

Editorial-

What's Taiwan's Competitiveness with Major Competitors Around?



Years ago when the EU levied AD duties on Chinese fasteners, Taiwan's fastener exports once appeared an unprecedented boom and climbed to a new peak with its annual export reaching more than 1.6 million tons. However, with the end of Covid, excessive inventory resulting from the still stagnant order intake of overseas customers, and the influence of increasing manufacturing costs and unstable geopolitical risk, the performance of Taiwan's fastener exports has not reached new highs for quite some time in recent years. In addition, the rise of competitors in China and emerging markets, the possible impact of the future taxation of CBAM, the atmosphere of greater emphasis on the development of IT industries in Taiwan, and the strong requirement from customers to ask Chinese or Taiwanese suppliers to set up overseas factories have put multiple pressures on the operations of many Taiwanese companies. With such a big change in the market, how to continue to show vigorous vitality in the global fastener supply chain has been a priority for anyone in the upstream, midstream and downstream fastener supply chain in Taiwan, known for years as the "Kingdom of Fasteners" to work together to face and find ways to solve.

Signs of Bottoming Out Have Appeared and Recovery May Come Next Year

As views on the economic performance differ and there exist many fastener categories featuring different supply and demand and the ecology of manufacturers also varies, it is basically impossible for us to make a comprehensive judgment. Judging from the actual export data in the first 9 months of this year, Taiwan exported a total of about 936,000 tons of fasteners, which was not much different from the 934,000 tons record in the same period last year. A slight increase even occurred when low-priced wire rods from China and other countries were dumped overseas, which may also be a sign that the economy has bottomed out and is ready to rebound. Following this trend, the export forecast for the whole year of 2024 can still reach a level of 1.2 million tons, so you may not need to be too pessimistic. If the tension in the Russia-Ukraine war could ease next year and the central banks of major countries again adopt interest rate cuts and quantitative easing policies to stimulate economic growth, the global economy may usher in a new wave of recovery.

Taiwan's fasteners have a high degree of adhesion with the European industry, so the market is easily affected by any disturbance. The current sluggish European economy may

be attributed to hasty zero-carbon policies. European car manufacturers were forced to develop electric vehicles, but they did not expect that before the technology and quality had taken a firm foothold, the more competitive Chinese electric cars had taken over the majority of the market share, disrupting the existing supply chain. In addition, Germany, the largest automobile manufacturer in Europe, is also facing higher energy costs due to the impact of the Russia-Ukraine war, which has led to a significant reduction in demand for fasteners due to sluggish industrial production. Germany is also an important partner for Taiwan's fastener exports, which indirectly affects Taiwanese companies' orders. **There are always cycles of economic fluctuations, and it is estimated that the current stagnation in demand is a short-term phenomenon.** The industry has always developed based on the principle of survival of the fittest and elimination of the unfit, so competitive players will definitely find a way to survive. As the saying goes, "wealth can be gained through risk". As long as we can stabilize our position in the crisis and strengthen our competitiveness, I believe we can definitely get through the difficult times.





EU Carbon Tax May Push up Fastener Prices

As January 1, 2026, the time for the EU CBAM to formally impose carbon taxes is approaching, manufacturers in various countries should have already felt the pressure from European importers. Fortunately, **Taiwanese fastener manufacturers currently still have an advantage over other Asian counterparts in carbon reduction in the eyes of European customers, even EFDA president stated in an exclusive interview with Fastener World that Taiwanese fastener manufacturers are indeed ahead of the curve in the CBAM declaration process, which is definitely an important bargaining chip for Taiwanese companies to continue to expand sales in the European market in the future.** In this issue of magazine, our contributing author Dr. Wayne Sung also specially sorted out the timetable, target objects and calculation formulas for Taiwan's next carbon fee collection, hoping to help readers understand the future EU carbon fee and Taiwan's domestic carbon fee system, which is also something that should be paid attention to after implementation. CBAM is undoubtedly a critical measure that may change the ecology of the world's major carbon-emitting industries (inclusive of the fastener industry). The serious attitude shown by EU officials and local EU importers also shows that this is the general trend in the future.

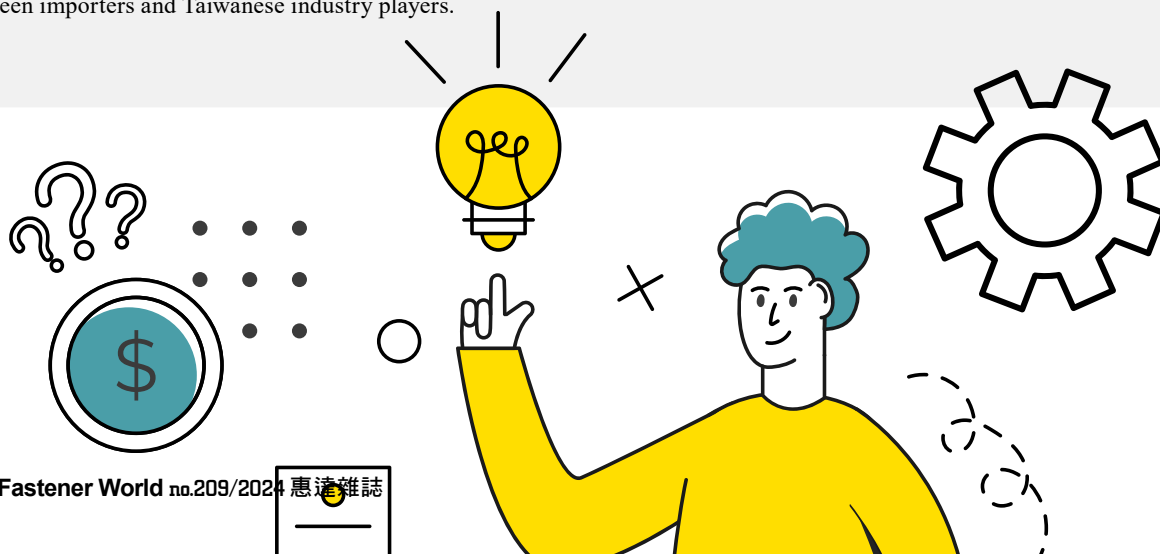
What currently worries the industry is that, **in order to achieve the net-zero carbon reduction target required by the EU, the related manufacturing costs of the fastener industry (including carbon taxes, raw materials, electricity fees, etc.) may have to increase by another 20-30%, further pushing up fastener prices.** Whether this is a good or bad thing for fastener end users is still open to question. Is the formal implementation schedule likely to be delayed? Can the carbon tax be flexibly adjusted according to different product types or import quantities? Perhaps these are all aspects that the EU and relevant departments in various countries will need to consider comprehensively when discussing policy implementation in the future.

Helping Businesses Find Opportunities, Fastener World Organizes Vietnamese Market Inspection and Japanese Companies Visiting Groups

Compared with the IT industry that has received excessive attention from Taiwanese officials and media in recent years, Taiwan fastener industry can be said to be in a less favorable development environment. Not only there is a shortage of labor and land, greatly increasing operating costs, it is also quite difficult for them to obtain more competitively priced wires in Taiwan. In terms of preferential import taxes, Taiwan does not enjoy preferential or zero tariffs like ASEAN countries do. Whilst many conditions remain inferior to others, some manufacturers have chosen to go overseas. **Overseas investment may have little impact on large factories with ample capital, and their factories set up for export can also serve the local markets. For SMEs, it is not so easy. They may have to consider setting up overseas branches for procurement or warehouses in Vietnam, Thailand, the Philippines, etc. or seeking cooperation with local factories.**

Seeing that the industry is facing huge pressure from "setting overseas factories" from European and U.S. customers and shrinking orders, this year Fastener World has successively organized the Vietnamese Market Inspection Group in August, the Vietnam Investment Session in October, and the Japanese Companies Visiting Group jointly organized by SUNCO, the largest fastener distributor in Japan in November, hoping to help domestic companies find more investment and development opportunities with the goal of sustainable management through the experience of inspecting local industrial zones, enterprises and Taiwanese counterparts. We also hope, that through these visits, we can introduce more competitive Taiwanese manufacturers to overseas customers and facilitate their cooperation.

In the future, Fastener World also sincerely welcomes large-scale high-quality importers from other countries interested in purchasing Taiwanese fasteners to proactively contact us. We are very happy to serve as a communication platform for cooperation between importers and Taiwanese industry players.



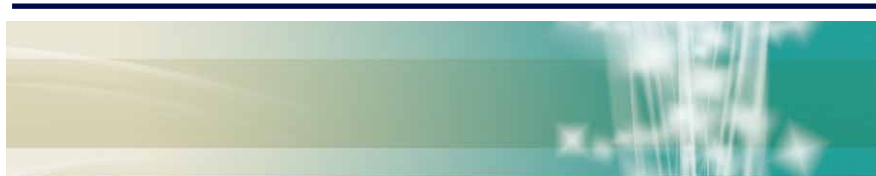
Thanks to NFDA, EFDA, EIFI, TFTA and HKSFC Presidents and Chairmen for Accepting Our Interview

Fastener World has always maintained open communication with fastener associations around the world. This time, we are honored to invite U.S. NFDA President Scott McDaniel, European EFDA President Andreas Bertaglia and EIFI President Paolo Pozzi, Taiwan's TFTA Chairman Arthur Chiang and HKSFC chairman Tsui Ping Fai to participate in our interview and share with readers their observation and outlook on the supply chain, CBAM, and new industry trend challenges and opportunities faced by the fastener industry in various countries. We'd also like to thank Bossard, a major Swiss fastener distributor, for sharing its valuable experience on how to continue to maintain stable growth in a market full of competition and changes, which will definitely give our readers more inspiration in the upcoming 2025. Fastener World also welcomes more associations and leading manufacturers to join our future interviews. Through such a platform they can communicate more closely with industry partners.



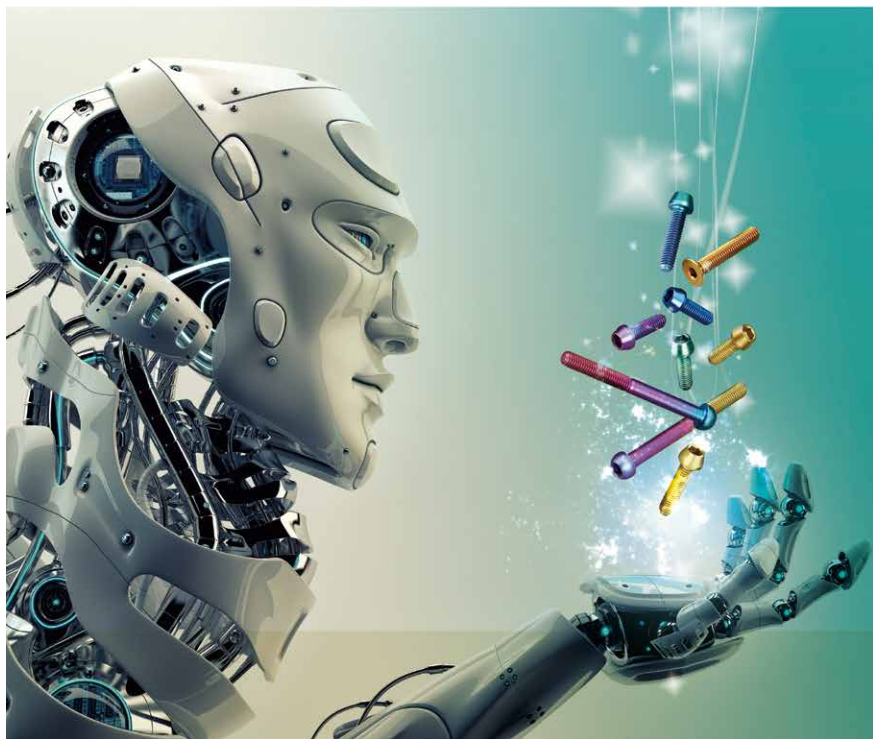
Competitiveness Prevails as More Challenges Appear

In terms of the development of the fastener industry, Taiwan may have started faster than China and other Southeast Asian countries. However, with the rapid development of these countries in recent years, Taiwanese industry players can no longer take it lightly in the past, because these countries are very likely to become major players in both competition and cooperation with Taiwan in the global market. In addition, in the past 30 years, some Taiwanese businesses have gone to Vietnam and other Southeast Asian countries to set up factories and have grown bigger and bigger. Even Chinese businesses have begun to go to Southeast Asian countries to invest and set up factories in search of opportunities. Taiwanese businesses will only face more and more competition in the future. Of course, if companies choose to invest in setting up factories overseas, they must also pay special attention to understanding and complying with local regulations and conducting pre-assessments, so as not to break the law (for example, Vietnam has very strict environmental protection regulations). However, industry players need not be deterred by this. Although everything is difficult at the beginning, as long as they have the ability to find their own positioning and competitiveness, they can still survive in any market. ■



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