

Interview with TFTA Chairman Josh Chen



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Among Taiwan's export-oriented industries, fasteners are also one of the most important industries that help Taiwan generate a lot of foreign exchange. A complete supply chain from raw materials to finished products, which is rare in the world, has made Taiwan a priority for European and American manufacturers choosing to work with them in overseas sourcing, and many of Taiwanese fastener suppliers have been longtime members of Taiwan Fastener Trading Association (TFTA). With the efforts of incumbent Chairman Josh Chen, TFTA has continued to raise the visibility of Taiwanese suppliers in the int'l marketplace.

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01 // Global Exchanges, Deepening Taiwan Fastener Industry's Connection with the World

Since most TFTA members are export-oriented, communication with int'l fastener associations has become an important task of TFTA. Chairman Josh Chen said that, **over the past few years TFTA has continued to establish close exchange and smooth communication channels with many int'l associations (e.g., NFDA, EFDA, EIFI, SINPA, SEIFSA, etc.),** helping Taiwan fastener industry maintain partnership with overseas customers on the one hand and allowing int'l friends to better understand Taiwan fastener industry on the other hand. Chairman Chen has represented TFTA to participate in the activities of partnered associations for times. In addition to having attended the EIFI's General Assembly for times, in May and June this year, he was also invited by EIFI and NFDA respectively to attend their annual conferences to exchange views and report on the development of Taiwan fastener industry, and he even shared the video footage of the Taiwan Fastener Fashion Show held by TFTA in 2023, amazing all the guests with the endless creativity of Taiwan fastener industry. Speaking of the major achievements during his 4-year tenure as chairman, Chairman Chen said that maintaining smooth communication between TFTA and int'l associations in Europe and the U.S. has been an important task during his tenure. He also hopes that in the future communication between TFTA and overseas associations will be even closer than it is now and that the partnership with them will be even stronger.



02 // Paying Heed to Int'l Situations and Accelerating Industrial Upgrade

The global market is filled with many uncontrollable external factors, especially the Israeli-Palestinian war may also have a profound impact on the global economy. Chairman Chen said that the industry hasn't appeared signs of recovery yet and the situation is indeed not optimistic. Fluctuations in steel and oil prices, wars, U.S. interest rate hikes, and exchange rates have caused customers to be conservative in their investments. He reminds suppliers of paying heed to these variables. At the same time, **he also suggests that in the midst of the sluggish economy, Taiwanese companies should strengthen their industrial upgrade, and Taiwanese government should also consider lowering Taiwan's interest rates to provide more incentives for investment.** On the basis of not affecting the rules of market operation, the government should appropriately adjust and provide preferential interest rates and favorable measures to help those interested in industrial upgrade get access to government resources or subsidies more easily, in order to stimulate the economy to be vibrant.

03 // Low Carbon Steel Products are in High Demand. Hopefully Taiwan CSC Can Offer Benefits to Enhance Suppliers' Competitiveness.

Observing the current significant order downturn of the industry, Chairman Chen believes that a large proportion of this year's decreasing demand is due to the still high level of the customer inventory. As last year's shipping container costs and freight charges hiked, worried customers tried to buy beyond expectations, resulting in a scenario that some suppliers are still processing orders made last year. One U.S. customer even told him privately that he might not run out of inventory until the middle or end of next year. Nevertheless, Chairman Chen believes that market demand has not disappeared, and that in addition to the production of low-carbon steel products, the industry should also strengthen the development of medium- and high-carbon steel products to enhance competitiveness. Regarding the low-carbon steel products, which are still the bulk of the demand, Chairman Chen believes that as there are many competitors in the low-carbon steel products (such as those from China and Southeast Asia) and the profit margins are relatively thin, **he hopes that Taiwan CSC can provide more favorable packages in terms of price to support the industry.**

04 // Enhancing Customers' Understanding of Taiwan; Order Switching is Only a Short-term Phenomenon

Although a few large factories reflected that some customers from Europe and the U.S. have requested to set up factories overseas before they are willing to place orders, Chairman Chen believes that this should only be a short-term phenomenon caused by customers' lack of understanding of the current situation of Taiwan fastener industry. In order to solve this dilemma, **Taiwanese suppliers should take the initiative to make customers understand the situation in Taiwan.** TFTA also plays a role in helping them achieve this goal by inviting European and U.S. customers having operations in Taiwan to be TFTA's int'l members, so that through exchange they can understand the actual situation of Taiwan fastener industry. Chairman Chen emphasized that the problem of customers switching to other countries may be a major challenge, but the most important thing for the industry is to continue to take good care of product quality and on-time delivery.

05 // Better to Get Official Counseling on CBAM Issues

As the EU has not finalized the implementation details of CBAM yet, Chairman Chen said that **instead of looking for private organizations to conduct carbon footprint verification, it would be better to contact MIRDC or IDA (MOEA) to inquire about counseling or training courses,** and that TFTA would actively cooperate with these units to assist members in understanding related training courses and subsidy programs. In addition, TFTA has already established a smooth approach and perfect planning with MIRDC in terms of member educational training (incl. on-site practice and technical observation), and will further improve future collaboration.

06 // The Recession Has Reached the Bottom and Bright Future Can Be Expected

On Dec/8 this year, TFTA members meeting and Board of Directors election will be held in Queen Plaza Hotel in Tainan, when Chairman Chen will also officially hand over the baton to his successor. Chairman Chen said that although the economy doesn't look good, it is estimated that it might not get worse. He is confident that Taiwan fastener industry will bottom out and rebound. He will also coordinate with the new TFTA Chairman on the Association's development policy, hoping that TFTA will give more training programs and market exchanges (such as Japan and Southeast Asia) to create more opportunities for TFTA members. ■

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