

How's the Fastener Business of Malaysia, Philippines and Singapore with Going to Be in the Near Future



by Sharareh Shahidi Hamedani

※All values in 1,000 USD



Malaysia

In the fastener field, the situation between Malaysia and USA has been reported as below:

Malaysia is the 3rd biggest exporter in the ASEAN region to USA in terms of fasteners. 4-5% of Malaysia's exported fasteners were exported to USA and Malaysian producers supplied 0.25-0.35% of U.S. fastener consumption.

U.S. Import from Malaysia			Malaysia's Export to the World		
2013	2014	2015	2013	2014	2015
16,422	13,286	13,932	335,624	332,488	292,914
U.S. Market Size for Malaysia			4.9%	4.0%	4.8%
			U.S. Import from the World		
			2013	2014	2015
Malaysia's Market Share in U.S. Market			4,778,235	5,151,972	5,291,483
			0.34%	0.26%	0.26%

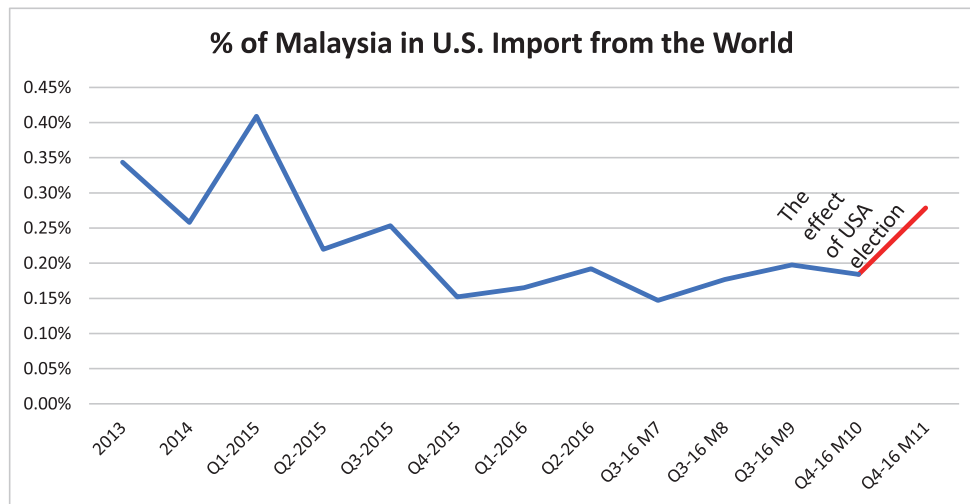
It means U.S. market is an acceptable market for Malaysian producers. However, U.S. fastener users can replace Malaysia easily. Based on the report of "Imoney.my", the new U.S. policies hit Malaysia in 4 ways:

- 1- Goodbye, TPP** (Trans-Pacific Partnership, a trade pact involving 12 nations around the Pacific Rim, including the U.S., Japan, and Australia)- If it happens, then Malaysia will miss out on an economic advantage that speaks of a gross domestic product growth of US\$211 billion in the next 10 years. Without the TPP and a growing U.S. market, these commodities will suffer in general, and so will Malaysia's tax revenues, meaning an even higher cost of living.
- 2- Tougher working conditions-** If it happens, U.S. President Trump's anti-immigration policy may lead to a slowdown in U.S. growth and global growth in general, resulting from the evictions and the adjustment period that follows suit. This would boost countries that now have a returning workforce, including Malaysia.
- 3- Higher tariffs on China and others-** If it happens, a trade war will ensue and hurt many U.S. industries, particularly autos, oil and technology, which rely heavily on international supply chains. Also, companies in the US will probably see sluggish growth, which means a short-term dampener on capital investments. Demand in the US will probably suffer and this might have a spill over effect on Malaysia as the US is the largest consumer market.
- 4- Climate change-** If it happens, Malaysia has one of the highest rates of deforestation in the world with most of its land cleared for palm oil or rubber plantations. If the Paris Agreement is cancelled, Malaysians could be witnessing worse environmental problems in the near future, which also means a major dent to our tourism sector.

	U.S. Import from Malaysia					
	16-Q2-M6	16-Q3-M7	16-Q3-M8	16-Q3-M9	16-Q4-M10	16-Q4-M11
	710	576	767	774	704	1,114
U.S. Market Size for Malaysia	Malaysia's Export to the World					
	16-Q2-M6	16-Q3-M7	16-Q3-M8	16-Q3-M9	16-Q4-M10	16-Q4-M11
	24,928	19,889	24,083	23,110	22,971	-
	2.85%	2.90%	3.18%	3.35%	3.06%	-
Malaysia's Market Share in U.S. Market	U.S. Import from the World					
	16-Q2-M6	16-Q3-M7	16-Q3-M8	16-Q3-M9	16-Q4-M10	16-Q4-M11
	403,137	391,636	433,863	391,796	382,154	399,883
	0.18%	0.15%	0.18%	0.20%	0.18%	0.28%

Therefore, it is predictable that Malaysian fastener producers may lose a part of their market in the U.S. The fastener export and import statistics between these two countries show that U.S. election and the “Made-in-US” policy affected the total value of Malaysia’s exported fasteners in November 2016.

		U.S. Import from Malaysia							
		2014-Q4	2015-Q1	2015-Q2	2015-Q3	2015-Q4	2016-Q1	2016-Q2	2016-Q3
		2,450	5,699	3,205	3,295	1,732	1,939	2,350	2,118
		Malaysia’s Export to the World							
U.S. Market Size for Malaysia	2014-Q4	2015-Q1	2015-Q2	2015-Q3	2015-Q4	2016-Q1	2016-Q2	2016-Q3	
	86,804	77,767	73,625	71,964	69,853	65,419	75,560	67,082	
	2.8%	7.3%	4.4%	4.6%	2.5%	3.0%	3.1%	3.2%	
		U.S. Import from the World							
Malaysia’s Market Share in U.S. Market	2014-Q4	2015-Q1	2015-Q2	2015-Q3	2015-Q4	2016-Q1	2016-Q2	2016-Q3	
	1,282,120	1,393,592	1,458,951	1,301,037	1,137,902	1,174,786	1,222,696	1,217,296	
	0.19%	0.41%	0.22%	0.25%	0.15%	0.17%	0.19%	0.17%	



Philippines



The Philippines may suffer from a “ripple effect” should U.S. President Donald Trump slap tariffs on products from China, its main market for electronics exports, an analyst said.

On the other hand, Batongbacal says “I think that down the road, U.S.-Philippine relations will be cordial at best, but essentially cold compared to previous years.”

Therefore, it is predicted that “relations will improve for a while.”

In terms of fasteners, Philippines is ranked as the 4th biggest exporter to USA in the ASEAN region. 32.3% of Philippines’ exported fasteners were shipped to USA, and therefore, it is one of the main markets for Philippines’ fastener producers. On the other hand, 0.2% of U.S. fastener needs come from Philippines. It means U.S. market for Philippines’ producers is more essential than Philippines’ fasteners for U.S. consumers.

U.S. Import from Philippines			Philippines’ Export to the World		
2013	2014	2015	2013	2014	2015
10,015	9,809	11,544	41,111	36,206	35,704
U.S. Market Size for Philippines			24.4%	27.1%	32.3%
			U.S. Import from the World		
			2013	2014	2015
			4,778,235	5,151,972	5,291,483
Philippines’ Market Share in U.S. Market			0.21%	0.19%	0.22%

The statistics show the trend of fastener business between USA and Philippines. Following data shows that Q2 in each year was a strange quarter! In 2015, the Philippines fastener export to USA reached almost half of Philippines' fastener export to the world, and Q1 of 2016 was an awful period for Philippines exporters, as it reached the lowest record over the past 8 quarters since 2014.

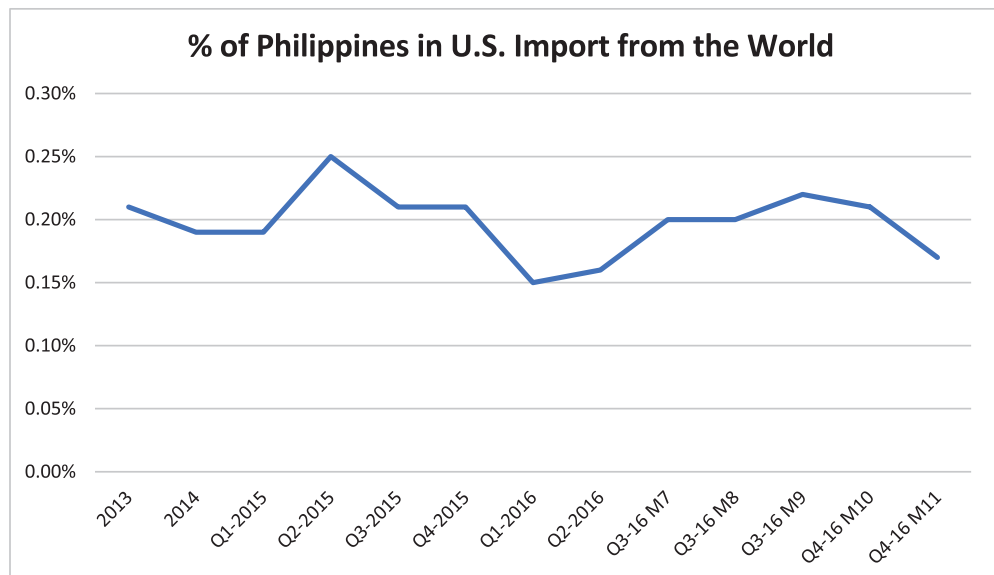
		U.S. Import from Philippines							
		2014-Q4	2015-Q1	2015-Q2	2015-Q3	2015-Q4	2016-Q1	2016-Q2	2016-Q3
		2,363	2,709	3,690	2,725	2,419	1,789	1,897	2,495
		Philippines' Export to the World							
		2014-Q4	2015-Q1	2015-Q2	2015-Q3	2015-Q4	2016-Q1	2016-Q2	2016-Q3
U.S. Market Size for Philippines		8,374	9,932	7,827	9,084	8,860	5,605	7,575	8,213
		28.2%	27.3%	47.1%	30.0%	27.3%	31.9%	25.0%	30.4%
		U.S. Import from the World							
		2014-Q4	2015-Q1	2015-Q2	2015-Q3	2015-Q4	2016-Q1	2016-Q2	2016-Q3
Philippines' Market Share in U.S. Market		1,282,120	1,393,592	1,458,951	1,301,037	1,137,902	1,174,786	1,222,696	1,217,296
		0.18%	0.19%	0.25%	0.21%	0.21%	0.15%	0.16%	0.20%

Statistics of 2016 help us predict the future of fastener business between USA and Philippines.

		U.S. Import from Philippines					
		16-Q2-M6	16-Q3-M7	16-Q3-M8	16-Q3-M9	16-Q4-M10	16-Q4-M11
		595	764	854	877	808	671
		Philippines' Export to the World					
		16-Q2-M6	16-Q3-M7	16-Q3-M8	16-Q3-M9	16-Q4-M10	16-Q4-M11
U.S. Market Size for Philippines		2,587	2,807	2,420	2,986	2,954	-
		23.00%	27.22%	35.29%	29.37%	27.35%	-
		U.S. Import from the World					
		16-Q2-M6	16-Q3-M7	16-Q3-M8	16-Q3-M9	16-Q4-M10	16-Q4-M11
Philippines' Market Share in U.S. Market		403,137	391,636	433,863	391,796	382,154	399,883
		0.15%	0.20%	0.20%	0.22%	0.21%	0.17%

The Philippines business in November 2016 has not been affected, and it can be translated to that U.S. and Philippines continue their relationship as before.

The "Made-in-USA" policy has less effect on Philippines fastener business.



Singapore



U.S. President Trump said he would kill the Trans-Pacific Partnership free trade deal, of which Singapore is a key signatory to the deal. Therefore, Bernard Aw, a Singapore-based economist with IHS Markit, said, “The uncertainty about the direction of America’s foreign and trade policies will be problematic for Singapore, given that our economy relies heavily on global trade.” Any rise in trade protectionism and threats to global security will have a strong negative impact on Singapore’s open economy. Increasing volatility in global financial markets, including major swings in commodity prices may also affect Singapore indirectly,” Aw said.

The study of the fastener statistics helps us understand Singapore’s situation after Trump took office. Singapore is the 5th biggest fastener exporter to USA in the ASEAN region. 4.8 million USD is their total amount of export to USA.

U.S. Import from Singapore			Singapore’s Export to the World		
2013	2014	2015	2013	2014	2015
3,943	4,268	4,815	271,826	315,926	285,225
U.S. Market Size for Singapore			1.5%	1.4%	1.7%
			U.S. Import from the World		
			2013	2014	2015
			4,778,235	5,151,972	5,291,483
Singapore’ Market Size in U.S. Market			0.08%	0.08%	0.09%

Their business in the fastener field is not a big deal. Just 1.5% of Singapore’s exported fasteners were shipped to USA, so Trump’s policies may not cause any effect on Singapore’s fastener economy. ■

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