

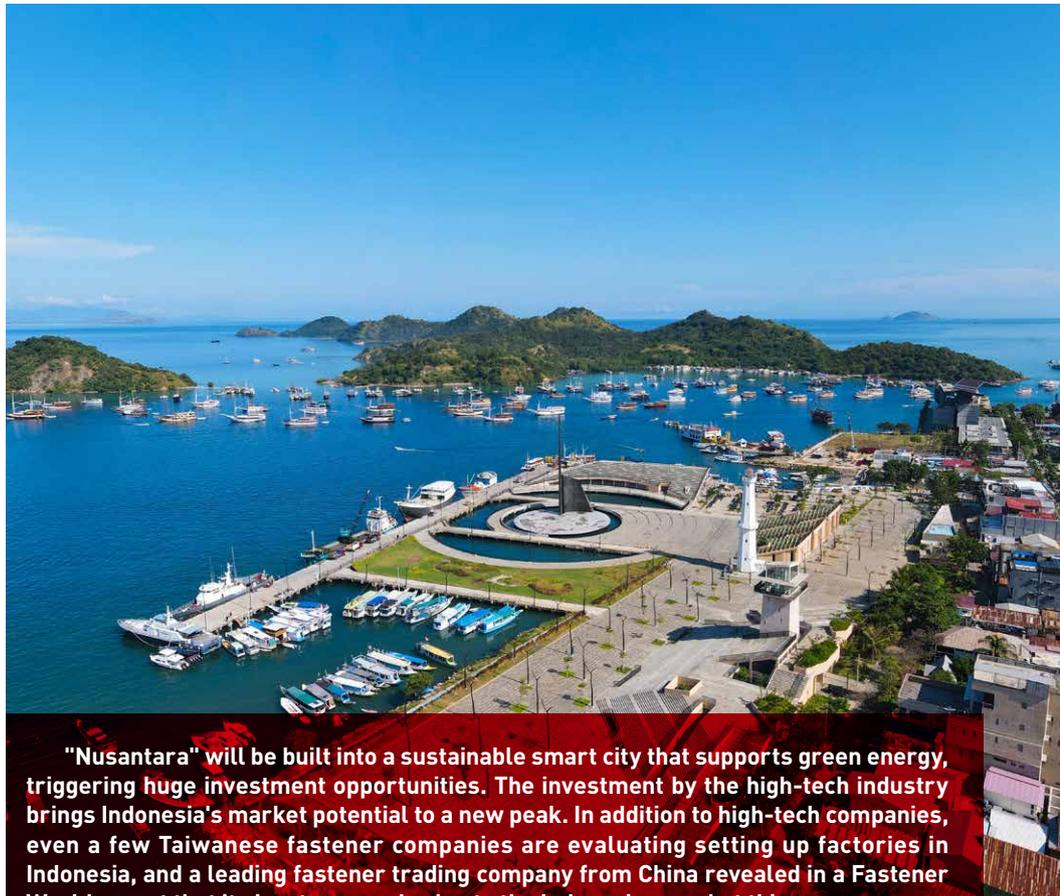
Indonesia in Figures— Fastener, Automobile, Construction, GDP, PMI

The reshuffling of global supply chain in the past three years has brought opportunities for economic recovery in Southeast Asia. In addition to Thailand and the Philippines already introduced in our previous article series, foreign investors are taking an interest in Indonesia which used to be called one of the "Fragile Five (Countries)" by Morgan Stanley.

In 2019, Indonesian President Jokowi announced a plan to move the capital of Indonesia. The new capital will be "Nusantara" located in East Kalimantan Province, Borneo, 2,000 kilometers northeast of Jakarta. Currently, 100,000 people have moved to the new capital. The population is expected to reach two million in the next decade. From 2025 to 2029, Nusantara will expand its residential areas, add office buildings and commercial areas. The economic scale of the new capital's infrastructure will reach 32 billion US dollars, and the government is welcoming foreign investors.

Jokowi said in October last year that China will become Indonesia's largest foreign direct investor within two years, with investment projects including the US\$7.3 billion Jakarta-Bandung high-speed rail. In addition, a senior Indonesian government official said in January this year that BYD will invest US\$1.3 billion in Indonesia, including building a factory.

Indonesia has also become the new favorite of European and American high-tech industries. This April, an Indonesian official revealed that Nvidia plans to work with the Indonesian telecommunications giant—Indosat Ooredoo Hutchison—to spend US\$200 million in establishing an AI center in Indonesia. Microsoft also announced in the same month that it will invest US\$1.7 billion in Indonesia over the next four years to build cloud and AI infrastructure. In addition, other high-tech giants including Apple and Tesla have revealed that they are considering setting up new bases in Indonesia.



"Nusantara" will be built into a sustainable smart city that supports green energy, triggering huge investment opportunities. The investment by the high-tech industry brings Indonesia's market potential to a new peak. In addition to high-tech companies, even a few Taiwanese fastener companies are evaluating setting up factories in Indonesia, and a leading fastener trading company from China revealed in a Fastener World report that it aims to expand sales to the Indonesian market this year.

2024 has become a key starting point for Indonesia's attempt to jump to new highs. For readers' evaluation, this article will review Indonesia's primary economic data in the past five years, including fastener statistics which will interest fastener companies.

Fastener Import and Export Performance

On Import Value

Indonesia imports more fasteners than it exports. As shown in **Figure 1**, the peak of import value in the past five years was in 2018, reaching US\$674 million. In 2019, it fell 20.1% to US\$538 million. When the pandemic broke out in 2020, the import value plummeted another 38.1% to US\$333 million but did a V-turn in the following year (2021) rebounding 44.1% to US\$479 million, and rose 22.7% to US\$589 million in 2022. Last year (2023) it fell 8.6% to US\$537 million.

Despite falling 38.1% before the pandemic, Indonesia's fastener import value rebounded a total of 76.8 % during the pandemic period (2020 to 2022), completely offsetting the viral impact. It hadn't reached the 2018 level but had basically gone back to the pre-pandemic level. The import value in the first quarter of this year was US\$99.09 million, equivalent to 18.4% of the import value in 2023. **Overall, Indonesia's fastener import value had signs of decline last year, but this June, Jokowi said 80% of the new capital's construction had been completed and that he would move to the new capital in July. The demand for infrastructure construction led by the new capital, as well as the demand for factory construction, equipment installment and product supply in the automotive and technology industries, could drive Indonesia's fastener demand in the future.**



Top 4 Import Sources

As shown in Figure 2, in 2023, **Indonesia's top four fastener import sources were Japan (USD 212 million, accounting for 39.4%), China (USD 86.62 million, 16.1%), Thailand (USD 40.8 million, 7.5%), and Australia (US\$ 30.47 million, 5.6%).** From this bar chart, during 2020 and Q1 2024, Indonesia's import from these four countries increased year by year from 2020 to 2022, and began to fall in 2023, indicating that **Indonesia continued to purchase fasteners from these countries during the pandemic and begin to reduce the purchase after the pandemic.**

Since Taiwan is still not a member of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), it cannot enjoy tariff preferences for export to Indonesia and has not made into the top four fastener import sources for Indonesia.

On Export Value

In Figure 3, the export value in 2018 was US\$89.2 million, and went down 13.4% in 2019 to US\$77.2 million. In 2020, it fell 0.8% to US\$76.56 million, but rebounded 27% to US\$97.28 million in the next year (2021). In 2022, it rose 19.8% to US\$116 million, which was the highest value in the past five years. Last year (2023) it fell 11.8% to US\$102 million.

Indonesia's export value during the pandemic exceeded the pre-pandemic level, growing 52.2% in total from 2020 to 2022. Although it declined in 2023, it was still higher than before the pandemic. The import value in the first quarter this year was US\$ 36.18 million, equivalent to 35.2% of the import value in 2023.

Top 4 Export Destinations

In Figure 4, in 2023, **Indonesia's top four fastener export destinations were the Philippines (US\$22 million, 21.4%), Germany (US\$18.5 million, 18.0%), Thailand (US\$11.64 million, 11.3%), and the Netherlands (US \$6.12 million, 5.9%).** From the bar chart, up to 2023, **Indonesia's export to the Philippines, Thailand, and the Netherlands increased year by year.** The value of Indonesia's fastener exported to Germany began to decline year by year after reaching the peak in 2021. Interestingly, **in the first quarter this year, the value of Indonesian fasteners exported to the Philippines was equivalent to 69.9% of the export value in 2023, and there is a very good chance that this year will exceed the 2023 level.** In addition, Thailand is the third largest import source as well as export destination for Indonesian fasteners.

Fig. 1. Indonesia's Fastener Import Value in the Past 5 Years

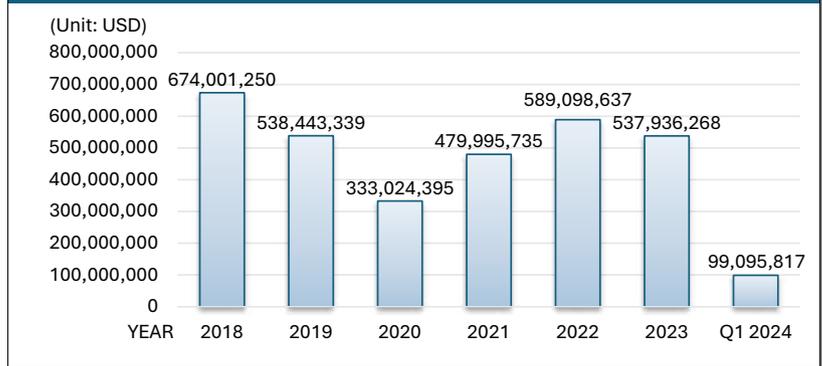


Fig. 2. Top 4 Fastener Import Sources for Indonesia

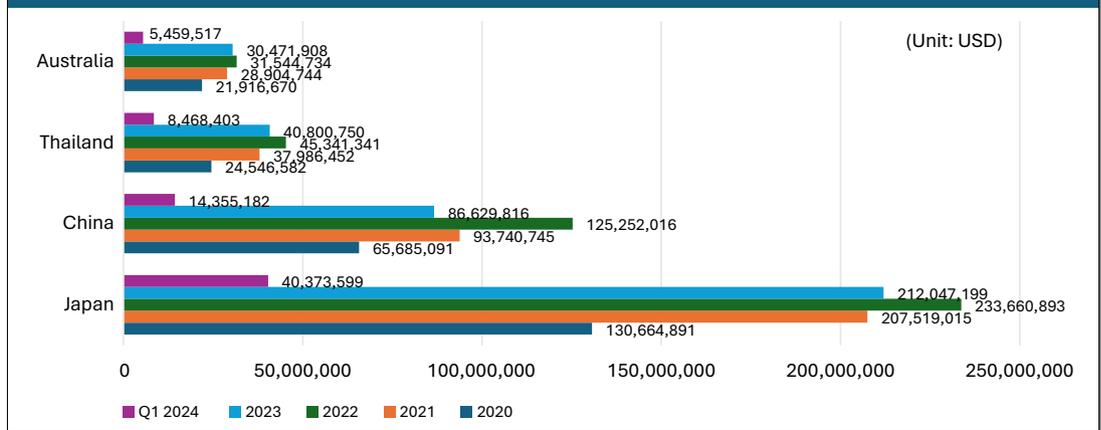


Fig. 3. Indonesia's Fastener Export Value in the Past 5 Years

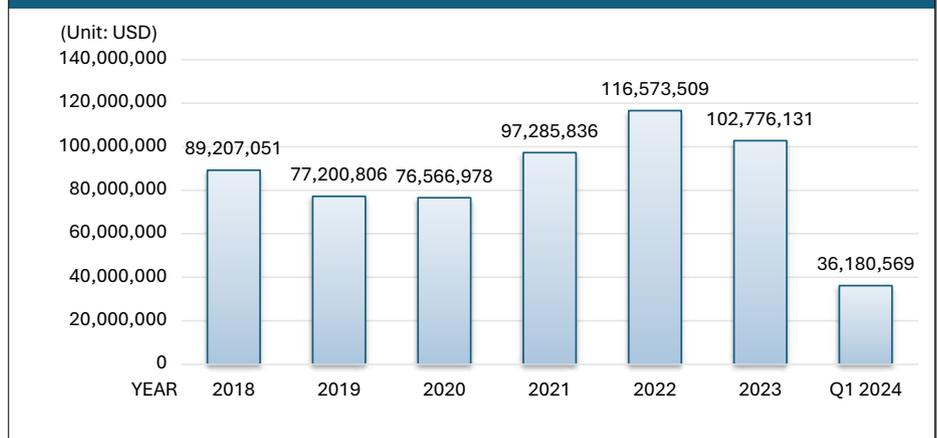
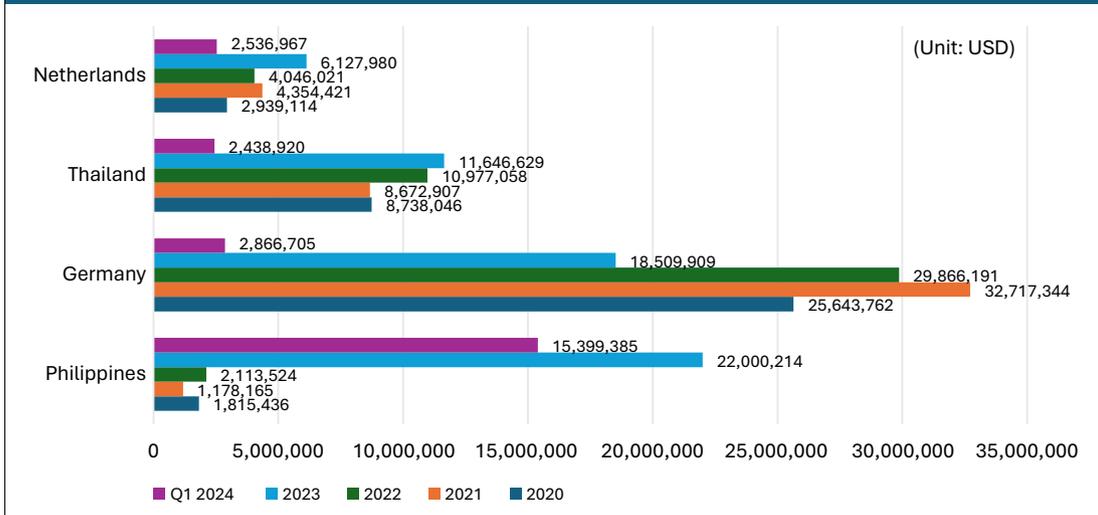


Fig. 4. Top 4 Fastener Export Destinations for Indonesia



Import Value by Product Category

As shown in Figure 5, the top three fastener products imported by Indonesia in 2023 were:

- [73181590] Threaded articles; other screws and bolts whether or not with their nuts or washers having a shank of an external diameter exceeding 16 mm (USD 140 million, 26%)
- [73181510] Threaded articles; other screws and bolts whether or not with their nuts or washers having a shank of an external diameter not exceeding 16 mm (USD 107 million, 20%)

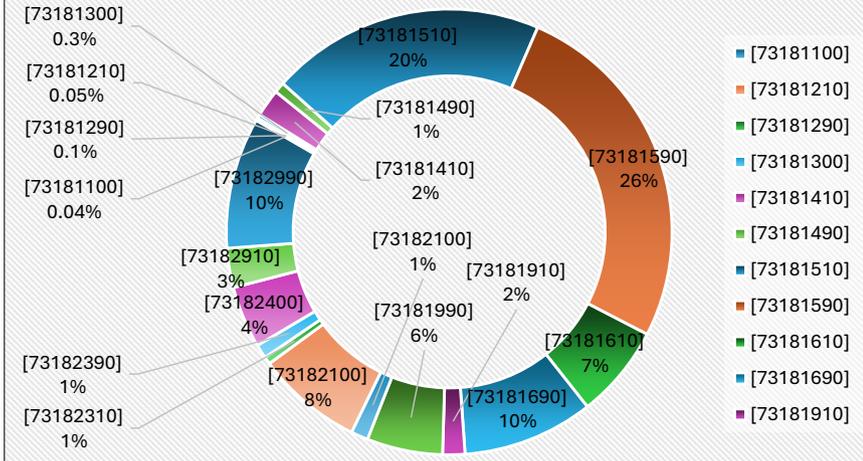
Table 1. Indonesian Fastener Import & Export Values in 2023

Unit: USD

Product Category	Import	Export
[73181100] Threaded articles; coach screws	233,051	2,580
[73181210] Threaded articles; other wood screws having a shank of an external diameter not exceeding 16 mm	243,039	22,291
[73181290] Threaded articles; other wood screws having a shank of an external diameter exceeding 16 mm	745,476	182,402
[73181300] Threaded articles; screw hooks and screw rings	1,418,567	18,410
[73181410] Threaded articles; self-tapping screws having a shank of an external diameter not exceeding 16 mm	10,761,510	709,325
[73181490] Threaded articles; self-tapping screws having a shank of an external diameter exceeding 16 mm	4,159,195	549,036
[73181510] Threaded articles; other screws and bolts whether or not with their nuts or washers having a shank of an external diameter not exceeding 16 mm	107,112,055	15,015,006
[73181590] Threaded articles; other screws and bolts whether or not with their nuts or washers having a shank of an external diameter exceeding 16 mm	140,352,435	53,453,516
[73181610] Threaded articles; nuts whether or not with their nuts or washers having a shank of an external diameter not exceeding 16 mm	36,327,264	14,660,388
[73181690] Threaded articles; nuts whether or not with their nuts or washers having a shank of an external diameter exceeding 16 mm	51,141,990	5,789,167
[73181910] Threaded articles; having a shank of an external diameter not exceeding 16 mm; other than those of subheading 731811 - 731816	8,689,371	417,642
[73181990] Threaded articles; having a shank of an external diameter exceeding 16 mm; other than those of subheading 731811 - 731816	29,592,817	276,390
[73182100] Non-threaded articles; spring washers and other lock washers	6,675,816	192,304
[73182200] Non-threaded articles; other washers	41,542,603	3,225,823
[73182310] Non-threaded articles; rivets having an external diameter not exceeding 16 mm	2,910,537	114,067
[73182390] Non-threaded articles; rivets having an external diameter exceeding 16 mm	5,450,201	253,226
[73182400] Non-threaded articles; cotters and cotter-pins	24,133,723	929,306
[73182910] Non-threaded articles; having a shank of an external diameter not exceeding 16 mm; other than those of subheading 731821 - 731824	15,330,794	1,213,233
[73182990] Non-threaded articles; having a shank of an external diameter exceeding 16 mm; other than those of subheading 731821 - 731824	51,115,824	5,752,018



Fig. 5. Indonesia's Fastener Import Proportions by Category



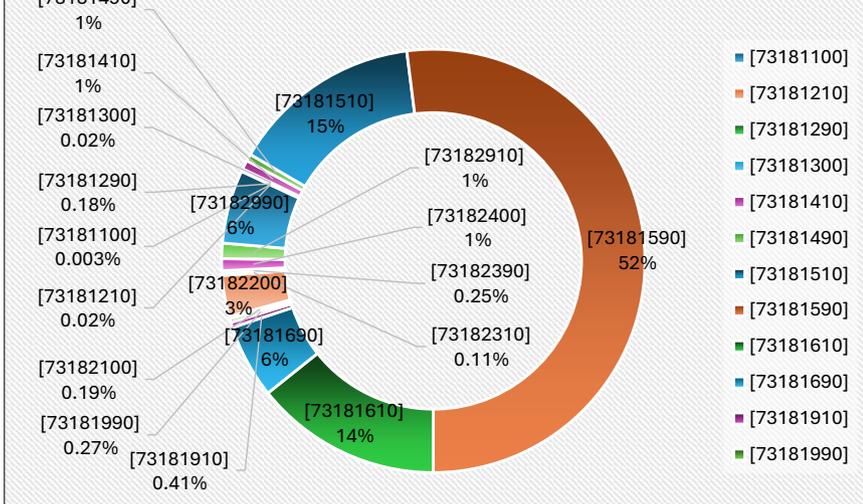
- [73181690] Threaded articles; nuts whether or not with their nuts or washers having a shank of an external diameter exceeding 16 mm (USD 51.14 million, 10%)
- [73182990] Non-threaded articles; having a shank of an external diameter exceeding 16 mm; other than those of subheading 731821 - 731824 (USD 51.11 million, 10%)

Export Value by Product Category

As shown in Figure 6, the top three fastener products exported from Indonesia in 2023 were:

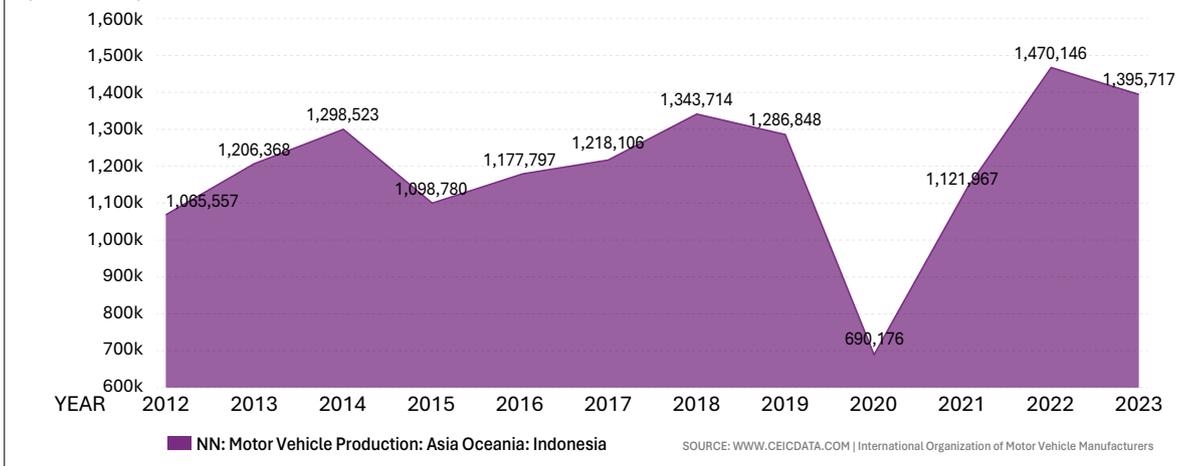
- [73181590] Threaded articles; other screws and bolts whether or not with their nuts or washers having a shank of an external diameter exceeding 16 mm (USD 53.45 million, 52%)
- [73181510] Threaded articles; other screws and bolts whether or not with their nuts or washers having a shank of an external diameter not exceeding 16 mm (USD 15.01 million, 15%)
- [73181610] Threaded articles; nuts whether or not with their nuts or washers having a shank of an external diameter not exceeding 16 mm (USD 14.66 million, 14%)

Fig. 6. Indonesia's Fastener Export Proportions by Category



(Unit: Vehicle)

Fig. 7



Automotive Production and Sales Trends

In Figure 7, Indonesia's automobile production had two V-turns in the past decade. The first one was in 2015 when the global economy had signs of slowing down. 1.098 million units were produced that year, and then rebounded 22.2% in 2016-2018, returning to the level before the slowdown. The second one was during the pandemic outbreak (2020), plunging 46.3% to the lowest point of 690 thousand vehicles, and then surging 113% in 2021-2022, reaching the highest point of 1.47 million vehicles in the past ten years, also surpassing the pre-pandemic level. Production in 2023 declined and returned to the level close to 2018.

Figure 8 shows a similar trend in automotive sales over the past five years.

Construction

In Figure 9, over the past ten years, the numbers of new housing starts in Indonesia up to 2020 were relatively less volatile, with the median at approximately 140,000 households. There was a sharp increase after 2020, with the highest point being 200,000 households in 2021, which began to decline the following year (2022). Although the latest data is not yet available, the Indonesian government's relocation to the new capital is expected to increase people's needs for relocation and home purchases after 2025.

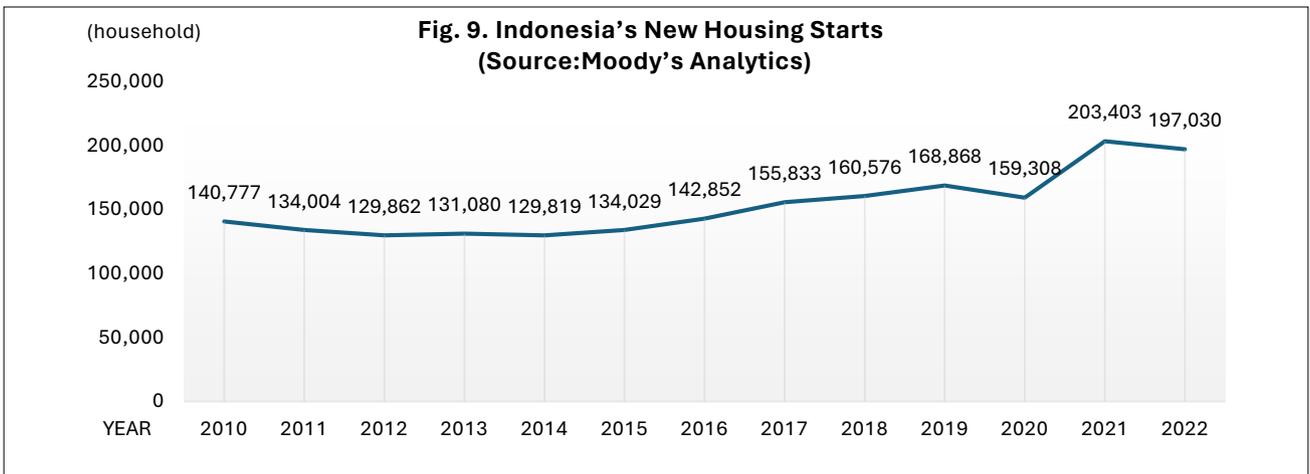
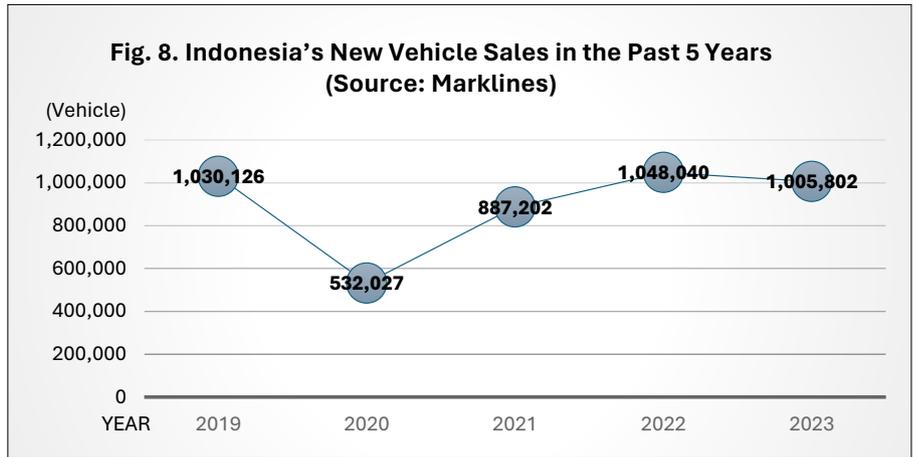
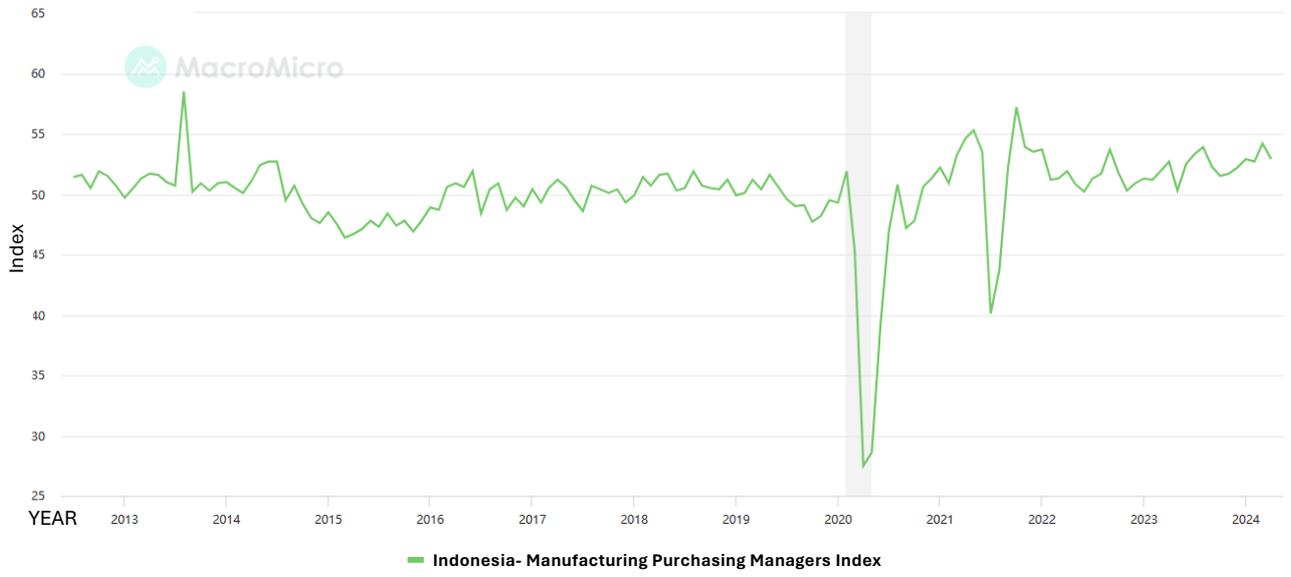


Figure 11

Indonesia- Manufacturing Purchasing Managers Index

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GDP & PMI

In Figure 10, Indonesia's real GDP generally grew year by year in the past ten years. Excluding the volatility during the pandemic, **Indonesia has maintained a fairly stable and consistent annual GDP growth rate, indicating that the growth momentum of the Indonesian economy has always been there.** A similar trend is also reflected in the Indonesian Manufacturing Purchasing Managers Index in Figure 11. Considering that Indonesia's new capital will focus on the development of AI and green energy which will define the country's future, as well as the fact that foreign investors from high-tech and other industries will invest and settle in, Indonesia's market economic value has a good chance of breaking a new record. ■

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