



Interview with TIFI Chairman Tu-Chin Tsai



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As the international situation is changing, the global industrial layout has been affected. Many Taiwanese fastener suppliers have been facing ESG, EU carbon tax, smart manufacturing, and production line upgrades over the past year or so, in addition to the plight of a sharp decrease in orders, which have become major issues that they urgently need to face, and they have been looking for external counseling and support. Taiwan Industrial Fasteners Institute (TIFI), which has many members, has been actively speaking out for the interests of the industry under the leadership of Chairman Tu-Chin Tsai for nearly six years and has become one of the strong supports for Taiwanese fastener suppliers to strive for more resources from the government or related organizations.

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01 // While the Economy Continues to Look Bleak, Industry Players Should Speed up Their ESG Steps.

Analyzing the current global downturn, Chairman Tsai believes that it is mainly due to several factors, including **inflation caused by the 25% tariff imposed by the U.S. on China, the U.S. Fed's interest rate hike, China's closure measures in its major economic centers in the wake of the Covid pandemic, and the Ukraine-Russia War and Israel-Palestine War, which have shaken the global economic growth.** Although the U.S. continues to play the role of economic locomotive, the economic momentum of almost all other countries and regions have been significantly affected. Taiwan fastener industry performed well until July last year as it was still absorbing orders from overseas customers, but then saw a sharp drop in new orders as the market demand declined.

It is currently heard that many companies have begun to implement 3-4 days of unpaid leave. Chairman Tsai predicted that if the industry orders before April next year could not return, the market may appear a recession for another 2 years. However, he is still optimistic that if the demand picks up after the Lunar New Year next year, there could be a chance to stimulate the global economic growth. Until then, he strongly recommends that domestic players accelerate their ESG planning to prepare for the next wave of market demand. Currently, Taiwanese government has allocated NT\$44 billion for ESG to assist



companies in hiring professionals, improving equipment, and conducting carbon footprint verification (CFV), which will be a great opportunity for Taiwanese companies to enter into smart manufacturing and strengthen industrial upgrade. Chairman Tsai cited the example of Sun Beam Tech. which started its ESG program 12 years ago by switching from using fuel oil to natural gas, applying for tens of millions of dollars in government subsidies to renovate its equipment, and completing the CFV. Chairman Tsai emphasized that as Europe and the U.S. continue to incorporate ESG into their regulations, Taiwan's industry can no longer ignore it anymore.

02 // TIFI Collaborates with the Industry and Government to Offer Free ESG Courses; Industry Players are Encouraged to Register for Attendance

There are currently many CFV consulting firms in Taiwan, but their quality varies. In order to enable the domestic industry to catch up with the int'l CFV ASAP and to realize the goals of smart manufacturing and production line upgrading, TIFI has already obtained subsidies from Taiwan's MOEA and has coordinated with MIRDC to help the industry carry out CFV, hoping to accelerate the improvement of water/electricity/oil/gas utilization.

Chairman Tsai said, suppliers can often visit TIFI's website for more info. **TIFI has collaborated with IDB (MOEA) and MIRDC to open free ESG courses for corporate CEOs and cadres in charge of ESG business,** and the lecturers are mostly experts and scholars from MIRDC, MOEA, and well-known universities & colleges.

It is highly recommended that the industry pay attention to and actively participate in the programs. In the future, if advanced countries such as EU, the U.S., and Japan formally implement ESG requirements, it'll become Taiwan's niche to compete with China, India, or other emerging countries. In addition, in view of the high cost of foreign certification, MIRDC will actively apply to become an EU-recognized certification unit, and TIFI is also pursuing with the government to subsidize at least half of the amount for those who intend to purchase ESG-related equipment. However, Chairman Tsai pointed out that **the industry must first apply to the government before they can be included in the subsequent calculation of CFV. For those having completed CFV before, Taiwanese Government will also work on complementary programs to cope with the situation.**

03 // As the Demand Shrinks, TIFI Fights for More Benefits from the Government and Taiwan CSC to Help the Industry Tide Over Difficult Times.

TIFI invites fastener manufacturers to participate in quarterly production & sales meetings with Taiwan CSC and discuss the current wire rod prices and industry conditions. Chairman Tsai said that Taiwan CSC's quotations mainly refer to int'l iron ore, coke, exchange rates and quotations from major steel-producing countries such as China, Russia, Vietnam, and India. At the same time, they will also consider the performance of domestic industry orders to make reasonable quotations and provide more diversified and preferential packages.

Chairman Tsai also often coordinates with Taiwan CSC together with industry-leading companies and TIFI BoD to prevent Taiwan CSC's quotations from deviating too much from the actual industrial situation. Due to the current shrinkage of domestic industry orders, **Chairman Tsai also suggested that after the Q1 2024 production & sales meeting scheduled in December this year, Taiwan CSC should definitely take market price into consideration and at least flatten or reduce the price,** otherwise suppliers won't be able to receive orders or cannot pay loans and employee salaries, which may also affect the Q1 performance next year. He also hopes that the government can coordinate with banks to extend the repayment period of corporate letters of credit to the end of next year and stand with enterprises.

04 // Overseas Investment Should Give Priority to the Country's Security, National Character and Stability.

With more buyers requiring Chinese or Taiwanese suppliers to set up factories overseas, many Taiwanese companies have begun to set up factories in Vietnam, Indonesia, Thailand and other places in order to maintain orders. Chairman Tsai, who has factories in Malaysia and Vietnam, said that **when choosing an overseas factory base, the country's security, national character and stability are the three major evaluation indicators.** In addition to having trustworthy people locally to help with management, their HQs in Taiwan also need to send cadres for supervision. In some emerging markets, Taiwanese manufacturers can also consider setting up liaison offices or collaboration with local distributors to expand sales opportunities. As for the rest of small factories unable to set up factories overseas, they are recommended to rely on large factories to seek sustainable operation. He also believes that **automotive fasteners are an area where Taiwanese companies can further strengthen their presence.** Thus far,



over 30% of Taiwanese companies have invested in this field. Although EV will reduce the fastener demand in the future, their added value is still attractive for investment.

05// Taiwan International Fastener Show to be Launched Next June, Hoping to Bring More Overseas Business Opportunities

Taiwan International Fastener Show (“Fastener Taiwan”), with TIFI as the executive unit, will be held at Kaohsiung Exhibition Center on June 5-7 next year. The readjusted dates are now far from those int’l trade fairs such as Fastener Fair Global and Wire Düsseldorf, and are sure to attract more overseas visitors. In order to make Fastener Taiwan more successful, Chairman Tsai’s chairmanship will be extended until the conclusion of Fastener Taiwan in June next year. Chairman Tsai said that Fastener Taiwan 2018 held before the pandemic successfully attracted 2,000+ foreign visitors. This year, with the exhibition dates returning to normal and national borders open, overseas visitors are expected to hit new highs. He hopes that through the consecutive holding of Fastener Taiwan, more business and collaboration opportunities will be created for competent industry players in Taiwan.

06// A New Look of Taiwan Fastener Museum is Expected to be Unveiled in H1 Next Year

During his tenure, Chairman Tsai cooperated with Kaohsiung City Government to build the 1st Taiwan Fastener Museum at Kangshan Agricultural & Industrial Vocational Senior High School. It is currently one of the two museums in the world focusing on the fastener industry. Many important developments of Taiwan fastener industry are displayed in the museum. Through videos and other visual aids, visitors can better understand the past, present and future of Taiwan fastener industry. Chairman Tsai said that there are many worth-seeing collections in the museum waiting for visitors to appreciate. **He is also actively inviting important veteran figures in the development of Taiwan fastener industry to tell the history of Taiwan fasteners and add more exhibits that can facilitate interaction with visitors. Outside the museum, there will be a firefly ecological park, which is expected to become a popular tourist attraction in Gangshan** and will be open soon in H1 next year.

Although the baton will be handed over in June next year, Chairman Tsai said that in addition to Taiwan International Fastener Show and the Museum, TIFI will also hold many activities next year and hopes that everyone can participate and work together for the future of Taiwan fastener industry. ■

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