

Introduction

Since the start of the U.S.-China trade war by former U.S. President Donald Trump in 2018, the share of U.S. merchandise import from China has declined from nearly 25% to 16 percent in 2022. Most products are affected by the additional tariffs imposed by the U.S. Trade Representative (USTR). This decline is offset by an increase in the share of import from other Asian emerging economies. The main beneficiaries are India, Taiwan, and ASEAN members such as Vietnam, Malaysia, Thailand, and the Philippines. From the US-China trade war to COVID, supply chain challenges, the Russia-Ukraine war, and the US-Taiwan trade initiative negotiations, the market has begun to re-focus on the potential vulnerability of the global supply chain. It reflects the resurgence of international trade conflicts and protectionism. (Source from <https://www.thenewslens.com/article/187839>)

December 30, 2022, the Vietnamese government announced 16 trade agreements and economic partnership agreements to be implemented in 2022 to 2027, (Source: ITA, Ministry of Economic Affairs, Taiwan), and set up a permanent investment dispute resolution mechanism under the agreements to establish an independent investment dispute system to deal with any commercial disputes. The agreements are summarized below:

1. Vietnam-Chile Free Trade Agreement (VC FTA)
2. Vietnam-Eurasian Economic Union Free Trade Agreement (VN-EAEU FTA)
3. Vietnam-Cuba Free Trade Agreement (VC FTA)
4. Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)

5. EU-Vietnam Free Trade Agreement (EVFTA)
6. UK-Vietnam Free Trade Agreement (UKVFTA)
7. ASEAN-China Free Trade Agreement (ACFTA)
8. ASEAN-Korea Free Trade Agreement (AKFTA)
9. ASEAN-Japan Comprehensive Economic Partnership Agreement (AJCEP)
10. ASEAN-Australia-New Zealand Free Trade Area (AANZFTA)
11. ASEAN-India Trade in Goods Agreement (AITIG)
12. ASEAN-Hong Kong Free Trade Agreement (AHKFTA)
13. Vietnam-Japan Economic Partnership Agreement (VJEPA)
14. Vietnam-Korea Free Trade Agreement (VKFTA)
15. ASEAN Trade in Goods Agreement (ATIGA)
16. Vietnam-Laos Trade Agreement

How Do FTAs Change Vietnamese Fastener Trade and Industry



According to Taiwan External Trade Development Council (TAITRA), despite the severe impact of COVID, Vietnam has benefited from the U.S.-China trade war and with the EU-Vietnam Free Trade Agreement (EVFTA) in effect in August 2020, Vietnam has gained a firm foothold in the EU market. Two years after the EVFTA launch, many Vietnamese enterprises have emerged from the pandemic. The first year of EVFTA (ranging from August 2020 to July 2021) saw a 6.2% increase in the value of Vietnam's exports to the EU, reaching US\$39.75 billion. In the first 10 months of the second year of EVFTA (August 2021 to the end of May 2022), the value of Vietnam's export to the EU jumped by 39.71%, reaching US\$36.8 billion. The growth mainly came from textile and apparel (16.7%), rice (42.9%), chili peppers (81.3%), aquaculture (22.7%), and machinery (20.9%). The proportion of Vietnamese exporters using Certificates of Origin (COs) to gain preferential tariffs under EVFTA has increased from 14.8% in the first year to 20.7% in the second year. Further, **in 2021, Vietnam ranked 11th in the global export market to the EU, and 5th in the Asia export market after China, Japan, South Korea and India**, thus proving that Vietnam's weight is increasing in the EU market which is very strict on quality requirements. (Source from https://www.taitra.org.tw/News_Content.aspx?n=104&s=43149)

The Main Advantages with FTA for Vietnamese Fastener Companies and Trade

Take EVFTA with the EU market which has very strict quality requirements as an example, the main highlights are:

- Rules of Origin (RoO):** Measures to simplify the definition and procedures of RoO. Goods imported into Vietnam from the EU (and vice versa) will be entitled to tariff benefits under EVFTA upon submission of any of the following proofs of origin:
- Certificate of Origin (CoO) compliant to the FTA:**
 - For goods imported into the EU, a declaration of origin shall be prepared for any goods by an approved exporter under the protocol, regardless of their value. Or a declaration of origin shall be prepared for goods under €6,000 by any exporter.
 - For goods imported into Vietnam, a declaration of origin should be prepared by the exporter and it should be registered in an electronic database in accordance with the EU legislation. According to this provision, government authorities of the EU have to inform Vietnam that such laws are applicable to their exporters.

**Table 1. EU Fastener Trade Statistics for 2022
(Customs Code 7318: Steel Screws, Bolts, Nuts, Washers, etc.)**

Import							
Ranking	Partner	2020 (Euro)	2021 (Euro)	2022 (Euro)	2020 (kg)	2021 (kg)	2022 (kg)
	EU27	4,703,428,968	5,988,643,217	8,062,651,447	1,560,900,548	1,853,675,002	2,032,115,658
1	China	1,124,834,668	1,685,581,227	2,210,047,871	643,166,410	784,373,858	787,031,590
2	Taiwan	1,012,097,510	1,304,539,923	1,906,960,986	373,176,999	432,392,932	502,842,100
3	Turkey	250,113,831	363,799,836	562,403,729	78,892,138	116,211,570	147,794,916
4	Vietnam	193,789,700	220,459,099	404,967,185	99,433,492	98,578,051	133,270,667
5	India	187,415,500	277,337,771	411,086,901	67,732,375	97,778,212	125,971,724
6	Thailand	69,203,789	83,650,642	142,135,532	42,867,110	46,648,841	64,295,920
7	South Korea	145,461,539	179,056,244	214,855,946	30,802,225	37,193,166	40,109,675
8	Malaysia	64,884,737	74,328,333	117,280,008	32,364,162	33,575,378	37,905,366
9	U. K.	346,415,222	305,093,566	348,144,153	54,485,016	35,233,191	32,033,067
10	Switzerland	362,345,419	413,955,872	449,724,326	25,686,806	29,517,676	30,054,604
Export							
Ranking	Partner	2020 (Euro)	2021 (Euro)	2022 (Euro)	2020 (kg)	2021 (kg)	2022 (kg)
	EU27	4,317,739,262	4,893,847,505	5,356,393,152	569,476,149	632,737,789	594,244,201
1	USA	734,509,127	851,680,614	991,916,924	79,202,141	98,224,763	92,401,145
2	China	855,890,985	889,621,304	864,687,914	96,393,983	98,323,894	90,563,141
3	U. K.	464,303,040	532,346,729	579,686,814	71,514,835	77,777,339	73,031,141
4	Switzerland	276,058,679	328,785,939	380,811,386	36,737,157	42,586,785	43,577,546
5	Mexico	192,112,821	230,600,829	275,522,527	27,686,516	33,638,580	38,080,004
6	Turkey	190,304,362	211,821,879	267,336,627	29,857,349	31,281,788	35,403,634
7	Brazil	146,446,454	182,719,905	214,324,486	22,569,171	29,992,842	31,361,223
8	India	99,628,133	146,247,930	170,676,392	13,304,756	19,794,204	20,040,117
9	Norway	122,524,195	125,111,263	146,971,094	21,430,498	19,197,941	17,587,184
10	Morocco	78,485,181	96,349,528	112,946,849	9,863,875	14,512,843	15,151,479

(Source: Fastener World Magazine, No.201, p. 245)



Table 2. EU Fastener Trade Growth Rate

Ranking	Import Source	EU's Fastener Annual Import Value Growth Rate		EU's Fastener Annual Import Volume Growth Rate		Export Destination	EU's Fastener Annual Export Value Growth Rate		EU's Fastener Annual Export Volume Growth Rate	
		2021	2022	2021	2022		2021	2022	2021	2022
		1	China	27.33%	34.63%		18.76%	9.63%	USA	13.34%
2	Taiwan	49.85%	31.11%	21.96%	0.34%	China	15.95%	16.47%	24.02%	-5.93%
3	Turkey	28.89%	46.18%	15.87%	16.29%	U.K.	3.94%	-2.80%	2.00%	-7.89%
4	Vietnam	45.45%	54.59%	47.30%	27.18%	Switzerland	14.66%	8.89%	8.76%	-6.10%
5	India	13.76%	83.69%	-0.86%	35.19%	Mexico	19.10%	15.82%	15.92%	2.33%
6	Thailand	47.98%	48.23%	44.36%	28.83%	Turkey	20.03%	19.48%	21.50%	13.20%
7	S. Korea	20.88%	69.92%	8.82%	37.83%	Brazil	11.31%	26.21%	4.77%	13.18%
8	Malaysia	23.10%	19.99%	20.75%	7.84%	India	24.77%	17.30%	32.89%	4.56%
9	U.K.	14.55%	57.79%	3.74%	12.90%	Norway	46.79%	16.70%	48.78%	1.24%
10	Switzerland	-11.93%	14.11%	-35.33%	-9.08%	Morocco	2.11%	17.47%	-10.42%	-8.39%

- Mutually Approved Standards for Technical Regulations:** To protect the health, safety and environment of the EVFTA signatory countries, the Agreement covers several mutually approved standards to facilitate trade between the EU and Vietnam, such as Sanitary and Phytosanitary (SPS), Geographical Indications (GI), labor standards and corporate social responsibility.
- Withdrawal of Tariffs:** As the largest exporter of goods from the ASEAN region to the EU, Vietnamese traders are entitled to the withdrawal of about 85.6% of import tariffs imposed by the EU on Vietnamese goods after EVFTA comes into force. Vietnam has committed to an immediate reduction of tariffs by 48.5%. Within seven years of the agreement in effect, the EU will withdraw 99.2% of tariffs and Vietnam will withdraw 91.8% of tariffs. Of the remaining 0.3% of Vietnam's export income, the EU has committed to provide Vietnam with a quota of 0% tariff rate on imported goods. In ten years, 98.3% of Vietnam's import tariff provisions will be withdrawn (accounting for nearly 99.8% of total import).

Statistics on the import and export of fasteners to and from the EU in 2022 show that the trade volume and value of fasteners from Vietnam to the EU continued to increase after the EVFTA came into effect in August 2020, as shown in Table 1.

Using 2020 as the base year for EVFTA, Table 2 shows the annual growth rate of the import and export volume and quantity of fasteners in the EU. The annual growth rate of the average unit price of fasteners in the EU is shown in Table 3. The value of fasteners that Vietnam imported from EU grew over 45.45% since 2021. The volume growth rates in 2021 and 2022 were 47.30% and 27.18% respectively. The average unit price of fasteners sold from Vietnam to the EU went from 1.9489 EUR/kg in 2020 to 3.0387 EUR/kg in 2022. Therefore, Vietnam has the advantage of zero tariff under EVFTA, and with mutually approved EVFTA technical

Table 3. EU Fastener Trade Average Price Growth Rate

Ranking	Import Source	EU's Fastener Import Average Price (Euro Per KG)			Annual Import Average Price Growth Rate	
		2020	2021	2022	2021	2022
		EU 27	3.0133	3.2307	3.9676	7.21%
1	China	1.7489	2.1490	2.8081	22.87%	30.67%
2	Taiwan	2.7121	3.0170	3.7924	11.24%	25.70%
3	Turkey	3.1703	3.1305	3.8053	-1.26%	21.56%
4	Vietnam	1.9489	2.2364	3.0387	14.75%	35.87%
5	India	2.7670	2.8364	3.2633	2.51%	15.05%
6	Thailand	1.6144	1.7932	2.2106	11.08%	23.28%
7	S. Korea	4.7224	4.8142	5.3567	1.94%	11.27%
8	Malaysia	2.0048	2.2138	3.0940	10.42%	39.76%
9	U.K.	6.3580	8.6593	10.8683	36.20%	25.51%
10	Switzerland	14.1063	14.0240	14.9636	-0.58%	6.70%

Ranking	Export Destination	EU's Fastener Export Average Price (Euro Per KG)			Annual Export Average Price Growth Rate	
		2020	2021	2022	2021	2022
		EU 27	7.5819	7.7344	9.0138	2.01%
1	USA	9.2739	8.6707	10.7349	-6.50%	23.81%
2	China	8.8791	9.0479	9.5479	1.90%	5.53%
3	U.K.	6.4924	6.8445	7.9375	5.42%	15.97%
4	Switzerland	7.5144	7.7204	8.7387	2.74%	13.19%
5	Mexico	6.9389	6.8552	7.2354	-1.20%	5.54%
6	Turkey	6.3738	6.7714	7.5511	6.24%	11.51%
7	Brazil	6.4888	6.0921	6.8341	-6.11%	12.18%
8	India	7.4882	7.3884	8.5167	-1.33%	15.27%
9	Norway	5.7173	6.5169	8.3567	13.99%	28.23%
10	Morocco	7.9568	6.6389	7.4545	-16.56%	12.29%



regulations, such as CE and ETA, Vietnam attracts higher-level technology into the fastener industry to enhance the level of fasteners and product quality, and pushes the upgrade of Vietnam fastener industry. **Since 2022, the average unit price of Vietnam fasteners sold to the EU reached 3.0387 EUR / kg, higher than China at 2.8081 EUR / kg, slightly lower than Taiwan at 3.7924 EUR / kg, Turkey at 3.8053 EUR / kg and the EU (27 countries) at 3.9676 EUR / kg. In essence, the EU imports fasteners from ASEAN, and Vietnam fasteners have become the best choice with the largest number of suppliers in the ASEAN region.** Vietnam's fasteners supply to the EU in terms of annual value, annual volume, and average unit price are more preferable than other countries in the ASEAN region. Vietnam's volume of supply in 2022 accounted for 5.02% of the annual import value and 6.56% of the annual import volume of the EU. Excluding Turkey, Vietnam has become an important source of EU's fastener import, second to China and Taiwan.

How FTA Changes Vietnamese Fastener Industry and Trade

Looking at how FTA changes Vietnamese fastener industry and trade based on the global fastener import statistics of ASEAN countries from 2019 to 2022 (**Table 4**), in the framework of ASEAN Trade in Goods Agreement (ATIGA), ASEAN mainly imports fasteners from member countries (Thailand, Malaysia, Singapore, Philippines, Indonesia, Brunei, Vietnam, Laos, Cambodia, and Vietnam). The highest demand was in Thailand, where the increase and decrease of import value in 2019-2022 was relatively insignificant. Vietnam's import value increased from US\$570 million to US\$730 million in 2019-2022; Malaysia's import value grew from US\$390 million to US\$610 million in 2019-2022. There was an increase in Indonesia, Singapore, and the Philippines but not much.

Looking at ASEAN's global fastener export value from 2019 to 2022 (**Table 5**), **Vietnam among ASEAN countries exported the most fasteners in terms of value to the world**, followed by Thailand, Malaysia, Singapore, Philippines, Indonesia and others with little change.

Region/Country	2019	2020	2021	2022
ASEAN	3,207,761,736	2,858,893,240	3,638,574,201	3,816,360,815
Thailand	1,026,531,851	882,213,198	1,143,210,169	1,101,731,837
Vietnam	575,662,688	622,577,713	755,585,521	730,771,963
Malaysia	394,805,239	383,835,503	522,623,686	612,528,465
Indonesia	538,443,339	333,024,395	479,995,735	589,098,637
Singapore	410,102,177	361,285,084	437,315,140	481,982,411
Philippines	162,043,190	149,195,700	203,470,106	199,277,299
Cambodia	43,239,832	52,906,760	53,962,486	56,113,220
Myanmar	31,044,053	39,852,517	24,017,891	23,261,483
Laos	13,760,349	18,119,170	11,336,715	11,861,561
Brunei	12,129,019	15,883,199	7,056,752	9,733,939

Region/Country	2019	2020	2021	2022
ASEAN	1,843,250,322	1,648,062,422	2,076,860,565	2,344,670,380
Vietnam	454,986,133	453,104,662	537,930,184	680,892,576
Thailand	546,689,704	440,945,411	604,421,131	672,558,565
Singapore	316,832,665	296,899,054	328,210,803	368,513,207
Malaysia	297,999,446	270,440,947	363,752,804	360,689,811
Philippines	149,038,317	109,300,591	142,690,230	140,289,828
Indonesia	77,200,806	76,566,978	97,285,836	116,674,563
Myanmar	167,884	580,619	1,448,809	4,660,916
Cambodia	173,983	80,125	634,986	288,170
Brunei	160,945	38,404	484,955	102,745
Laos	440	105,632	828	N/A

(Source: Fastener World Magazine, No.202, p. 304)

Ranking	Partner	2019	2020	2021	2022
0	World	455,313,287	453,786,102	538,209,422	681,261,108
1	Germany	73,807,148	66,334,608	86,090,237	134,503,498
2	U.S.A.	59,015,220	76,036,817	92,571,057	118,805,211
3	Japan	57,146,963	61,506,583	71,728,853	74,711,559
4	Netherlands	47,743,899	53,913,428	56,177,121	70,052,381
5	Canada	17,591,333	25,025,588	27,745,790	32,992,195
6	Poland	20,440,253	18,471,080	23,654,472	30,214,485
7	Italy	18,904,355	14,237,841	15,707,009	23,070,713
8	Belgium	16,288,917	11,832,121	11,982,438	21,546,958
9	UK	22,118,224	15,576,740	18,684,529	18,018,226
10	Thailand	16,972,781	15,410,095	17,857,527	15,395,914

(Source: Fastener World Magazine, No.202, p. 313)

Comparing Vietnam's and Thailand's global fastener export (**Table 6** and **Table 7**), **Vietnam's export to the EU under EVFTA, including Germany, the Netherlands, Poland, Italy, Belgium, and the UK, grew significantly. The U.S. and Canada grew largely, and Japan has seen a small increase.** For Thailand, which is also a member of ASEAN, there was no significant change in global fastener export value. Within Thailand's global fastener export value, Thailand's export to the U.S. and India grew largely, while the export to the EU (Germany, Italy and the Netherlands), Japan, and South Africa had little change. There was only a minor export increase to Indonesia and Vietnam, both of which are ASEAN member countries.



Table 7. Thailand's Global Fastener Export Value Statistics 2019-2022

Ranking	Partners	2019	2020	2021	2022	2023 (Jan.-May)
0	World	462,515,330	372,182,982	520,327,859	676,756,996	258,632,211
1	U.S.A.	74,074,999	64,387,668	89,439,600	148,092,289	40,699,966
2	India	40,119,088	33,534,830	48,093,526	64,858,259	28,646,141
3	Japan	37,929,043	34,128,489	42,781,259	47,917,444	14,368,436
4	Indonesia	37,688,833	20,853,562	47,146,695	45,146,524	34,788,573
5	Germany	35,896,513	26,624,449	32,708,515	43,453,092	21,426,562
6	Italy	14,097,972	10,963,444	15,536,498	29,944,534	8,026,763
7	Argentina	18,973,832	14,800,694	23,582,856	28,850,181	12,397,038
8	S. Africa	19,870,262	15,598,526	24,639,253	21,656,871	11,675,309
9	Netherlands	14,611,731	11,397,254	14,074,973	21,290,604	9,935,439
10	Vietnam	16,251,447	14,065,676	16,401,453	20,853,097	5,283,021

(Source: Fastener World Magazine, No.202, p.306)

FASTENER
— WORLD —

We Meet Your Fastener-Related Needs!

Printed Magazines / E-books / E-newsletter / Exhibitions
Online Buying & Selling System / Informative Industry Articles



www.fastener-world.com

foreign@fastener-world.com.tw

Comparing the fastener trade statistics of Vietnam and Thailand, which are both members of ASEAN, the statistics indicate that EU's demand for Thai fasteners is slowly going down. The EU, the U.S., and Canada have a growing demand for Vietnamese fasteners. Vietnam benefits from the U.S.-China trade war. With EVFTA in effect from August 2020, under the government's FTA policy, Vietnam enjoys the advantages of the EU withdrawing tariffs, thanks to mutually approved technical regulations and standards, Vietnam attracts higher level of fastener technology into its own fastener industry, resulting in a sharp growth in the unit price and sales volume of fasteners. It also proves that the biggest change lies in improvement of fastener grade and product quality, which not only promotes the upgrade of Vietnam fastener industry, but also attracts orders for supplying higher product grade and product quality to the U.S., Canada, Japan and other regions. Compared to other ASEAN countries, the fastener industry and trade in Vietnam under the FTA policy, result in a positive cycle of unit price, sales volume and technological upgrade and transformation. Two years after the agreement took effect between Vietnam and the EU, Vietnamese fasteners are becoming more and more important in the EU. Vietnam's fastener industry and trade have been stable in the EU market. The quality of products has been greatly improved, so that the U.S., Canada, Japan and other regions are gradually paying more attention to the added value of Vietnamese fasteners. ■

Reference :

1. Wei-Ming Wang, 2020.11, *Development of Vietnamese Fastener Industry and the Impact of EU-Vietnam FTA*, *Fastener World Magazine*, No.185, , p.282-287
2. 2023.07, *2022 Fastener Trade Statistics of EU*, *Fastener World Magazine*, No.201, p. 245
3. 2023.09, *Fastener Trade Partners of ASEAN Countries (2019-2022)*, *Fastener World Magazine*, No.202, p. 304, 306, 313 °

