



Interview with EFDA President Andreas Bertaggia

Q1

In 2023, most of the fasteners imported by European fastener distributors came from “China, Taiwan, Turkey, India, and Vietnam”, and the estimate for this year should be also similar. Based on your knowledge, what are the main industrial applications that are currently generating most of the demand for fasteners in Europe? Do you think there are any special considerations that European buyers should be aware of when purchasing fasteners from these sources?

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There are individual market segments where we are seeing developments for demand. We cannot comment on individual applications though. For example, in the automotive industry, regardless of the current gap in demand, there is a clear trend, in the long run, away from combustion engines and towards electric vehicles with different applications and rather fewer products. In the aerospace sector, there is a growing demand for fasteners as aircrafts are increasingly being replaced by newer models due to ever-changing legal requirements. Generally speaking, custom-made parts will continue to be very important. The importance of the European Green Deal towards an emission free and sustainable Europe with all affected industries such as public transportation with the corresponding infrastructure, to the energy sector and construction segment are most probably areas to focus on. But developments in the field of digitisation and artificial intelligence also require an infrastructure that needs to be continuously expanded. This also includes the growing area of semiconductor manufacturing. Beside that the pharmaceutical/biotech/medical segment is a further field where a lot of investments and innovation is happening and great field of potential for our business.

Q2

Do you have any suggestions for these suppliers' products and services to make the cooperation closer and smoother? And what other fastener applications do you think these suppliers could also strengthen their production?

Regardless of the type of products, it is essential for a successful partnership that the fastener suppliers listen to their customers' requirements, especially in the regulatory area. This is especially true for distributors in Europe, where supply chain regulation and the importance of ESG are becoming increasingly important.

These laws require European companies to be fully compliant and to collect relevant data and evidence from their suppliers. If some suppliers do not cooperate, European fastener distributors will in future source their goods from those suppliers that enable them to comply with EU laws. In this respect, if suppliers outside the EU want to remain competitive, they must provide their European customers not only with the goods but also with the necessary data and evidence. Taiwan, for example, is already on the right track here and is further ahead than many other countries.

We are also already dealing with the effects of the European Union's Carbon Border Adjustment Mechanism (CBAM). We are still in the so-called transition period until the end of 2025, during which EU importers do not yet have to make payments for the CO² emissions associated with the imported goods. This will not be the case until 2026. Nevertheless, EU importers of fasteners need the specific emissions data from their suppliers so that they can report them to the EU Commission. EU importers are therefore already



looking very carefully at which suppliers provide them with the specific emission values and which do not. If it is not recognisable that the emission values are being supplied, many will have to look for new suppliers who do. This is already important to meet the requirements of CBAM as an EU importer. And from 2026, it will have a direct impact on the costs of imported fasteners, whether or not the supplier can provide the specific emissions data. If there are no specific emissions values, the EU importer will have to use the EU Commission's expected very high default values and make the payments for them. For this reason, CBAM has a significant impact on the competitiveness of a supplier and even entire exporting countries.

But there is also the topic of anti-dumping duties. In the case of anti-dumping duties on the import of iron and steel fasteners originating in the People's Republic of China, the risk of unwanted circumvention must be eliminated. This applies to the transshipment of goods via third countries as well as to the circumvention of the 86.5% duty by applying the reduced duty of 39.6% to goods from manufacturers to whom this reduced duty does not apply. EU importers must be sure and confident that they can act lawfully.

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Q3

At present, the situations in certain regions around the world are still unpredictable, and the issue of “requiring suppliers to have extra factories overseas” arising from geopolitical factors has been particularly the talk of the town in the past few months. To your knowledge, have you heard about this request from European companies or association members? What do you think about this issue? We see that some Taiwanese and Chinese fastener manufacturers have recently set up or are considering setting up overseas factories in Vietnam, Thailand or other emerging countries, do you think this will give them an advantage in cooperating with European customers in the future? What advice do you have for them?

Yes, the situations in certain regions of the world are unfortunately truly unpredictable. As early as 2021, I warned that fastener distributors need to diversify their sources of supply for risk management reasons. The reason for this lies in geopolitical associations, Russia's war of aggression against Ukraine, but also in the experiences during the pandemic, when international supply chains collapsed and sometimes one region and sometimes another in the world was more severely affected. The world is more multipolar than ever before, and depending on how individual countries and regions are affected by certain problems, they may no longer be considered as a source for the procurement of fasteners, or at least to a lesser extent. For this reason, it can be helpful if a manufacturer has a second base in another country from which it can reliably supply customers in Europe with fasteners.

Of course, a variety of factors play a role in a company's decision to take this step. One important factor is certainly that the goods - which, of course, continue to be of good quality at a good price - reach Europe safely and on time. Then, as I mentioned above, it is important from a European perspective that suppliers are able to provide their customers in Europe with the data and documentation they need to fulfil the EU's legal requirements. The mindset must be right here. Ultimately, however, it depends on how large the manufacturer's volume of sales to Europe is. If the EU market plays a certain role, the criteria mentioned should be taken into account.

Q4

As CBAM has entered the actual data reporting stage, could you please share with us whether there are any updates or special attention to be paid to the content and implementation schedule of CBAM from the EU?

We are doing everything possible within the EFDA to support our members in getting the data they need from their suppliers worldwide. And we know that our member companies are going to great lengths to meet their obligations. This includes hiring staff and acquiring additional software. However, we ourselves know how incredibly complex and sometimes impractical CBAM is. This is another reason why it is clear that smaller manufacturers in particular in many exporting countries have not yet managed to comply with the requirements of CBAM. Another problem is that EU importers often do not purchase the fasteners from the manufacturers themselves, but from intermediaries, who in turn have the problem of obtaining the manufacturers' data and disclosing confidential data to their customers in the EU. All of this means that the number of suppliers providing specific emission values is around 12 per cent. To help suppliers provide the required CBAM data, EFDA has just revised its EFDA template and added a CBAM calculator. The calculator helps suppliers outside the EU to automatically calculate the specific emission data in the template. We have also developed an EFDA Guide for non-EU suppliers of fasteners, which contains important information on the implementation of CBAM and the use of the EFDA template. In addition, we also provide a tutorial that shows how to complete the template. We hope that this information will improve the response rate of CBAM data.

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Q5

Which countries/regions do you think are currently more compliant with the European buyers' requirements in the CBAM reporting for fastener manufacturers? Why?

As far as the cooperation of CBAM data with EU importers is concerned, our findings show that there are still major differences between suppliers, even within an exporting country. There are companies that are well prepared and provide specific emissions data. Some of them have certainly taken the help of consulting firms. And there are companies for which CBAM still seems to be a foreign concept. However, it turns out that suppliers from Taiwan are more advanced in international comparison. In the People's Republic of China, it is reported that it is difficult for manufacturers to obtain emissions data from their suppliers of intermediate products.

Q7

What quarterly meetings and events has EFDA have planned for the new year?

EFDA has set up a CBAM Working Group that meets regularly to develop products and assessments on CBAM that help our companies in Europe, but also their suppliers, to deal with CBAM.

We also have a Task Force that deals with issues related to CBAM and other topics such as anti-dumping duties and meets regularly.

The big event next year, however, will be the European Fastener Distribution Conference 2025, which will take place in Brussels in the autumn. All companies that are members of EFDA or one of its national member associations are invited to the three-year conference, as well as our partner associations in Asia and the USA and other guests from business and politics. We are, of course, already looking forward to welcoming our partners from Taiwan.

Q6

Is there any part of the CBAM reporting that Taiwanese suppliers need to improve further?

There are no specific points that don't work overall. The big challenge in Taiwan, in particular, is integrating the data from companies to which individual manufacturing processes have been outsourced into the calculations. This is what makes it so incredibly challenging for the many parties involved.

Q8

Have you achieved any goals or accomplishments (including international exchanges) since you took over the presidency?

I am pleased that EFDA's role as a stakeholder and service provider for its members continues to grow. This is also caused by the fact that the legal requirements for our industry have increased significantly in recent years. EFDA helps European fastener distributors to stay informed at an early stage and works with industry experts to provide them with the necessary tools to cope with the legal requirements. All in all, I can say that EFDA membership has become almost indispensable in our industry. We also see this in the increase in member companies.

However, EFDA's success is also due to the excellent cooperation within the members in our committees. The open exchange on important topics with joint results that serve everyone in the industry pays off. I am very grateful for this.

Q9

What are your expectations for the global fastener industry in 2025?

Regarding the actual geopolitical circumstances with all unpredictable and uncertain environment combined with some important political elections, I am assuming that there will be not much economically impulse towards more growth in the short term. In any case, I hope we can maintain the actual economical situation with slight improvements and not the opposite of worsening demand on the world markets before mid-2025.

I do think it possible that the economy will start to pick up again from the third quarter of 2025 onwards. However, this revival should not be hindered by further bureaucracy and regulation. The current bureaucratic hurdles are too high and too complex and represent an incredible burden for our industry. So here, too, the legislator can make a difference. ■

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