

# Side Effects of the Coronavirus Disease Continue to Distress the Whole World

by *Fastener World*



With the continuous spread and escalating concern over the novel coronavirus disease around the world, the global market currently holds a conservative forecast toward future economic development. Everyone involved is also closely watching whether such a situation will lead to another catastrophe, as quite a few manufacturers (from high-tech or conventional industries) are all facing issues like the lack of materials for manufacturing, extended break of factories, or even worse, a complete plant shutdown.

Wuhan is the 4th largest car manufacturing heartlands of China. Due to the impact of the epidemic, several car manufacturers still cannot resume operation, which has led to a big problem to the downstream car assembly industries. Although some factories in other certain areas have resumed operation, they still cannot resume all of its production, as a few of their workers are still unable to go back to factories. A few companies in Taiwan also noted that their order intake was already down 20%-30% because of the continuous plant closure of car manufacturers in China. Some companies said that such a situation actually reveals the importance of Industry 4.0 and that the industry should avoid too much reliance upon “labors” and should reinforce the introduction of AI and automation in the long run.

In addition, many overseas clients have also canceled or rescheduled their visit to Asia; however, this can be solved with the aid of video conferences and will not influence the scheduled delivery of machines or products. Also, many Taiwanese fastener companies do not source materials or components from China, so their production hasn't been directly affected yet so far. The sales of some other machine suppliers relying heavily upon the Chinese market has been slightly affected and they have been planning to diversify sales to other markets in order to keep sustainable growth.

In addition to the organizers of certain trade shows in Southeast Asia and China having determined to postponed their shows, the other organizers of many trade shows in Europe have also announced their shows will postponed. As for Taiwan International Fastener Show, its organizer has also made a positive response to its exhibitors' requests and postponed the show to October 14-16 this year, which has not only gained the applause of exhibitors, but also increased the will of overseas visitors to visit the show.

Many multinational companies have been significantly influenced by both the U.S.-China trade war and the recent epidemic; as a result, a few of the companies headquartered in Europe and America have started to think about if it is time they adjusted the imbalanced reliance on production in China, and it is also expected to see more Taiwanese companies moving westward to China years ago move back again to Taiwan or to Southeast Asia. Some companies also noted that whether overseas companies will switch their orders or not depends on the recovery of market demands. They further added that the orders for special parts and high-quality parts may show a higher possibility of being switched to Taiwan; however, other orders for large-batches of general small screws are very likely to be switched to countries like Vietnam, as “price” still poses as one of the most important factors for overseas buyers.

Financial reports of a part of the market leading companies in Taiwan show that orders are better than the records in past few months and are quite stable. These companies also said that other factors like, whether the cost for manufacturing fasteners in Taiwan is still competitive or not, exchange rates, materials, and government's policies, should be also taken into serious consideration. Many companies responded with positive views to the possibility of order switching. A rubber washer company also said, it did see a significant phenomenon of order switching to it.

The coronavirus disease continues to cause impact on the global industry, so industries started to pay more attention to the excessive reliance of their sales upon or sourcing from China, and talk about the possibility of “dual-sourcing.” One worldly-known mobile phone manufacturer has implied that its suppliers may be required to have at least two plants and have plants in at least two countries in the near future. Will other manufacturers follow suit? As for Taiwanese fastener suppliers, how can they turn the crisis this time into their own opportunities will be also a very important issue to them, which also shows the importance of market diversification.

