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MIRDC Seminar on “Upgrade & Trends of the Fastener Industry”

Stay in Taiwan but Focus on the Global Market / Seeking Industrial Upgrade

TIFI Chairman Anchor T. H. Chang thinks that it is not a one-step progress or any easy thing for the fastener industry to carry out industrial upgrade. Only through the virtuous competition among companies can the entire fastener industry flourish together. If the industry carries on a price cutting competition, the industry may not improve but set back. The industry should not fear competition, with competition comes growth; with pressure comes breakthrough.

In the globalized era, the secret of a successful sustainable operation is to be brave to break rules. TIFI Chairman Anchor T. H. Chang mentioned three major directions for the future of Taiwanese fastener industry: The first is strategic positioning and regional cost advantage, which means using the company's core abilities to focus on the development of potential customers as well as products that they need. The second is management upgrade and the implementation of productivity 4.0, which means enhancing ERP, MES and ICT in organizational operation as well as education of the new generation to achieve sustainable operation. In addition, the government should cooperate with the industry. The government should give a helping hand in time, or else with the New South-Bound Policy, the industry may move to Southeast Asia, damaging the industrial development in Taiwan. The Taiwanese government plans to invest 4 billion NTD in industrial upgrade within the next five years, in anticipation of increasing the output by 30 billion NTD. Or, the industry may consider investing in more equipment and relocating to China for manufacturing, through “order in Taiwan, manufacture in China” to increase cost. Last but not least, TIFI Chairman Chang called on the Taiwanese fastener industry to invest in the R&D of high-price and high value added special fasteners. The future fastener industry should transform from a normal traditional industry to a competitive high added value industry of automotive, aerospace and medical fasteners. How to reduce the material and labor costs and increase the added value of products will be an important task.

Survival of the Fittest, the Darwinism of the Fastener Industry

MIRDC industry analyst Kristy Chi said, according to the estimation, Taiwan's fastener output in 2016 will drop 3.8-4.5%, compared to 2015's record. In the fastener industry which big companies get bigger, Taiwan must pay attention to potential competitors. The reason is that Taiwan makes much more standard parts than special parts. Since the requirements for funds and technology of these parts are not very high, it may be easy to be outpaced by China and other emerging countries. The second large competitors for Taiwan are existing companies. Taiwanese fastener industry basically can be divided into two kinds. Some always seize the opportunities to transform into a high value added industry, and some others settle down and stay in their comfort zone, believing there's no need to make change, however, as soon as their products lack distinguishing features, they can easily be eliminated by the industry. In the past, the fastener industry spent too much cost on materials; nowadays, it is time to make a difference. The fastener industry should lower its material cost as low as possible and increase R&D cost. The top priority should be making products of high-value, and turn towards industry 4.0 smart factory and the domestic factory demand such as certificates and patents. Therefore, the company can survive the competitive industry and won't fade out easily.

Di Jin Chang, Vice President of Ta Chen International, Inc. was also invited to share his successful experience in the distribution of fasteners and hand tools in U.S. and international markets. Through the virtual Internet and physical sales networks, Ta Chen sells various kinds of stainless steel products around the world. In addition to diversifying its products, the management can be simplified as well. Through stock management and instant shipments to increase customers' loyalty. Currently Ta Chen is the biggest stainless steel products distributor in the U.S. Shi Chin Yan, Manager of Ching Chan Optical Technology Co., Ltd., also shared the experience of high-value automation. So far, the sorting software of Ching Chan has about 300 to 400 functions. Through the internal 360° defects inspection and surface defects inspection, their machines are able to immediately inspect the abnormal and defective molds, lowering the defect rate of products and the cost. With the use of these equipment, the company can upgrade themselves and won't be easily defeated in the competitive market. The dream of industrial upgrade is no longer unreachable. ■

With the repeal of the EU's antidumping measure against Chinese carbon steel fasteners, rapid price increase of materials like carbon steel and coal, and the New South-Bound Policy, Taiwanese fastener industry is facing a more competitive trend and it becomes more and more difficult for it to survive. According to the estimation, Taiwan's fastener export to Europe may drop about 40% at worst in the future. According to the survey from China Steel Corp., although the influence on special fasteners, which take up to 35%, is not huge; the other 65%, the normal fasteners will be affected massively, the bolts especially, will decrease 42.4% and the orders to fastener dealers will reduce by 30.9% on average.

Currently, European customers even demand that the new price should decrease by 20-30%. In such a harsh market environment, how can the domestic Taiwanese companies adjust their future development? The topic of the seminar this time was mainly about the upgrade of the fastener industry, providing fastener companies with references to formulate development and strategy of the industry.