

Reflection Upon Fastener Expo Shanghai 2014

by Ivan Lee, XL Screw Corp.

After visiting Fastener Expo Shanghai 2014, I've got a lot of ideas popping up in my head. I would like to ask a question to readers first: **What do you think is the advantage of Taiwanese fastener industry? In China, there are at least 3 exhibitions dedicated to fasteners every year (e.g., Ningbo Fasteners, Parts, and Manufacturing Equipment Exhibition in March; Fastener Expo Shanghai in June; Fastener Expo Guangzhou in November). In Taiwan, however, there were only less than 10 fastener exhibitions over the past 10 years.**

Taiwan exports USD3.9 billion worth of fasteners every year. Is this worth to be proud of? According to the statistics of Taiwan Industrial Fasteners Institute (TIFI), the total fastener export in 2004 amounted to 1.41 million tons, but the amount dropped to 1.38 million tons in 2013. Although the total value rose by nearly 60%, the total amount was equivalent to only 1/5 the total amount of China. In the past time, we were always proud of our stable material supply, superior technology & facilities, and outstanding output, but now facing the competition from China, India, Vietnam, Malaysia, and other countries in Southeast Asia, the once called "Kingdom of Fasteners"- Taiwan has been gradually dragged behind in terms of its export amount of fasteners in the world. I believe that "Rome was not built in one day." So, are Taiwanese companies or its government numb to this situation? The fact is that the companies have no alternative but the government only wants to brag about its merits.

It is not news that many Taiwanese companies established their factories in China and Southeast Asia. According to a media report published in China, the fact that Chinese fastener industry has been growing fast in recent 20 years and that the level is greatly increased mainly results from the support of a large batch of manufacturing equipment and the relocation of factories from Taiwan over the past decade, which elevates the entire performance of Chinese fastener industry. Dear readers, the truth is there. The reforms in China never stop and it has a domestic market with strong demand for low/middle/high end products. As for Taiwan, it has remarkable strength in technology and manufacturing equipment. A famous saying goes, "The pupil surpasses the master." After China successfully learns and introduces experience from Taiwan, I see their eagerness



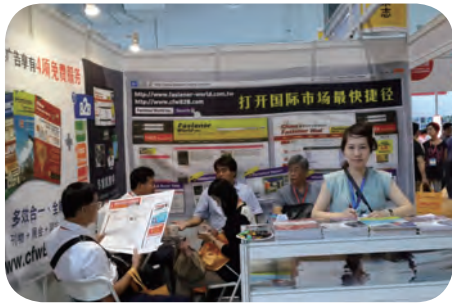
to avoid from too much reliance on Taiwan and they have been going toward the development of products and technology with higher technological levels. Taiwan has its competitive edge but lacks the consciousness of upcoming crises. Below are some of the points I'd like to share with you all.

Professional Media to Host Marketing

Fastener Expo Shanghai was organized by luosi.com. The Expo continues to be held every year since its 1st edition in 2011. Taiwan also has similar media that are excellent in marketing. For example, Fastener World Inc. is a media company with a diverse range of products. It has publications for fasteners and hardware distributed throughout the world. In April 2013, it even acted as the executive partner of Taiwan Fastener Trading Association (TFTA) to give the "International Fastener Show, Tainan, Taiwan (IFST), making it the most professional fastener medium in Taiwan. I think that there will be a trend for exhibitions held by media and associated companies. Taiwanese people should support each other and compete in a healthy way to increase the level of products. Companies must have an outlook to the world. Once they have the heart to learn, there will always be unexpected profit on the road.

Diversified Inspection Equipment

"One must have good tools in order to do a good job." China, as the largest country of fastener export, has the complete range of inspection equipment for sure. In the Expo this time, I saw that the high-tech automatic inspection technology has replaced the traditional manual sorting. In order to save labor cost and increase production efficiency, more and more Chinese factories adopt automatic image sorting machines that greatly increase the yield rates of products. One optical technology company showcased a precision optical image sorting machine with the differentiating ability of 0.1 um. In addition, an automatic eddy current image sorting machine that can inspect the compliance of sizes, appearances, materials, mixed materials & hardness in heat treatment with standards was also showcased. In terms of online monitoring systems, one company demonstrated an automatic operation system for online in-plant management with 100% qualification of products. The applications include controlling the feeding into heating furnaces by the computer of automatic warehouses and the feeding ways applied in electroplating plants. Such developments in China are what we never expected before. The



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use of X-Ray coating thickness testers has been quite popular in Taiwan, but this time I found several innovative high-end testing technologies in Shanghai. For example, a series of X-Ray fluorescent spectrometers can analyze high precision coating layers and material compositions at the same time. On the other hand, a new-generation portable coating layer tester can help get quick access to data for coating thickness. The aforesaid are all perspectives which Taiwanese companies can take into account for future plans. In my viewpoint, automation and scientification will be the next trend in China.

Multiple Handbooks Available

In exhibitions held in Taiwan you may find it difficult to see stands selling handbooks, but the scenario in China is different. In the Expo, handbooks were categorized into two types: one is the commonly known standard books (e.g. DIN, IFI, JIS, ASTM, SAE...); the other is publications with companies' advertisements, tech info, and news. It is widely known that placing advertisements is the quickest access to expanding business globally. As Chinese fastener industries are scattered in several provinces, dissemination of news and tech info has to rely on printed publications in addition to the Internet. All publications and standard books are even what every company would like to have at hand. If we take a look at the total fastener export of China in 2013 (6.8 million tons) compared to that of Taiwan (1.46 million tons, 1/4 the total amount of China), it tells why there are so many handbooks available in the market.

As I said previously, Taiwan is

excellent in technology. It is not the right time to look down on Taiwan or compare between exports of Taiwan and China. Afflictions are sometimes blessings in disguise and vice versa. It depends on what one thinks of it. I once visited a fastener factory in Tainan (Taiwan), the factory director told me when I referred to the competitive edge of products, "70% of our products in this plant are customized. A customer ordering small-packaged products even asked us to manufacture shelves for them." Dear readers, Taiwan competing with China has to be aggressive in innovation to satisfy market demand, as requests from foreign customers to suppliers will only become more and more sophisticated and customization-centric. I believe that the management in Taiwanese fastener factories and their flexible strategy are key factors to consolidating the market and creating opportunities.