

Indonesian Fastener Market Its Competitiveness in ASEAN

Introduction

The fastener industry plays a crucial role in supporting various sectors of the economy, from construction to automotive, and Indonesia stands as a significant player in the ASEAN fastener market. As the fourth most populous country in the world and a rapidly developing economy, Indonesia's fastener market has been witnessing changes. In the booming Southeast Asian market, **Indonesia's fastener industry is a rising star, worth about US\$2.5 billion and growing fast (an impressive annual growth rate of 5-7%).** But what makes this market tick? Who are the key players, and how do they stack up against other ASEAN countries like Thailand and Vietnam?

What are the Potential Reasons Behind the 5-7% Annual Growth Rate?

The impressive 5-7% annual growth rate of Indonesia's fastener industry can be attributed to several potential reasons:

Domestic Market Drivers:

- **Booming Construction Sector:** Indonesia's infrastructure and construction sectors are experiencing significant growth, fueled by government spending and urbanization. This increased construction activity directly translates to higher demand for fasteners of various types and sizes.
- **Expanding Manufacturing:** The manufacturing sector in Indonesia is also witnessing steady growth, particularly in automotive, electronics, and shipbuilding industries. These industries rely heavily on fasteners, contributing to the overall market expansion.
- **Growing Population and Disposable Income:** Indonesia's population is growing rapidly, leading to an increase in disposable income. This rise in income fuels demand for consumer goods like furniture, appliances, and electronics, all of which require fasteners for assembly.

Regional Trade Advantages:

- **Intra-ASEAN Trade:** Indonesia benefits from strong trade ties within the ASEAN region, where countries like Vietnam, Thailand, and Singapore serve as major export destinations for Indonesian fasteners. This regional demand helps drive industry growth.
- **Competitive Pricing:** Compared to some regional competitors, Indonesia offers fasteners at competitive prices due to lower labor

costs and production overhead. This price advantage can attract more buyers and boost exports.

- **Government Support:** The Indonesian government has implemented various initiatives to support the fastener industry, such as tax breaks, export incentives, and infrastructure development. These initiatives can create a more favorable environment for industry growth.

Industry-Specific Factors:

- **Diversification:** Indonesian fastener manufacturers are increasingly diversifying their product offerings to cater to a wider range of applications and customer needs. This diversification helps them tap into new markets and expand their customer base.
- **Technological Advancements:** Some Indonesian fastener manufacturers are investing in new technologies and production processes to improve efficiency and quality. This can lead to cost reductions and enhanced product competitiveness.
- **Focus on Quality:** While price remains a key factor, some Indonesian manufacturers are focusing on improving quality standards to cater to higher-end markets and compete with established players.

Overview of the Indonesian Fastener Market

Import Potential:

Indonesia's reliance on imports of US\$520 million worth of fasteners indicates a gap in domestic production capacity. This achievement is even more remarkable considering the competitive landscape, demonstrating the industry's resilience and potential for further growth.



(Unit: 1,000 USD)

Exporters	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
World	148,858	139,933	137,463	162,845	168,358	115,693	124,856
Japan	61,307	55,834	54,471	62,247	55,956	47,688	52,557
China	31,352	28,015	30,187	35,897	29,862	21,832	18,389
Australia	9,285	9,133	4,511	8,704	7,934	5,998	11,169
Thailand	13,120	10,166	11,175	10,874	10,957	8,674	10,629

Total Imports: The total import value decreased from USD 148,858 thousand in Q1 2022 to USD 124,856 thousand in Q3 2023, representing a 16.1% decrease (Above statistics shows a 2% decrease quarterly).

- **Average quarterly import value:** 142,572,000 USD.
- **Largest quarterly import:** 168,358,000 USD (Q1 2023).
- **Smallest quarterly import:** 115,693,000 USD (Q2 2023).
- **Average import growth/decline per quarter:** -2%.

Top Sources:

- **Japan: Consistently the largest import source**, with a value

of 52,557,000 USD in Q3 2023, a 14.3% decrease from Q1 2022. Japan's export decreased 2% quarterly.

- **China:** The second-largest source, with 18,389,000 USD in Q3 2023, a 41.3% decrease from Q1 2022. China's export decreased 7% quarterly.
- **Australia:** The third-largest source, with 11,169,000 USD in Q3 2023, a 19.0% increase from Q1 2022. Australia's export increased 16% quarterly.
- **Thailand:** The fourth-largest source, with 10,629,000 USD in Q3 2023, a 19.0% increase from Q1 2022. Thailand's export decreased 2% quarterly.

Export Potential:

(Unit: 1,000 USD)

Importers	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
World	27,529	25,668	34,841	28,637	23,682	23,451	24,551
Philippines	239	265	399	1,210	1,808	1,505	5,256
Germany	8,784	6,088	8,026	6,969	5,009	7,146	3,352
Thailand	2,644	2,127	2,897	3,367	3,325	2,892	2,832
Netherlands	1,264	939	1,038	804	825	939	2,253

Slight decrease: Total exports to all listed destinations decreased by 10.9% from Q1 2022 to Q3 2023 (27,529,000 USD to 24,551,000 USD). This represents an average quarterly decrease of 0.4%.

- **Fluctuations:** Significant fluctuations are observed across quarters, with:

Increases: Q3 2022 (+35.7% over Q2), Q3 2023 (+4.7% over Q2).

Decreases: Q2 2022 (-6.8% over Q1), Q4 2022 (-17.8% over Q3), Q1 2023 (-17.3% over Q4 2022), Q2 2023 (-1.0% over Q1).

Top Destinations:

- **World:** Despite slight fluctuations, exports to the "World" category decreased by 10.8% overall, with an average quarterly decline of 0.4%.
- **Philippines: The destination exhibiting significant growth**, with a 2,099% increase over the period, representing an average quarterly increase of 91%.

- **Germany:** The second-largest country, with 8,784,000 USD in Q3 2023, a 61.8% decrease from Q1-2022. Germany's import decreased 8% quarterly.

- **Thailand:** The third-largest country, with 2,644,000 USD in Q3 2023, a 7.1% increase from Q1 2022. Thailand's import increased 3% quarterly.

- **Netherlands:** The fourth-largest country, with 1,264,000 USD in Q3 2023, a 78.2% increase from Q1 2022. Netherlands' import decreased 20% quarterly.

Regional Fastener Trade:

The dominance of Malaysia, Thailand, Singapore, and Indonesia as key countries in the ASEAN Region. Analyzing the total fastener trade figures for the first three quarters of 2023 provides valuable insights into the regional trade dynamics among Southeast Asian countries. Thailand's leading position underscores its competitive advantage in the fastener market. Indonesia and other countries may explore strategies to enhance competitiveness and market share.



• **Thailand:** 1,244,989,000 USD

Thailand leads the region with the highest total fastener trade value, indicating a robust trade performance and a strong presence in the global fastener market.

• **Indonesia:** 817,814,000 USD

Indonesia follows closely behind Thailand, showcasing a significant contribution to regional trade. Its strong position reflects the country's prominence as a key player in the fastener industry.

• **Malaysia:** 652,902,000 USD

Malaysia secures the third position, with substantial fastener trade figures. The country's export performance highlights its active participation in the regional and global fastener market.


• **Singapore:** 615,012,000 USD

Singapore, despite its smaller size, maintains a commendable fourth position in total fastener trade. Its strategic location and economic prowess contribute to a noteworthy export portfolio.

Conclusion


In conclusion, Indonesia appears to be strategically emphasizing its domestic market, facing challenges in the export arena. This strategic move indicates a deliberate effort to strengthen its position domestically before venturing further into the international market. The ongoing efforts to reduce import dependence and boost domestic production seem to be yielding positive results, evident in the encouraging growth in the domestic market. However, the simultaneous decrease in exports signals the need for continued efforts to enhance competitiveness globally. The overall decline in both imports and exports could be indicative of an economic slowdown impacting both domestic and international demand, emphasizing the importance of a well-balanced strategy to navigate the intricate dynamics of the fastener market in the coming quarters. ■

*Copyright owned by Fastener World
Article by Sharareh Shahidi Hamedani*




Hollow Shaft Power Nut Driver for Long Bolt Threaded Rod

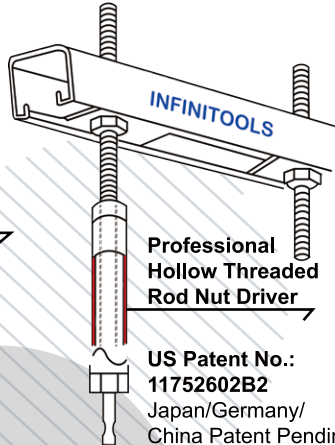
Spring & Ball Detent for Nut



T6 Aluminum Alloy Sleeve



Professional Hollow Threaded Rod Nut Driver






US Patent No.:
11752602B2
Japan/Germany/
China Patent Pending

Specification:
Metric Size: 10 / 13 / 14 / 17 / 19mm
Imperial Size: 7/16", 1/2", 9/16", 3/4"
Length: 12" / 18" / 24" or Customized



14mm Hex with Wrench Assist

1/4" Hex Bits Driver

INFINITOOLS CO., LTD.

5F., No. 19-1, Henan E. 1st St., Xitun Dist., Taichung City, Taiwan (R.O.C.)
Email: infini.tools@msa.hinet.net
Tel: +886 4 2316-7825 Fax: +886 4 2316-7820
infini.tools.en.taiwantrade.com
<https://www.youtube.com/watch?v=TKE9YB0GRVs>

www.infini-tools.com

