

Thai Infrastructure Projects and Effects on the Fastener Industry

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Thai Infrastructure Projects¹:

Infrastructure development is a critical success factor that stimulates and supports economic growth. In recognition of this, the Thai government has significantly invested in expanding and improving its infrastructure networks over the past decades through public investment and Public Private Partnerships (PPP). In the last decade, the government invested close to THB 4,000 billion in infrastructure. According to the World Bank's Private Participation in Infrastructure (PPI) database, investment in infrastructure projects under PPP arrangements in Thailand amounted to USD 28 billion over the past two decades. Some of the new projects in Thailand have been listed as below:



U-Tapao International Airport

- Project brief: Part of Bangkok airport systems, linked to Bangkok with high-speed rail. The target is 60 million passengers per annum.

- Project cost: THB 290 billion
- Target completion date: 2024

- Status: In June 2020, U-Tapao International Aviation Company Limited, signed a 50-year PPP contract with the Eastern Economic Corridor Office of Thailand (EECO).

High-Speed Rail Linking Three Airports Project

- Project brief: High-speed rail and airport rail link extension to link the three international airports in the Bangkok area: Don Mueang, Suvarnabhumi, and U-Tapao.

- Project cost: THB 225 billion
- Target completion date: 2025

- Status: In October 2019, a consortium consisting of Charoen Pokphand Holding PLC, CH. Karnchang PLC, Bangkok Expressway and Metro PLC, Italian-Thai Development PLC and China Railway Construction Corporation Ltd., signed a 50-year PPP contract with the State Railway of Thailand (SRT).

Map Ta Phut Industrial Port Phase III Project

- Project brief: LNG terminal (phase 1) to increase the capacity of natural gas and raw fluid material shipments in the EEC for the petrochemical industry.

- Project cost: THB 55.4 billion
- Target completion date: 2025

- Status: PPPA was signed with Gulf MTP LNG Terminal Company Limited, a joint venture of Gulf Energy Development PLC (70%) and PTT Tank Terminal Co., Ltd. (30%) in October 2019.

Laem Chabang Port Phase III Project

- Project brief: To expand Laem Chabang Port to reach a capacity of at least 18 million Twenty Foot Equivalent Units (TEUs) per year with 30% of total containers transported via railway.

- Project cost: THB 84.3 billion
- Target completion date: 2023
- Status: Under selection process

¹ <https://www.pwc.com/th/en/deals/assets/pwc-th-infrastructure-market-update-and-outlook.pdf>



Meanwhile, fasteners play a significant part in the accomplishment of tasks for the infrastructure projects. It works as a glue that holds tight distinctive parts in construction; hence, it is predictable that if the amount of the infrastructure projects can be improved, the fastener industry can be developed as well. Due to this reason, we will have a look at the fastener situation in Thailand below:

Thai Fastener Statistics and the Relation to Thai Infrastructure Developments

Due to the pandemic around the world, Thailand is no exception from other countries and many of its infrastructure projects have been impacted, causing delay in different project timelines and disruption in supply chain management, governmental budgetary (because of allocation of the urgent budget for coping with the pandemic situation). However, after the pandemic, the infrastructure investment will drastically enhance construction activities and job creation because of delays that come about in the pandemic duration. Nevertheless, the pandemic will force investors to change their decision-making process, work processing (robotics will become one of the major concerns in infrastructure projects), etc.

The following table shows the quantities of imported fasteners in Thailand and illustrates the fact that when the society is getting back to normal situation, businesses will grow rapidly.

Exporters	2019-Q3	2019-Q4	2020-Q1	2020-Q2	2020-Q3	2020-Q4	2021-Q1	2021-Q2
World	44,139,068	39,691,901	37,617,650	37,730,737	34,863,109	41,613,177	44,095,512	46,659,480
China	17,610,830	17,349,634	14,472,995	20,090,445	17,855,283	17,058,648	16,595,022	20,390,365
Japan	13,883,345	11,587,113	11,931,769	7,363,421	5,898,419	12,132,784	14,309,793	12,430,988
Taiwan	6,036,306	5,110,584	5,230,409	5,397,220	5,605,910	5,377,755	6,289,402	6,563,447
Malaysia	1,513,557	1,289,077	1,239,452	995,456	1,227,260	1,483,271	1,242,485	1,308,886
USA	879,256	919,615	1,057,944	679,458	476,670	769,224	1,000,887	1,192,429
Germany	910,783	800,741	746,417	633,611	422,100	674,342	887,735	1,029,017

Note: Numbers in Kgs

In the above table, you can see some exporters with over 1 million Kg of fastener export.

- China, Taiwan, USA, Germany, and the World all reported their highest export quantity in the 2nd quarter of 2021

- Japan reported its highest export quantity in the 1st quarter of 2021.

- In terms of accumulated growth of fastener export to Thailand from the 3rd quarter of 2019 till the 2nd quarter of 2021, you will find out the below incidents:

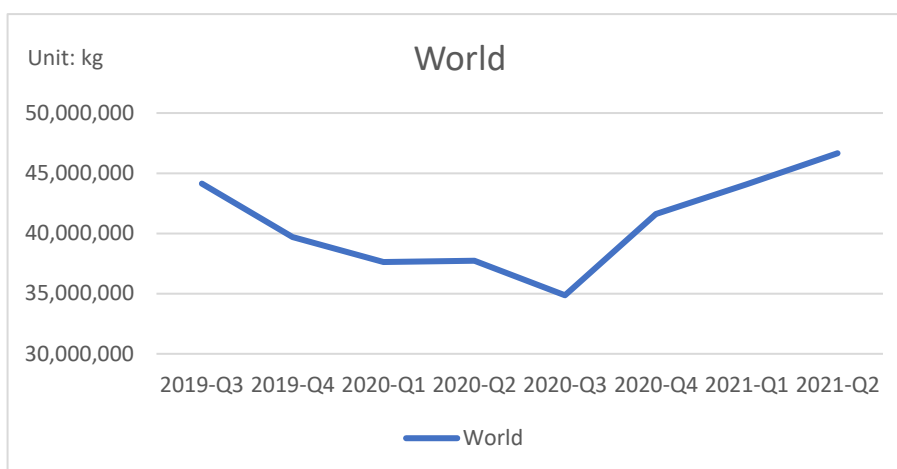
- ◊ The accumulated growth of USA was 65%.

- ◊ Germany was ranked the 2nd place of exporter with the accumulated growth of 40%.

- ◊ Japan followed Germany very closely and its accumulated growth was about 39%.

- ◊ China with an accumulated growth of 25% and Taiwan with an accumulated growth of 11% since the 3rd quarter of 2019 were respectively ranked in the 4th and 5th places.

- ◊ Malaysia, however, was the only country among the biggest fastener exporters to Thailand that showed a negative number.



These signs reveal that after the pandemic is over the market of infrastructure will recover fast.

The following table depicts the fastener export destinations of Thailand. The latest statistics regarding the exported fasteners of Thailand show the amount of 35.5K tons, and the 1st quarter of 2021 showed the highest export quantity since the 3rd quarter of 2019. It means the business has grown vastly. Although in the 2nd quarter of 2021 the number was on a decline, the accumulated growth was 5% since the 3rd quarter of 2019.

Importers	2019-Q3	2019-Q4	2020-Q1	2020-Q2	2020-Q3	2020-Q4	2021-Q1	2021-Q2
World	36,811,937	35,217,133	36,600,019	26,698,990	30,399,184	29,697,495	37,738,019	35,550,772
USA	6,888,875	7,422,191	8,549,281	6,398,879	7,476,054	6,300,253	8,385,902	8,153,422
Germany	8,462,342	6,427,662	6,095,293	5,900,348	5,563,075	3,892,675	5,777,425	5,725,292
India	1,925,696	1,477,526	2,467,915	784,179	1,338,936	2,440,256	2,927,063	2,271,396
UK	1,943,787	1,902,444	1,544,252	1,017,602	1,668,273	1,346,440	2,423,085	2,113,688
Italy	1,700,283	2,158,322	2,012,536	1,554,267	1,367,366	1,537,966	1,428,431	1,818,276
Indonesia	1,867,528	2,278,629	2,005,230	621,845	555,411	922,763	1,289,512	1,526,879
Netherlands	1,441,400	1,600,234	1,780,641	1,486,818	1,697,569	1,529,228	2,042,608	1,477,702
South Africa	1,405,174	1,111,018	1,198,165	578,026	1,065,413	1,225,588	1,933,732	1,438,906
Argentina	946,916	785,738	989,837	250,636	687,928	974,394	1,212,872	1,117,054
Japan	1,338,467	1,273,111	1,147,458	987,949	852,939	1,276,306	881,170	1,107,694

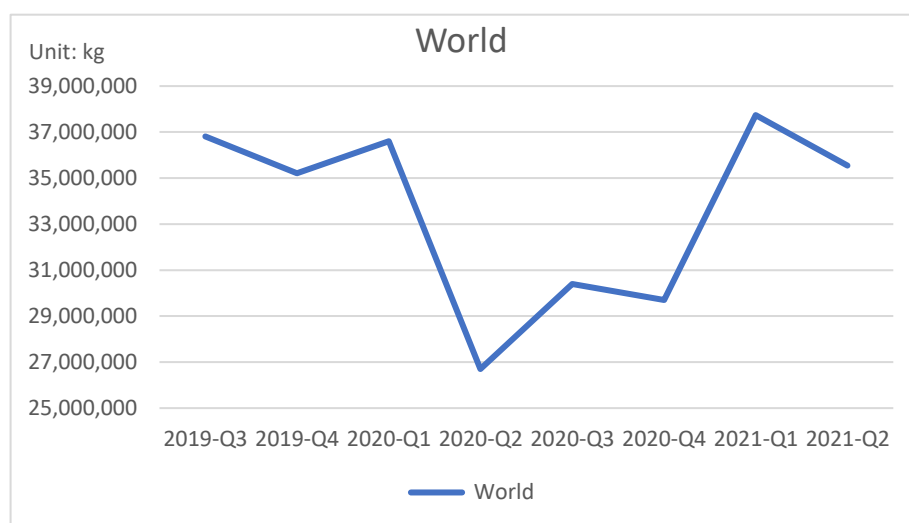
Note: Numbers in Kgs

To sum up, I would like to draw your attention to the below aspects which comprise the highlighted factors analysed by the above figures and tables.

- Argentina was the new buyer of Thai fasteners, and its accumulated growth since the 3rd quarter of 2019 was 167%.

- India, likewise, enhanced its import from Thailand by 126% and was ranked in the 2nd place.

- South Africa with the accumulated growth of 67%, UK with a 57% accumulated growth and Indonesia with a 55% accumulated growth in terms of imported fasteners from Thailand were respectively ranked as the 3rd to 5th largest markets.



- The accumulated growths in fastener import of Italy and the Netherlands were respectively 18% and 16%.

- Japan had the lowest progress (about 2%) among the other importers of Thai fasteners.

- And last but not least, Germany was the only country, which reduced its import from Thailand by around 21%.

