



Repeal of the Anti-dumping Measure Fastener Industry En Route to Re-integration

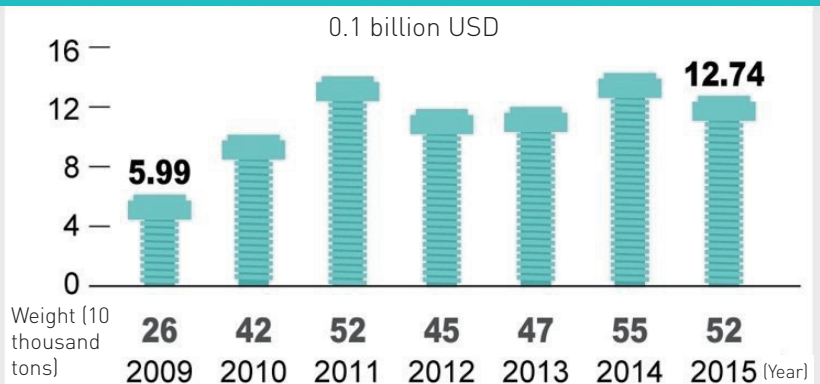
by Tanya Shih, Fastener World

The European Commission released an official journal on February 27, confirming the repeal of the anti-dumping measure on certain iron and steel fasteners originating in China or consigned from Malaysia. The repeal took effect the day after the release of the official journal. Taiwan is considered one of the heavily impacted suppliers under this repeal because one third of its fastener exports go to Europe which represent a business value of USD 1.3 billion.

Before we explore this topic, let's look at a few news reports published before the announcement of the repeal. RTI (Radio Taiwan International) interviewed the Ministry of Economic Affairs on February 18 which stated, "If the anti-dumping measure is repealed, Taiwanese companies supplying low-end fasteners will be affected. We are trying to figure out responsive solutions including considering increasing the proportion of imported low-end fastener materials from China. As for the medium and high end materials supplied by China Steel Corp., we are considering coordinating with Taiwan's China Steel Corp. on lowering prices." Additionally, UDN News interviewed a downstream steel company on the same day— "With an annual export value exceeding USD 4.2 billion, Taiwanese fastener industry is facing intense global competition.

The steel company suggests the industry be open for import of overseas lower-priced materials on condition that the imported materials will be processed before being exported. As such, Taiwanese fastener makers can obtain the lowest-cost wire rods and grow the industry." We also heard from a Taiwanese supplier saying that "if the prices of foreign materials are not more than 10% cheaper than the price of Taiwanese wire, Taiwanese low-price fasteners will still show competitiveness." From the previous paragraph we know that Taiwanese fastener industry without sufficient mineral resources has been fighting its way to earn the reputation as "the kingdom of fasteners". On another note, we can tell that all sides in Taiwan have been fully prepared for the re-

Changes in Taiwanese Fastener Export to the EU



Note: Taiwanese Fastener Export to Europe Hiked in 2010 due to orders shifted from China to Taiwan

Source: TIFI

Pic. 1 Changes in Taiwanese Fastener Export to the EU

peal. Immediately after the announcement of the repeal, Mr. Anchor T. H. Chang, chairman of TIFI, headed to China Steel Corp and asked if it could help the fastener industry maintain export competitiveness.

A professional fastener company pointed out that China's fastener market share in Europe was as high as 26% before the imposition of the anti-dumping measure. In January 2009 the EU found the dumping of China's fasteners and imposed the anti-dumping measure of up to 85% on China. In 2009 China exported USD 1 billion worth of fasteners to Europe, but that number dropped drastically in 2014. The orders were shifted to Taiwan, Vietnam, and European countries like Turkey and Italy, bringing those countries massive growth in the local fastener industry.

It is commonly known that WTO's ruling cannot force the EU to take any action, so it is surprising that the EU with its local industries being influenced by dumping has determined to repeal the AD duties on certain Chinese iron and steel fasteners after its measure was considered a non-compliance with WTO's rules by the panel. It is also widely considered that the EU would like to repeal the AD measure in return for more economic benefits as currently many EU member states still suffer their own national debt crisis as well

as other problems such as refugees from the Middle East and the concern over the financial status of Deutsche Bank. As the EU's economy is facing many challenges and WTO allows the winning party to take any retaliatory action, the EU after considering many aspects would have to sacrifice the fastener industry that is comparatively smaller.

I think that the global fastener supply chain will enter a restructuring period. When the EU's official journal was just released, Fastener World immediately contacted representatives from the fastener industries in Europe, Taiwan, and China, asking for their responses and soon received the replies from EIFI President Anders Karlsson and UDIB President Gian Marco Dalpane. We also had a brief interview with TFTA consultant Steven Fang. Although we did not receive the reply from China before this issue was sent for printing, it is certain that this repeal is definitely what they expect.

Below you'll read the feedbacks from TFTA, EIFI, and UDIB as well as articles written by our editor "Analysis in Figures- Leverage Shift in the Tug of Anti-dumping War Among Taiwan/Europe/China" and the analysis from Kristy Chi titled "China Wins in the AD Dispute with the EU," helping you get a clearer picture of the cause and effect and figure out ways to react to it.

Taiwan Fastener Trading Association (TFTA) Consultant Steven Fang:

When the EU imposed the AD measure in 2009, Taiwan replaced China as the largest fastener export country to Europe and many Taiwanese companies made the most of time to transform their business in the period. However, due to the lack of materials for Taiwanese manufacturers, the EU's repeal this time will cause signifi-



Pic. 2 Chair of TFTA Int'l Committee Ivan Lin reports the EU's repeal of the AD measure.



cant impacts on most Taiwanese suppliers. Although there are still many things left for Chinese suppliers to improve their systems and service, it is not difficult for them to manufacture products which are expected by customers.

As a result, Taiwan can react to it in 3 ways: first, companies should work together to urge the government to solve this problem and allow wire import; second, Taiwan's China Steel Corp. should give a hand in time to help downstream customers create competitive advantages; third, companies can be more flexible via downsizing to get through the difficult time. It is conjectured that the EU may initiate another AD investigation and will be active in collecting evidence. Should this comes into reality, I hope that Taiwanese companies do not miss the opportunity to gain a solid presence in Europe again.

EIFI

European Industrial Fasteners Institute (EIFI)

President Anders Karlsson:

EIFI notes with disappointment the publication and entry into force of Regulation 2016/278 which annuls the anti-dumping duties on iron and steel fasteners originating in China and Malaysia. The duties were in place because Chinese producers were dumping fasteners on the EU market causing direct injury to Union producers and the Union market itself. The duties also applied to fasteners from Malaysia because Chinese traders were using that country to circumvent the duties on China.

Dumping is an unfair trade practice which is subject to sanction under the WTO's global trade rules. This is because dumping can destroy markets and innovation and drive efficient producers out of business. WTO law allows members to protect their markets against these unfair trade practices.

The EU fasteners industry is made up of a large number of small and medium sized family producers. It employs directly around 30,000 people across the Union and many more indirectly. It is a high tech precision industry that provides essential inputs into the wider European economy. Without fasteners, cars and all other high value EU products fall apart. Without a healthy fastener industry and the daily interplay between producers and users, innovation in our industry and in our customer's industries simply doesn't happen.

The European Commission decided that the duties had to be annulled because the WTO found that there were procedural mistakes in the Commission investigation leading to the imposition of the duties. The WTO did not find that Chinese producers were not dumping. EIFI continues to work so that the European fasteners industry remains financially strong and capable of renewing itself and being innovative. Our industry contributes to jobs, innovation and growth in Europe and the making of world-class high-tech EU products. In light of the annulment of the existing duties countering unfair trade, EIFI remains vigilant to ensure that the EU market is not undermined by new or continuing unfair trade practices wherever they originate.

The EU fastener industry is committed to open trade and fair competition. It has entrusted EIFI with the task of working with the EU and other national and international institutions to ensure that fairness is respected by all.



Italian Fastener Distributors Association (UDIB)

President Gian Marco Dalpane:

My point of view is strictly connected to my association members' opinion: from one side we think that this repeal is a great opportunity to have new growing possibilities on the international market; from the other it is surely a big risk to face new competitors' entrance in the internal Italian market. By the way we need to understand if this change will be stable or in a very short time. There will be any possibility for the European producers to present a new AD issue, maybe with different percentages but with longer terms. This could be another problem to face. Some members had also asked to raise quality controls on the incoming goods. So far, some Chinese productions had not been tested since long time in the European market. Probably the European standardized parts productions will be totally left and will be directed to higher technical production level, whether directed to the automotive sector or not. At the end, I think that this sudden repeal of the AD will once again help the bigger and stronger groups to fortify their strength on the global market, due to the possibility to promptly change their supplying system.