

2022-2023 Fastener Trade Analysis in Kazakhstan, Uzbekistan, and Turkmenistan

Introduction

Central Asia, a region characterized by its diverse economic landscape and strategic location connecting Europe and Asia, has experienced significant growth in the fastener trade industry. Fasteners, including nuts, bolts, screws, and rivets, play a crucial role in the manufacturing and construction sectors, serving as essential components to hold various structures and machinery together.

In this article, we will conduct a comprehensive trade analysis of the fastener industry in Central Asia during the period of 2022-2023, with a specific focus on Kazakhstan, Uzbekistan, and Turkmenistan, the three major economies in the region. We will explore the various aspects of the fastener trade landscape, examining market dynamics and opportunities that have influenced the industry's growth during this time frame.

Economic Growth and the Fastener Industry in Central Asia

Economic growth in Central Asia is projected to remain flat at 3.9 percent in 2023, dragged down by weak external demand, rising inflation and global supply chain disruptions, according to the World Bank's latest Global Economic Prospects report released in early 2022. The growth in 2022 reached 3.9 percent, down from 5.1 percent in 2021.

Central Asian economies have proven resilient to adverse geopolitical headwinds related to Russia's war on Ukraine. Most economies in the region have strengthened their trade cooperation with Russia, serving as intermediaries and supplying their own products into the vacuum created by the withdrawal of international firms from the Russian market.

While specific statistics for the demand of fasteners in Central Asia in 2023 are not widely available, it is essential to highlight that **the increased focus on infrastructure development in the region has indeed led to a substantial surge in demand for fasteners. Governments and private sectors in Central Asian countries have invested significant funds in various infrastructure projects, driving the need for quality fasteners in construction and transportation projects.** The growing emphasis on building and modernizing transportation networks, bridges, roads, railways, and buildings has contributed to the rising demand for fasteners, making it a critical component in supporting the region's economic growth and development.

In Kazakhstan, the "Nurly Zhol" infrastructure program, for instance, has been a key driver of increased fastener demand. This comprehensive program focuses on enhancing transportation infrastructure and connectivity across the country. As a result, the demand for fasteners used in road and rail construction projects has experienced a substantial rise. The construction of new roads, bridges, and railways has necessitated a large quantity of fasteners to hold various structures together and ensure the safety and reliability of these transportation networks.

In Uzbekistan, government efforts to modernize transportation networks and invest USD 33 billion in the oil and gas sector by 2025 have spurred demand for fasteners. The construction market, valued at USD 13.1 billion in 2022, is projected to achieve over 4% AAGR during 2024-2027, sustaining the need for fasteners in various infrastructure projects and urbanization.

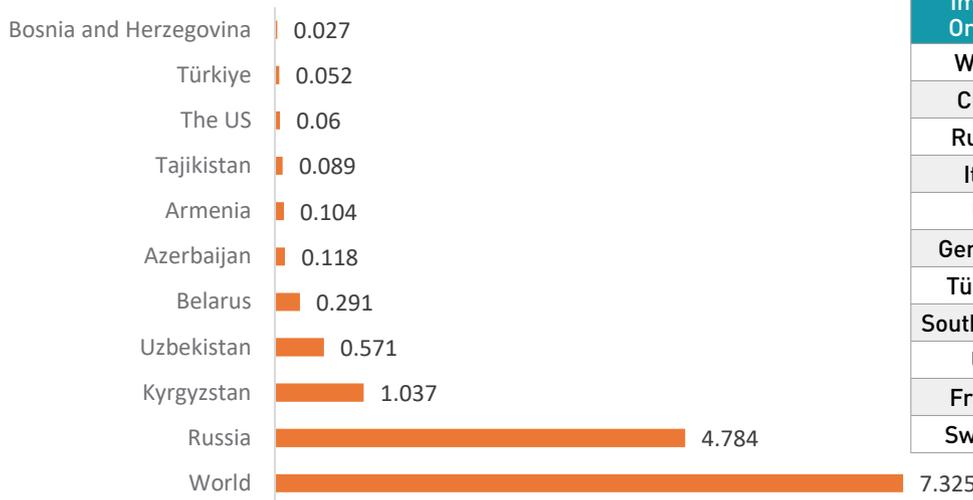


Turkmenistan's ambitious development projects, including large-scale infrastructure initiatives, have generated substantial demand for fasteners. As the country focuses on improving its overall infrastructure, fasteners have become indispensable in the construction of various projects such as roads, bridges, buildings, and industrial facilities. Arkadag, a newly built USD1.5 billion city, has been a major part of this initiative, requiring an increased supply of fasteners to secure various components and materials. Moreover, the development of industrial zones has also necessitated the use of fasteners in constructing factories and warehouses.

While specific data on the exact increase in fastener demand in each country may vary, it is evident that the emphasis on infrastructure development has played a significant role in boosting the fastener trade industry in Central Asia during the specified period.

Central Asian countries actively participated in trade initiatives such as the Belt and Road Initiative (BRI) and the Eurasian Economic Union (EAEU). These initiatives facilitated trade and investment flows, enabling fastener manufacturers in the region to access broader markets and enhance their competitiveness on the global stage.

Fig. 1. Kazakhstan - 2022 Fastener Export Value (in USD Million)



The growth in fastener imports into Kazakhstan in 2022 signals the country's ongoing infrastructure and construction development efforts. **China continues to be the dominant supplier, while Kazakhstan's diverse sourcing from countries like Italy, the United States, and Türkiye showcases its willingness to engage with global markets.** The United Kingdom, France, and Sweden experienced declines in fastener imports to Kazakhstan in 2022 compared with 2021. This could be due to various factors, including changes in market demand, shifts in sourcing strategies, or economic conditions in both exporting and importing countries. Overall, the increasing import values of fasteners reflect the country's commitment to building a strong and sustainable infrastructure for its growing economy.

Kazakhstan's fastener exports experienced substantial growth from 2021 to 2022. In 2021, the export value was USD 2.6 million, which significantly increased to about USD 7.33 in 2022 (Fig. 1). This remarkable growth of approximately 181% indicates a surge in demand for Kazakhstan's fastener products in international markets during the specified period. The significant increase in exports highlights the country's competitiveness and ability to meet the fastener demands of various regions, making Kazakhstan a noteworthy player in the global fastener trade industry.

The significant export value of fasteners to Russia, amounting to USD 4.784 million, highlights the close economic ties between Kazakhstan and its neighbouring country. The geographic proximity and strong trade relations between the two nations contribute to this substantial export flow. Moreover, the considerable amounts of fasteners exported to other Central Asian countries, such as Kyrgyzstan and Uzbekistan, indicate the region's collaborative efforts to meet fastener demands and foster economic integration. This intra-regional trade underscores Kazakhstan's pivotal role in supplying fasteners to neighbouring countries, bolstering regional economic cooperation and development.

Kazakhstan

As the largest economy in Central Asia, Kazakhstan has emerged as a key player in the fastener trade industry. The country's proactive approach to diversify its economy away from oil dependency has led to substantial investments in the manufacturing sector. **Kazakhstan's manufacturing growth, particularly in automotive and construction industries, has boosted the demand for fasteners.**

The total imported value of fasteners (HS Code 7318) in Kazakhstan increased by approximately 30.15% from 2021 to 2022. This growth reflects the country's continuous efforts to invest in infrastructure and construction projects, leading to an increased demand. **Table 1** exhibits fastener imports (in USD Million) into Kazakhstan in 2021 and 2022.

Table 1. Fastener Imports (in USD Million) into Kazakhstan in 2021 and 2022

Import Origins	2021	2022
World	131.85	171.29
China	51.832	73.213
Russia	32.74	35.046
Italy	3.808	8.851
US	7.186	8.577
Germany	6.315	7.169
Türkiye	4.015	6.109
South Korea	2.108	4.00
UK	3.28	3.123
France	2.404	2.37
Sweden	4.491	2.009

Uzbekistan

Uzbekistan, with its sizable population and abundant resources, has been actively pursuing economic reforms to attract foreign investments and modernize its industries. As a result, the manufacturing sector experienced significant expansion during 2022-2023, leading to increased demand for fasteners.

The construction industry, in particular, witnessed considerable growth in Uzbekistan, with various infrastructure projects underway. This surge in construction activities fuelled the demand for fasteners, as they are essential components in building structures and machinery.

Uzbekistan's strategic position in Central Asia makes it an attractive trade partner for regional and international markets. The country's

efforts to improve trade facilitation and engage in cross-border trade initiatives have presented opportunities for fastener manufacturers to tap into diverse markets. The table below shows the fastener imports to Uzbekistan (in USD Million) in 2021 and 2022.

Overall, the data indicates a surge in the demand for fasteners in Uzbekistan, as evidenced by the significant growth in fastener exports from various countries to the region. The substantial increase in exports from Mexico and the UAE highlights the growing engagement of emerging exporters in the Uzbekistan market. **South Korea and China continue to hold dominant positions as major suppliers of fasteners to Uzbekistan**, reflecting their strong presence in the Central Asian market.

Uzbekistan's fastener exports experienced substantial growth over the years. The export value increased from 844,000 USD in 2018 to 7,328,000 USD in 2022. This remarkable growth of approximately 770% indicates a significant expansion in the country's fastener trade. The years 2021 and 2022 witnessed accelerated growth in Uzbekistan's fastener exports. The export value nearly doubled in 2021 compared to 2020, reaching 4,596,000 USD. This growth trend continued in 2022, with the export value reaching 7,328,000 USD. Such rapid growth highlights Uzbekistan's successful efforts in expanding its fastener exports to meet the demands of global markets.

The data on fastener imports from South Korea (the top fastener exporter) to Uzbekistan in 2023 indicates fluctuating monthly values, with the highest import recorded in February and a sharp decline in May. The fluctuations in fastener import from Korea to Uzbekistan in 2023 may also be influenced by the ongoing Russian-Ukrainian war. Geopolitical tensions and disruptions in trade routes due to the conflict can impact the overall demand and supply dynamics in the region, including the import of fasteners. Instabilities in the global market caused by the war could lead to changes in procurement patterns and affect the timing and volume of imports, contributing to the observed variations in monthly import values.

In terms of the fastener exports, the data reflects the growing demand for Uzbekistan's fasteners in its neighbouring countries. The significant increase in exports to Russia presents an opportunity for Uzbekistan to further expand its presence in this key market. As Uzbekistan's fastener industry continues to grow, maintaining strong trade relationships with neighbouring countries and exploring new markets will be crucial for sustained export growth in the coming years. **Table 3** below exhibits the fastener exports from Uzbekistan to the global market (in USD Million) in 2021 and 2022.

Table 2. Fastener Imports (in USD Million) into Uzbekistan in 2021 and 2022

Import Origins	2021	2022
World	55.436	73.687
South Korea	23.799	36.573
China	12.167	12.601
Türkiye	4.855	5.849
Russia	6.361	5.309
Mexico	0.009	2.307
UAE	0.194	1.512
US	0.487	1.196
India	0.664	1.039
Japan	0.921	0.948
Brazil	0.956	0.848

Table 3. Fastener Exports (in USD Million) from Uzbekistan to the Global Market in 2021 and 2022

Export Destinations	2021	2022
World	4.596	7.328
Kyrgyzstan	1.847	1.964
Azerbaijan	0.693	1.476
Kazakhstan	0.881	1.465
Russia	0.08	1.093
Tajikistan	0.792	0.815
China	0.123	0.303
Turkmenistan	0.079	0.149

Fig. 2. Fastener Imports (in USD Million) from South Korea to Uzbekistan in 2023



Turkmenistan

Turkmenistan, known for its vast natural gas reserves, has been actively diversifying its economy beyond the energy sector. During 2022-2023, the country focused on industrialization and infrastructure development, which led to an increased demand for fasteners.

The construction sector in Turkmenistan witnessed significant growth, with several large-scale infrastructure projects underway. **These projects, including the construction of industrial facilities, bridges, and transportation networks, spurred the demand for fasteners** in the country.

Turkmenistan's challenges in accessing international markets have been mitigated to some extent through cooperation with neighbouring countries like Kazakhstan and Uzbekistan. Participating in regional trade initiatives and fostering bilateral agreements have opened avenues for Turkmenistan's fastener manufacturers to access broader markets and strengthen their presence in the industry.



Turkmenistan's fastener imports witnessed a substantial increase from 4.728 million USD in 2020 to 12.143 million USD in 2022. This remarkable growth of over 150% in just two years indicates a significant surge in the country's demand for fasteners.

China remains a major exporter of fasteners to Turkmenistan, showcasing its significant presence in the Central Asian market. The export value of 6.544 million USD in 2022 further solidifies China's position as a dominant player in supplying fasteners to Turkmenistan's construction and infrastructure projects.

Türkiye's fastener exports to Turkmenistan increased to 4,824 million USD in 2022 from 2,644 million USD in 2020 and 4,447 million USD in 2021. This growth indicates Türkiye's expanding market share and competitiveness in meeting Turkmenistan's fastener demands.

The data on fastener exports from Türkiye to Uzbekistan in 2023 shows fluctuations in values from January to April. January recorded the highest export value of 474,000 USD, followed by a steady decline in February, March, and April, reaching 242,000 USD, 214,000 USD, and 213,000 USD, respectively. These fluctuations highlight dynamic market conditions and potential seasonal factors influencing the demand for fasteners between the two countries. Businesses should consider these variations to effectively plan and adjust their export strategies to meet Uzbekistan's changing demands throughout the year.

Uzbekistan's fastener export data shows relatively modest figures and limited recorded data, indicating a smaller and less developed fastener manufacturing industry compared to major exporting nations. The sparse data may also suggest a greater reliance on importing fasteners to meet domestic demands, resulting in fewer opportunities for substantial exports. Geopolitical and economic factors, such as trade agreements and regional dynamics, could further influence Uzbekistan's position in the global fastener market.

Conclusion

The fastener trade analysis for Central Asia during 2022-2023 highlights the region's economic growth and the opportunities it presents for fastener manufacturers in Kazakhstan, Uzbekistan, and Turkmenistan. As these countries strive to diversify their economies and participate in regional and international trade initiatives, the demand for fasteners is set to increase. However, challenges related to supply chain disruptions, technology adoption, and geopolitical factors must be addressed to ensure sustainable growth and competitiveness in the global fastener market. By leveraging their strategic geographic locations, fostering regional cooperation, and investing in innovation, Central Asian fastener manufacturers can solidify their position in the industry and contribute to the region's overall economic development. ■

Sources:

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Global Data, Uzbekistan Construction Market Report Overview

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