

The Impact of the Israeli-Palestinian War on Taiwan Fastener Industry

The "Israeli-Palestinian War", also known as the "Sixth Israeli-Palestinian War", began on October 7, 2023, when Hamas, a Palestinian Islamist movement, launched the largest invasion of Israel's mainland in 50 years. Hamas launched a military operation in the Gaza Strip, code-named the "Al Aqsa Flood", in which armed men infiltrated 22 Israeli cities, towns, and military bases, taking hundreds of Israeli civilians and soldiers prisoner, and firing thousands of rockets into cities such as Jerusalem, killing at least 1,400 Israelis and foreign nationals, according to the Israeli government. Israeli Prime Minister Benjamin Netanyahu immediately declared a state of war and launched a massive retaliatory operation against Gaza, stating that hundreds of thousands of Israeli military reservists would be mobilized in order to make the Palestinian militant group Hamas pay a heavy price. 48 days after the start of the war, Israel and Hamas agreed to a cease-fire from November 24, 2023, on humanitarian grounds. Hamas agreed to release 110 hostages, including 78 Israeli women and children, and 240 Palestinians were released from Israeli prisons in exchange. Unfortunately, the ceasefire came to an abrupt end after seven days, and fighting resumed on December 1, with more than 18,000 deaths on both sides so far. On the other hand, the United Nations Security Council (UNSC) met on December 8 and voted on the United Arab Emirates (UAE) resolution calling for an "immediate humanitarian ceasefire" between Israel and Hamas. 13 out of the 15 UNSC member states voted in favor of the resolution, while the United States voted against and the United Kingdom abstained from voting, and the resolution on the ceasefire was rejected by the United States by one vote, which means that the "Israeli-Palestinian war" is going to continue for a while longer.

Since the beginning of B.C., the Jews of Israel have been forced into exile for nearly 2,000 years. During the period of Jewish wandering, the land of origin has been inhabited by Arabs, who also regarded this land as their homeland. After the Second World War, the General Assembly of the United Nations, taking into consideration the



special situation of the Jews, who had been almost annihilated during the war, was willing to assist the Jews in returning to the place of their origin, i.e., the area of Palestine at that time, as a compensation. On November 29, 1947, the General Assembly of the United Nations adopted Resolution 181, the "Partition of the Palestine Trust Territory," which proposed the establishment of two provisional states, one Jewish and the other Arab.

On May 14, 1948, Britain ended its trusteeship in Palestine and the Jews declared the establishment of a state called Israel. Shortly after the establishment of the state of Israel, the Arab countries of Lebanon, Syria, Iraq, Egypt and Jordan formed a coalition and organized tens of thousands of troops to attack Israel, which is known as the "First Israeli-Arab War". Subsequently, there were five wars between Israel and the Arab countries in 1956, 1967, 1973, and 1982, and the wars between the Israelis and the Arabs lasted until 1993. In 1993, the signing of the Oslo Accords between Israeli Prime Minister Yitzhak Rabin and Palestinian Liberation Organization Chairman Yasar Arafat brought a ray of hope for peace. Israel agreed to let the Palestinians set up an autonomous government on the West Bank of the Jordan River and in the Gaza Strip, and the Palestinians also agreed to give up military force against Israel in exchange for statehood. Regrettably, the peace did not last long. In 2002, Israel built a separation wall in the reclamation area and effectively occupied the West Bank, and the Palestinians stood up to fight against Israel. The countries involved in the six Israeli-Arab wars from 1948 to 2023 are summarized in **Table 1** below.



Table 1. The Countries Involved in the Six Israeli-Arab Wars

Israeli-Arab Wars	1st	2nd	3rd	4th	5th	6th
Year	1948	1956	1967	1973	1982	2023
Countries for the Arab	Egypt, Syria, Jordan, Lebanon, Kingdom of Iraq, Saudi Arabia, Yemen, Palestine Liberation Organization	Egypt	Egypt, Syria, Jordan, Iraq, Palestine Liberation Organization	Egypt, Syria, Iraq, Jordan, Saudi Arabia, Kuwait, Libya, Tunisia, Algeria, Morocco, Cuba, North Korea	Palestine Liberation Organization, Syria	Palestine Hamas Organization
Countries for Israel	Israel	Israel, France, UK	Israel	Israel	Israel	Israel
Countries giving support to Israel	X	X	X	USA	X	USA, UK

There are two main organizations in the Palestinian areas, one is the Palestine Liberation Organization (PLO) and the other is Hamas, which is a shortened form of Harakat al-Muqawama al-Islamiya (Islamic Resistance Movement), which was established with the aim of destroying Israel. The Gaza Strip is controlled by Hamas, while the West Bank is governed by the Palestine Liberation Organization. The Gaza Strip is a 41-kilometer-long, 10-kilometer-wide strip of territory between Israel, Egypt and the Mediterranean Sea, home to about 2.3 million people. Since the blockade, Israel has controlled the airspace over the Gaza Strip and its coastline, and has restricted the entry and exit of people and goods. Hamas, listed as a Foreign Terrorist Organization by the U.S. in 1997, is currently the main power in the autonomous government of the Gaza Strip, and since the Hamas administration of the Gaza

region, Israel has imposed a strict material blockade that has led to shortages of everything from food to medicine in the Gaza region, and the restrictions on materials have forced Palestinians to leave the Gaza region, and these blockades have deepened the Palestinians' hatred of Israel.

The Middle East countries that may be affected by the "Israeli-Palestinian War" include Israel, Saudi Arabia, the United Arab Emirates, Iran, Iraq, Kuwait, Egypt, Jordan, Lebanon, Syria, Libya, etc. This article presents the statistics of exports of Taiwan steel fasteners (incl. steel screws, bolts, nuts, automotive screws, screw hooks, rivets, pins, cotter pins, washers and similar products falling within HS code 7318) to 10 Middle East countries from 2020 to 2022. See Table 2.

Table 2. Exports of Taiwan Steel Fasteners (HS code 7318) to 10 Middle East Countries from 2020 to 2022

Year	2020				2021				2022			
	1,000 USD	Weight (Ton)	Value Share (%)	Weight Share (%)	1,000 USD	Weight (Ton)	Value Share (%)	Weight Share (%)	1,000 USD	Weight (Ton)	Value Share (%)	Weight Share (%)
World	3,968,861	1,363,250	100%	100%	5,319,169	1,610,698	100%	100%	6,140,351	1,607,481	100%	100%
Israel	10,353	4,172	0.261%	0.306%	12,634	4,524	0.238%	0.281%	16,656	4,443	0.271%	0.276%
Saudi Arabia	22,951	11,519	0.578%	0.845%	21,951	9,984	0.413%	0.620%	29,513	10,555	0.481%	0.657%
UAE	17,917	6,878	0.451%	0.504%	14,915	4,614	0.280%	0.286%	15,226	3,837	0.248%	0.239%
Iran	14,398	7,528	0.363%	0.552%	8,637	3,813	0.162%	0.237%	11,504	4,529	0.187%	0.282%
Iraq	6,061	2,918	0.153%	0.214%	5,674	2,501	0.107%	0.155%	6,300	2,151	0.103%	0.134%
Kuwait	2,508	1,107	0.063%	0.081%	4,843	1,675	0.091%	0.104%	5,493	1,651	0.089%	0.103%
Egypt	4,290	1,817	0.108%	0.133%	5,003	1,646	0.094%	0.102%	4,962	1,316	0.081%	0.082%
Jordan	1,141	649	0.029%	0.048%	1,136	547	0.021%	0.034%	1,601	623	0.026%	0.039%
Lebanon	244	132	0.006%	0.010%	644	294	0.012%	0.018%	752	279	0.012%	0.017%
Syria	276	151	0.007%	0.011%	88	43	0.002%	0.003%	41	21	0.001%	0.001%
Total of 10 Middle East Countries	80,139	36,871	2.02%	2.70%	75,525	29,642	1.42%	1.84%	92,048	29,405	1.50%	1.83%

In Table 2, the proportion of the 10 Middle East countries to the total export value of Taiwan's steel fasteners (HS code 7318) is 2.02% in 2020, 1.42% in 2021, and 1.50% in 2022, and the proportion of the 10 Middle East countries to the total export weight is 2.7% in 2020, 1.84% in 2021, and 1.83% in 2022. It is thus estimated that the impact of the 10 Middle East countries on the export value of Taiwan's steel fasteners is about 2% at most, which is within the tolerable range.



The impact of the "Israeli-Palestinian War" on Taiwan fastener industry is not significant, but the political ripples generated should not be underestimated. Israel and Palestine have their own supporters. Those for Israel are the U.S., the U.K. and other Western powers, while those for Hamas are China, Russia, Arabia and other countries. These two forces, coupled with the fact that the Middle East is an important producer of oil in the world, and if the war cannot be quickly terminated, the butterfly effect may have a significant impact on the world economy.

After the Hamas attack on Israel, the U.S. Department of Defense dispatched two carrier strike groups, the nuclear-powered aircraft carrier USS Ford and USS Eisenhower, to the Eastern Mediterranean Sea to make preparations for assisting Israel, while the UK also dispatched two warships and reconnaissance planes to the Middle East and deployed them in the Eastern Mediterranean Sea area near Israel to show its support for Israel and demonstrate the military deterrence of the U.S. and the U.K. in the Middle East. The United States and the United Kingdom are also showing their military deterrence power in the Middle East. Since World War II, Israel has been the largest recipient of U.S. military aid, with the U.S. providing a total of US\$158 billion bilateral aid and military funding to Israel, and US\$3.8 billion military assistance to Israel in 2023 alone. The U.S. has even expressed support for Israel's troop contribution to the Gaza Strip in the United Nations Security Council, and in the UNSC meeting of December 8 voting on the resolution of "immediate humanitarian ceasefire between when Israel and Hamas", the US voted against it and the UK abstained from voting. As the US is a permanent member of the UNSC, it has the right of veto, and the resolution of Israeli-Palestinian ceasefire was vetoed.

The main supporting forces behind Hamas may include the Arab countries, China and Russia. The Ministry of Foreign Affairs of the PR China (MFA) published on its website on November 30, 2023, that "President Xi Jinping has repeatedly elaborated on China's principled position on the current Israeli-Palestinian situation, emphasizing that a cease-fire should be put in place immediately to stop the fighting, to ensure the safe and smooth flow of humanitarian channels, to prevent the conflict from spreading, and to implement the 'two-state solution' to promote an early, comprehensive, just and lasting solution to the question of Palestine". At the initiative of the Chinese rotating presidency of the UN Security Council in November, the Council held a high-level meeting on the Israeli-Palestinian issue, which was chaired by Chinese Foreign Minister Wang Yi and attended by the foreign ministers and high-level representatives of nearly 20 countries, including Brazil, Palestine, Qatar, Jordan, Saudi Arabia, and Egypt, as well as all members of the Council. The Council adopted Resolution 2712, which launched the initial step of promoting the cease-fire between the Israelis and the Palestinians. Regrettably, as mentioned earlier, the motion for an "immediate humanitarian ceasefire" was rejected by the U.S. by one vote.

Russian President Vladimir Putin visited the UAE on December 06. While the war between Russia and Ukraine is still in a stalemate, President Putin made a rare trip to the Middle East, visiting the UAE and Saudi Arabia to discuss with the heads of the two countries about Ukraine and the Israeli-Palestinian war, and it is still to be seen whether it will have an impact on the war later on. In addition, the BRICS (Brazil, Russia, India, China, and South Africa) announced after the BRICS summit in South Africa

in August 2023 that the BRICS will expand its membership in 2024, and that Argentina, Egypt, Ethiopia, Iran, Saudi Arabia, and the UAE have been invited to join the BRICS cooperation mechanism. Among them, Egypt, Iran, Saudi Arabia, and the UAE are very important oil exporting countries and Middle East countries practicing Islam, which leads to an important issue of civil and biological capital "oil".

Looking back at history, the 4th Israeli-Arab War in 1973 once triggered the world's first oil crisis. At that time, the Organization of the Petroleum Exporting Countries (OPEC), led by Saudi Arabia, announced an oil embargo on countries supporting Israel during the 4th Israeli-Arab War, targeting Canada, Japan, the Netherlands, the UK and the U.S. The embargo lasted for nearly a year, and during the embargo period, global oil prices rose by nearly 300%, from US\$3 to nearly US\$12 per barrel, which had a significant impact on the global economy. This embargo caused the world to experience a global recession, with unemployment and inflation rising at the same time, stock and bond prices plummeting, and the post-World War II economic boom coming to an end. OPEC member states have not yet responded to the Israeli-Palestinian war, but of course, with the success of the U.S. shale oil industry and the maturing of renewable energy technologies, OPEC's influence is much different from that of 50 years ago. It is judged that the chances of adopting the oil embargo strategy of 1974 are not very high, but it is not ruled out that it will use the reduction of oil production as a warning tool.

The biggest difference between the "Israeli-Palestinian War" and the "Russian-Ukrainian War" is the land area where the war took place. Ukraine has a total land area of 603,700 sq. km, Israel has a total area of 22,072 sq. km, and the Gaza Strip has an area of only 365 sq. km. Due to the large size of the Ukraine's land area, and the provision of weapons and combat training by the U.S. and other Western countries, the war has not yet been over in the last two years, and as the Gaza Strip has only 365 sq. km (the area of Taipei is 271 sq. km), the research has concluded that the war will not be long-lasting in such a small area.

In the 21st century, since Russia's invasion of Ukraine in February 2022 and the current "Israeli-Palestinian War", there has been a clearer division between the world's great powers, with the U.S., the UK, Japan, and the European countries as one group, and China, Russia, and the Arab countries as another. The "Russian-Ukrainian War" and the "Israeli-Palestinian War" have both shown that, when there is a conflict in geopolitical affairs, the two groups will intervene and wrestle with each other. At present, **it seems that the "Israeli-Palestinian war" does not have much impact on Taiwan fastener industry, however, it cannot be denied that Taiwan fastener industry is facing a more and more treacherous and ever-changing world situation, and the uncertainty of the enterprise's operation is getting higher and higher, so the only thing is that we should uphold the attitude of striving for excellence, and continue to make progress in product development, production technology, product quality and low-carbon technology, to create a competitive advantage that is not easy to be imitated by competitors.** ■

*Copyright owned by Fastener World
Article by Dr. Wayne Sung*

