

# An Analysis of Taiwan's Fastener Trade in H1 2017

## Continuous Growth in Export to USA/Germany/Netherlands/Japan and Extended Reach to Newly Emerging Markets

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Taiwanese fastener industry has been confronted by slightly increasing challenges since the EU announced the demise of its antidumping & countervailing measures against certain iron & steel and stainless steel fasteners originating in China in 2016 and 2017 respectively, which then forced many Taiwanese fastener suppliers, who only traded with certain markets before, to face up to the existence of new or potential competitors and start thinking how they should extend their reach to different markets (e.g. extending reach to the “direct-users” market in various industries, OEM/ODM, low volume & high variety production, specialty products, make-to-order, focus more on marketing approaches, R&D of new materials for fastening technology and application, etc.) in order to face possible challenges in the future.

According to the statistics for Taiwan's fastener trade in H1 2017, it reveals that Taiwanese fastener companies have in recent years gradually extended their reach to many countries that show substantial fastener demand caused by domestic industrial investment projects, in addition to existing clients they have been collaborating with for years. Some of these countries have already become the top 20 trade partners of Taiwan, showing the fact that Taiwanese fastener companies could not only maintain relations with existing clients from Europe/USA/Japan, but could also reinforce collaboration with those in other newly emerging countries.

The article will expound upon the development trend of Taiwanese fastener industry based on the import/export statistics released by TCA for the first half (H1) of 2017.

### 1a. Export Weight (KG)

	2016/01-2016/06	2017/01-2017/06	Ranking	Percentage (%)	Change (%)	Change
<b>Global</b>	<b>709,942,627</b>	<b>736,772,587</b>	<b>---</b>	<b>100</b>	<b>3.779</b>	<b>26,829,960</b>
USA	261,292,422	278,915,748	1	37.856	6.745	17,623,326
Germany	71,938,813	72,883,295	2	9.892	1.313	944,482
The Netherlands	43,183,151	45,045,215	3	6.114	4.312	1,862,064
Japan	31,219,313	33,432,971	4	4.538	7.091	2,213,658
UK	33,276,085	31,029,963	5	4.212	-6.750	-2,246,122
Canada	21,832,326	24,234,928	6	3.289	11.005	2,402,602
Poland	17,253,673	18,558,716	7	2.519	7.564	1,305,043
Italy	19,638,051	18,525,515	8	2.514	-5.665	-1,112,536
Sweden	15,604,616	16,630,140	9	2.257	6.572	1,025,524
Mexico	12,853,586	14,342,763	10	1.947	11.586	1,489,177
France	13,874,325	14,134,720	11	1.918	1.877	260,395
Spain	13,092,638	13,287,170	12	1.803	1.486	194,532
China	10,390,247	12,326,923	13	1.673	18.639	1,936,676
Thailand	10,727,635	10,536,061	14	1.430	-1.786	-191,574
Russia	9,623,465	10,532,921	15	1.430	9.450	909,456
Vietnam	10,397,815	10,293,259	16	1.397	-1.006	-104,556
Belgium	9,180,035	9,397,519	17	1.275	2.369	217,484
Australia	9,797,873	9,090,952	18	1.234	-7.215	-706,921
India	6,038,325	6,273,143	19	0.851	3.889	234,818
S. Korea	4,213,945	5,170,286	20	0.702	22.695	956,341

Data source: Taiwan Customs Administration (TCA)

In H1 2017, Taiwan exported around 740,000 tons of fasteners to the world and imported around 8,374 tons of fasteners from the world. If calculated by USD, Taiwan exported around US\$ 1.934 billion worth of fasteners to the world and imported around US\$ 67 million worth of fasteners from the world. There appears a significant difference between the export and the import. Compared to the data in 2016, Taiwan exported more fasteners to the world in H1 2017 (either calculated by value or weight); however, its import value or weight was distinctly on the decline.

### Export

The tables (*1a.* and *1b.*) show the top 20 fastener export destinations of Taiwan. Either in the table for export weight or in the table for export value, the top 5 fastener export trade partners of Taiwan were: USA, Germany, the Netherlands, Japan and UK (These five countries represented more than 60% of Taiwan's total fastener export). Except that the export to UK calculated by weight showed a slight drop, the exports to other top 4 countries all showed significant growth compared to the same period of 2016.

We could observe from the top 20 list that Taiwan also exported some large proportions of fasteners to Mexico, China, Thailand, Russia, Vietnam and India, where the investment activities have currently become vibrant. The authorities of these countries are active in developing their own automotive, railway or infrastructure industries (e.g. China's “One Belt One Road” Initiative, increasing investments from foreign carmakers in Mexico or the planned high speed rail construction of Thailand), and these industries could help generate substantial fastener demand in the end. It would also be lucky for Taiwan as the fastener categories demanded by these industries have also been the major strengths and main focus of Taiwanese fastener industry in recent years. Due to these reasons, many Taiwanese companies have started to extend their reach to these new markets and many foreign buyers are also willing to place their orders to Taiwan.

Compared to the same period of 2016, the weight and value of fasteners Taiwan exported to Mexico, China, Russia or India both showed increase, except for Thailand and Vietnam showing a downward trend. The drop in exports to Thailand and Vietnam might be somehow related to the

{ The weight and value of fasteners Taiwan exported to Mexico, China, Russia or India both showed increase. }

political instability or stricter environmental protection policies in the region. However, it'll take some time to explore the real cause.

Amongst the top 20, USA showed the highest increase in export weight compared to the data in 2016, while UK showed the most significant drop. If calculated by value, the export to USA still showed the highest increase compared to the data in 2016, while the exports to Australia and Italy both showed a drop.

## Import

The tables (2a. and 2b.) show the top 20 fastener import origins of Taiwan in H1 2017. If calculated by import weight, the top 5 fastener import origins of Taiwan in H1 2017 were: Japan, China, Vietnam, S. Korea and Germany (These 5 countries represented more than 70% of Taiwan's total fastener import). If calculated by import value, the top 5 fastener import origins of Taiwan were: Japan, USA, Germany, China and S. Korea (These 5 countries also represented more than 70% of Taiwan's total fastener import). Compared to the data in 2016, the weights and values of fasteners Taiwan imported from Japan, China and Vietnam all showed a drop; however, the weights and values of fasteners Taiwan imported from S. Korea and Germany both showed growth. As for the import from USA, it showed growth in weight, but showed a decline in value. Compared to the same period of 2016, the weight and value of fasteners Taiwan imported from the whole world were both on the decline.

In terms of import weight, the import from China showed the most significant drop and S. Korea showed the most significant increase. If calculated by import value, USA showed the most significant drop and S. Korea still showed the most significant increase. This may be a message that **Taiwan reinforced its fastener purchase from S. Korea in H1 2017.**

## Conclusion

With the upcoming yearend of 2017, the optimistic expectations of several industry leaders toward 2018 and the business opportunities Fastener Fair Stuttgart and

## 1b. Export Value (USD)

	2016/01-2016/06	2017/01-2017/06	Ranking	Percentage (%)	Change (%)	Change
<b>Global</b>	<b>1,776,927,067</b>	<b>1,934,177,063</b>	<b>---</b>	<b>100</b>	<b>8.850</b>	<b>157,249,996</b>
USA	657,017,494	722,247,478	1	37.341	9.928	65,229,984
Germany	169,624,173	178,502,255	2	9.229	5.234	8,878,082
The Netherlands	103,029,610	110,933,447	3	5.735	7.671	7,903,837
Japan	89,162,734	99,951,144	4	5.168	12.100	10,788,410
UK	81,939,083	83,963,332	5	4.341	2.470	2,024,249
China	54,002,374	67,968,517	6	3.514	25.862	13,966,143
Canada	54,342,706	61,876,460	7	3.199	13.863	7,533,754
Sweden	42,057,355	46,675,869	8	2.413	10.981	4,618,514
Italy	42,999,306	42,933,891	9	2.220	-0.152	-65,415
Mexico	34,138,022	40,901,504	10	2.115	19.812	6,763,482
France	34,281,830	37,352,520	11	1.931	8.957	3,070,690
Thailand	30,236,418	32,488,448	12	1.680	7.448	2,252,030
Poland	29,120,184	32,192,056	13	1.664	10.549	3,071,872
Australia	32,138,775	30,563,136	14	1.580	-4.903	-1,575,639
Spain	26,890,173	28,604,274	15	1.479	6.374	1,714,101
Belgium	22,685,104	24,539,735	16	1.269	8.176	1,854,631
Vietnam	20,612,681	23,562,417	17	1.218	14.310	2,949,736
Russia	16,745,348	18,441,145	18	0.953	10.127	1,695,797
India	14,591,429	16,822,893	19	0.870	15.293	2,231,464
S. Korea	10,679,895	14,714,662	20	0.761	37.779	4,034,767

## 2a. Import Weight (KG)

	2016/01-2016/06	2017/01-2017/06	Ranking	Percentage (%)	Change (%)	Change
<b>Global</b>	<b>9,103,285</b>	<b>8,374,460</b>	<b>---</b>	<b>100</b>	<b>-8.006</b>	<b>-728,825</b>
Japan	3,108,624	2,937,956	1	35.082	-5.490	-170,668
China	2,197,355	1,636,243	2	19.538	-25.536	-561,112
Vietnam	1,468,480	1,233,073	3	14.724	-16.031	-235,407
S. Korea	94,789	230,967	5	2.758	143.664	136,178
Germany	193,241	220,683	6	2.635	14.201	27,442
Thailand	224,796	208,773	7	2.493	-7.128	-16,023
India	167,403	198,781	8	2.374	18.744	31,378
Malaysia	78,680	181,466	9	2.167	130.638	102,786
Philippines	219,110	168,142	10	2.008	-23.261	-50,968
USA	147,273	164,634	11	1.966	11.788	17,361
The Netherlands	64,451	55,606	12	0.664	-13.724	-8,845
Italy	62,277	54,751	13	0.654	-12.085	-7,526
UK	43,576	53,017	14	0.633	21.666	9,441
Sweden	62,328	51,361	15	0.613	-17.596	-10,967
Spain	29,770	27,576	16	0.329	-7.370	-2,194
UAE	205	24,960	17	0.298	12,075.610	24,755
Switzerland	9,467	24,173	18	0.289	155.340	14,706
Turkey	11,784	24,145	19	0.288	104.896	12,361
Indonesia	11,616	16,448	20	0.196	41.598	4,832
Czech Rep.	5,341	16,151	21	0.193	5.280	810

International Fastener Expo held this year may bring to exhibitors, fasteners Taiwan exported to Europe/USA/Japan with great fastener demand are expected to maintain strong growth and the export to other newly emerging countries in Latin America and Southeast Asia is also expected to demonstrate better performance.

### Looking forward, Taiwanese fastener companies will also face challenges below:

1. Appreciation of NTD- Euro, Japanese Yen and many other currencies all demonstrated significant depreciation. NTD, on the contrary, has appreciated a lot, which may influence the order intakes and profit margins of many companies.

2. The new labor law in Taiwan- This new law is reported to have caused a nearly 10% increase in the labor cost of many companies in Taiwan. In addition, more day-offs for employees have also resulted in the lack of labor force, which makes many companies extend their lead time.

3. Hiking cost due to environmental protection policies- Some fastener companies pointed out that the cost for being compliant with all environmental protection policies set for the fastener supply chain has increased a lot and the electroplating and heat treating cost in Taiwan has been very close to that in Europe, USA and Japan. The delay in product delivery could be a serious problem.

4. Insufficient labor force- Due to more day-offs for employees, fastener companies cannot help but introduce more automated machines and facilities to handle the issue of delayed product delivery.

### 2b. Import Value (USD)

	2016/01-2016/06	2017/01-2017/06	Ranking	Percentage (%)	Change (%)	Change
<b>Global</b>	<b>68,051,355</b>	<b>67,480,604</b>	<b>---</b>	<b>100</b>	<b>-0.839</b>	<b>-570,751</b>
Japan	31,037,268	30,814,517	1	45.664	-0.718	-222,751
USA	11,731,565	10,701,862	2	15.859	-8.777	-1,029,703
Germany	3,969,516	4,575,842	3	6.781	15.275	606,326
China	4,269,402	3,971,658	4	5.886	-6.974	-297,744
S. Korea	1,623,130	2,901,952	5	4.300	78.787	1,278,822
Vietnam	1,755,756	1,450,062	7	2.149	-17.411	-305,694
Switzerland	564,149	970,142	8	1.438	71.966	405,993
UK	1,511,908	925,138	9	1.371	-38.810	-586,770
India	847,289	896,802	10	1.329	5.844	49,513
Italy	971,438	830,359	11	1.231	-14.523	-141,079
The Netherlands	951,603	790,783	12	1.172	-16.900	-160,820
Sweden	862,026	705,358	13	1.045	-18.174	-156,668
Singapore	477,529	660,407	14	0.979	38.297	182,878
France	473,336	632,488	15	0.937	33.623	159,152
Thailand	787,899	619,069	16	0.917	-21.428	-168,830
Philippines	784,424	607,876	17	0.901	-22.507	-176,548
Czech Rep.	502,382	485,512	18	0.719	-3.358	-16,870
Spain	270,047	329,542	19	0.488	22.031	59,495
Denmark	369,552	314,391	20	0.466	-14.926	-55,161
Malaysia	234,418	290,161	21	0.430	23.779	55,743

Surely, challenges mentioned above will become some of the important issues Taiwanese fastener industry must make efforts to deal with in 2018.

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