australians, long-term business relationships are important and oligopolistic situation is fairly obvious as only a few large companies dominate most of the market.

According to the Service data Australian Customs of the output value of Australia's fastener industry in 2013-2014 amounted to US \$ 665 million, of which 50% was taken up by screws, 20% by nuts and 11% by industrial fasteners. If categorized by application, construction accounted for 35%, manufacturing sector for 30%, automotive for 20%, aviation and

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| Capital | Canberra | Religion | Catholicism, Christianity |
| Time Difference With Taiwan | +2 hours (+3hours for summer time) | Currency | Unit: AUD AU\$1 = US\$0.8747 (2014/09) |
| Population | 23.43 million (2014/3) | Official Language | English |
| Gross Domestic Product (GDP) | US\$1,560.597 billion (2013) | GDP Per Capita | US\$67,468.07 (2013) |
| Gross National Income (GNI) | US\$1,524.349 billion (2013) | Unemployment Rate | 6.2% (2014/9) |
| Annual Growth Rate of Consumer Prices (CPI) | 2.3% (2014/9) | Production Price Indexes (PPI) Growth Rate | 1.2% (2014/9) |
| Economic Growth Rate | 2.66% (2013) | Lending Interest Rate | 6.18%(2013) |
| Foreign Debt | US\$772.247 billion (2014/9) | Foreign Exchange Reserve | US\$47.211 billion (2014/10) |
| Export Value | US\$309.549 million (2013) | Import Value | US\$330.099 billion (2013) |
| Value of Exports to Taiwan | US\$7.899 billion (2013) | Value of Imports from Taiwan | US\$5.149 billion (2013) |
| Major Exported Items | Iron ore, coal, education-related personal travel, liquefied natural gas, gold, oil, wheat, aluminum, beef, copper, gasoline, wool, cotton | | |
| Major Export Destinations | China, Japan, South Korea, the United States, India, New Zealand, Taiwan, Singapore, Malaysia, Indonesia | | |
| Major Imported Items | Crude oil, small passenger cars, gasoline, telecommunication equipment, pharmaceuticals, computers, cars laden with gold, civil engineering equipment, air conditioning equipment, automobile parts, measuring and analytical instruments (2013) | | |
| Major Import Sources | China, the United States, Japan, Singapore, Germany, Thailand, Korea, Malaysia, New Zealand, Britain, Indonesia, Italy, France, Taiwan | | |

Source: Import/export statistics of Bureau of Foreign Trade, MOEA, TAITRA Global Trade Source, World Bank, Australian Bureau of Statistics, Reserve Bank of Australia

shipbuilding accounted for 15%. With large influx of immigrants in recent years, the construction industry are flourishing in major Australian cities as many high-rise buildings have been erected one after another and the demand for fasteners used in construction is relatively higher than the fasteners used in manufacturing and automobile industries.

Located in the suburbs of Sydney, HOBSON ENGINEERING CO. PTY LTD. was founded in 1935 originally as a manufacturer of bicycle axles and roller skates. The company later began to distribute fastener products after producing aircraft components during World War II. It is currently run by the second-generation enterprisers with exclusive distributorship in many product items and is one of the main suppliers for the local industry. Part of the company's products are purchased from Taiwan. As one of the major fastener importers in Australia, CHAMPION PARTS PTY LTD. is based in Melbourne with a competitive edge in automotive and mining items. The company's products include fasteners and metal parts which are mainly sold in small packages to the major local distributors, such as the hardware stores BUNNING WAREHOUSE and MASTERS HOME IMPROVEMENT.

Introduction to New Zealand's Fastener Market and Manufacturers

New Zealand is mainly under the influence of Australia in terms of economy and trade due to the geopolitical relations. The size of the local market is not big while the businesses

are mostly operations set up by the Australian importers and exporters. In the wake of the powerful earthquakes in Christchurch in 2011, post-disaster reconstruction efforts have been viewed as the driving force for creating jobs and revitalizing the economy. Inadequate infrastructure has been a long-term woe for New Zealand's economic development. To speed up the pace of economic development, the government has invested 12 billion NZDs in the construction of schools, railways, hospitals, national road system, which is expected to power up the import demands in related industries.

According to statistics, New Zealand's import value of fasteners amounted to US \$72 million in 2013 and the main import source countries were Mainland China (29.6%), Taiwan (27.37%), Australia (11.85%), the United States (11.21%). From Jan. to Aug. 2014, the country's fastener imports grew by 16.71%. New Zealand's fastener export value amounted to US\$ 52 million in 2013 and the main exporting destinations include Australia (24.31%), the United States (12.47%), Fiji (8.7%) and China (6.23%). In addition, the country exported fasteners to many island nations in Oceania as it enjoyed an advantage of re-exporting to these countries.

MSL / FORTRESS FASTENERS is the largest fastener operator in New Zealand. It has been established for 30 years with 8 branches in the country. Its fastener products, whether standard or special, aim to meet customers' needs. The company is actively looking for products with potentials and continues to introduce them into New Zealand. It is the leader in the local fastener industry. ■

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| Capital | Wellington | Religion | Christianity |
| Time Difference with Taiwan | +4 hours (+5 hours for summer time) | Currency | Unit: NZD NZD1=US\$0.8758 (2014/6) |
| Population | 4.5314 million (2014/9) | Official Language | English, Maori |
| Gross Domestic Product (GDP) | US\$185.787 billion (2013) | GDP Per Capita | US\$41,555.75 (2013) |
| Gross National Income (GNI) | N/A | Unemployment Rate | US\$5.4% (2014/9) |
| Annual Growth Rate of Consumer Prices (CPI) | 1.0% (2014/9) | Production Price Indexes (PPI) Growth Rate | Output1.0% Input2.2% (2014/9) |
| Economic Growth Rate | 2.5% (2013) | Lending Interest Rate | 5.53% (2013) |
| Foreign Debt | US\$1,24.626 billion (2014/6) | Foreign Exchange Reserve | US\$17.933 billion (2014/10) |
| Export Value | US\$55.093 billion (2013) | Import Value | US\$51.709 billion (2013) |
| Value of Exports to Taiwan | US\$746 million (2013) | Value of Imports from Taiwan | US\$565 million (2013) |
| Major Exported Items | Dairy products, meat and edible offal, log products, machines, fruits, mineral fuels, fish, beverages, alcoholics, electrical equipment, grains and prepared foods | | |
| Major Export Destinations | China, Australia, the United States, Japan, South Korea, the United Kingdom, Singapore, Malaysia, Indonesia and Taiwan | | |
| Major Imported Items | Petrol products, machines, vehicle parts, electrical equipment, textile products, plastics, optics and photography, steel products, pharmaceuticals and paper | | |
| Major Import Sources | China, Australia, the United States, Japan, Germany, Malaysia, Singapore, South Korea, Thailand, the United Kingdom | | |