

On November 8, 2016, the Republican Donald Trump took 45.97% in the general election and won 306 electoral votes over the Democratic Hillary Clinton who had 48.06% in the general election and only 232 electoral votes. Trump became the 45th elected president through the unique mechanism of the United States Electoral College. The Republican Party won the presidential election and gained over a half of Senate seats and House seats on the same day, gaining complete control over the government. After Trump won the election, the Dow Jones index of the American stock market reached a new high in history, and climbed to over 20 thousand points for the first time on January 25, 2017. On February 14, the American stock market saw a record 20,504 points backed by market investors that are optimistic and confident of the U.S. future economy, which is a vote of confidence to the Republican's complete control over the government. This also fuels Trump's confidence in implementing his campaign platform. From Trump's speech "Make America

Great Again" at his inaugural ceremony held on January 20, the Author sums up with two key points. The first one: In an economic aspect to bring manufacturing back to America, speed up domestic construction, increase domestic factory workforce, protect American local industries with trade tariff, follow the two principles to "buy American and hire American". The second one: In a homeland security aspect to protect homeland security, reject illegal immigrants from entering the U.S., declare war on ISIS, put America's benefits before immigrants and refugees. Trump's mode of operation is completely different from former U.S. presidents. His impact is already changing the world's financial and economic situations. This article sorts out Trump's campaign platform and analyzes the post-election status of American policy implementation to provide reference for the future roadmap of Taiwanese fastener industry.

On January 17, 2017, Trump said American companies would lose advantages due to the already "excessively strong dollar". Immediately global currencies bounced up and the New Taiwan Dollar value once rose back to NTD 30.9 to USD 1. On January 24, Trump implemented his first campaign manifesto by signing an executive order to withdraw the U.S. from TPP (just 4 days after his oath of office). On January 27, 2017, he spoke with the Mexican president Enrique Pena Nieto on a phone, and the two talked for around an hour over the great wall on the American/Mexican border. On that night he signed two executive orders. The first one is to bar passport holders of the 7 countries, including Syria, Iraq, Iran, Sudan, Somalia, Libya, and Yemen, from entering the U.S., even if they have U.S. visa/green cards or if they have dual nationality. The other one is to indefinitely restrict any Syrian refugees from entering the U.S. In an interview broadcast by Fox News on February 6, he stated again that he "respects" Russian president Putin, that "it is better to get along with Russia than not", and that "if Russia helps us in the fight against ISIS, which is a major fight, and Islamic terrorism all over the world, major fight - that's a good thing." On February 6, he visited the headquarters of the United States Central Command at (MacDill Air Force Base in Florida, where he pledged in a speech that he would defeat ISIS with coalitions and stop radical Islamic mujahids from taking root in the U.S. In the speech he said the U.S. fully supports NATO but requests fellow NATO members to

# Taiwan's Fastener Trade Roadmap with The U.S. Under Trump Presidency



by Wayne Sung

**Table 1. Trump's Immigrant Policy After 20 Days of Presidency**

Issue	Campaign Platform	Post-inauguration Policy
<b>Immigrant</b>	<ul style="list-style-type: none"> <li>* Build a great wall on the American/Mexican border paid by Mexico.</li> <li>* Bar illegal immigrants from entering the U.S. and expel 11 million illegal immigrants from the U.S.</li> <li>* Restrict Muslim immigrants and bar exotic Muslims from entering if necessary.</li> </ul>	<p>On January 27, 2017, Trump spoke with the Mexican president Enrique Pena Nieto on a phone, and the two talked for around an hour over the great wall on the American/Mexican border.</p> <p>On January 27, 2017, Trump signed an executive order to bar passport holders of the 7 countries, including Syria, Iraq, Iran, Sudan, Somalia, Libya, and Yemen, from entering the U.S., even if they have U.S. visa/green cards or if they have dual nationality.</p> <p>On January 27, 2017, Trump signed an executive order to indefinitely restrict any Syrian refugees from entering the U.S.</p>

**Table 2. Trump's External Trade Policy After 20 Days of Presidency**

Issue	Campaign Platform	Post-inauguration Policy
<b>External Trade</b>	Object to TPP, NATO and WTO with his claim that the existing free trade agreements are damaging the U.S., and that the U.S. does not profit from the terms of the agreements.	On January 17, 2017, Trump said American companies will lose advantages due to the already "excessively strong dollar". He required that China and other trade surplus countries appreciate their currencies.  On January 24, 2017, he signed an executive order to withdraw the U.S. from TPP.

**Table 3. Trump's Anti-terrorism Policy After 20 Days of Presidency**

Issue	Campaign Platform	Post-inauguration Policy
<b>Fighting Terrorism</b>	Raise military expenditure without using ground force. Cut off ISIS's fund source. Destroy ISIS's oil drilling and refining facilities and collaborate with Russian president Putin to tackle ISIS. Object to overthrowing Syrian president Assad.	In an interview broadcast by Fox News on February 6, he stated again that he "respects" Russian president Putin, that "it is better to get along with Russia than not", and that "if Russia helps us in the fight against ISIS, which is a major fight, and Islamic terrorism all over the world, major fight - that's a good thing."  On January 30, 2017, the U.S. forces waged an ambush on Al Qaeda in Yemen, which is also the first approved military action by Trump.

**Table 4. Trump's Foreign Policy After 20 Days of Presidency**

Issue	Campaign Platform	Post-inauguration Policy
<b>Foreign Policy</b>	Claim to put America first. Ask coalition members to share defense costs held up by the US. Reinforce U.S./Russia relationship.	On February 6, he visited the headquarters of the United States Central Command at (MacDill Air Force Base in Florida, where he pledged in a speech that he will defeat ISIS with coalitions and stop radical Islamic mujahids from taking root in the U.S. He said the U.S. fully supports NATO but requests fellow NATO members to make full contributions to the NATO Alliance.  On February 10, he confirmed with Japan prime minister Shinzo Abe that the Treaty of Mutual Cooperation and Security Between the United States and Japan applies to Diaoyu Islands (Senkaku Islands), and objected to any unilateral disruption to Japan's administrative rights to the Islands.

make full contributions to the NATO Alliance. On February 10, he contacted China's president Xi Jinping over the phone and talked about many issues. Under the request of Xi Jinping, Trump revealed that he "honors" the One China Policy. On the same day, he confirmed with Japan prime minister Shinzo Abe that the Treaty of Mutual Cooperation and Security Between the United States and Japan applies to Diaoyu Islands (Senkaku Islands) within and objected to any unilateral disruption to Japan's administrative rights to the Islands. Within just 20 days, Trump actively implemented his campaign platform, and the effect was proven by the record-breaking Dow Jones index. The Author sorts out his campaign platform and his post-inauguration policies as follows:

Based on the notion that "no one can give up on the American market" and the understanding of Trump's two pillars of administration- "buy American and hire American", global corporations stated their positions one after another. In the afternoon of January 6, 2017 at the Trump Tower, Trump met with the chairman of Soft Bank, Mr. Masayoshi Son. On the 1st floor hall of the Tower they announced that Soft Bank agreed to invest USD 50 billion in the U.S., which is expected to create 500 thousand jobs. Masayoshi said Soft Bank would form a venture company in the U.S. and create job openings to congratulate Trump for making America great again. Taiwanese companies have also started to join the American manufacturing. On January 10, 2017, Formosa Plastics Group announced it would expand the capacity in Texas and Louisiana, with a total future investment value as high as USD 13 billion. The president of the Group stated his optimism for the U.S. economy under Trump's administration. He thinks the U.S. will be the best target of investment for

the plastics industry. Everest Textile Co., Ltd. is a functional fabrics and clothing company under Far Eastern Group. It purchased an old plant in North Carolina last year and planned to produce the first batch of fabrics starting from March. Lealea Group, Taiwan's largest polycapromide maker, used to solely provide products made in Taiwan. However, as the U.S. stopped making polycapromide and imposed tax on China-made products, the U.S. started to import polycapromide from Taiwan and South Korea. In response to the increasing scale of SME clients in the U.S., Lealea Group plans to set up a warehouse in the U.S. in the second half of this year. Sharp Corporation acquired by Hon Hai Group chose to set up an LCD panel plant in Pennsylvania in the U.S. with an investment value

at JPY 800 billion. Alibaba founder Jack Ma met with Trump on January 9, saying that he planned to bring 1 million American small companies into the Alibaba e-commerce platform in the next 5 years to help American products enter China and hopefully create 1 million jobs in the U.S. The aforementioned entrepreneurs chose to set up new plants, increase workforce or set up warehouses in response to Trump's "buy American and hire American" policy. This actually gives the best advice for Taiwanese fastener industry.

Taiwanese fastener industry has been through global financial crisis and electroplating pollution crisis. Despite going through adversity, Taiwanese fastener industry is able to grow strong with its closely connected supply chain. In fact, Taiwan's material and electroplating cost is 20%-30% higher than competitors, and the average low-price fasteners have lost market competitiveness. Fortunately, we are seeing positive signs in the mid-price fastener market thanks to product upgrade within the hard-working industry and customized product development. In the future, each company should enhance R&D according to its core ability, and upgrade to create higher level products such as motor vehicle products, or develop aerospace or medical products to improve the added value of Taiwanese fasteners. Fastener manufacturing is not the industry that Trump demands to return to the U.S. Due to the rise in the American minimum wage and environmental protection regulations, setting up a fastener manufacturing plant in the U.S. may not be favorable to corporate benefits, but setting up a warehouse in the U.S. is indeed a viable strategy for Taiwanese fastener industry.

Overseas warehouses can effectively reduce lead times and increase corporate competitiveness. The Author suggests companies consider renting existing American warehouses specifically for cross-border companies as their overseas warehouses. The benefit of renting warehouses is the ability to more flexibly adjust business scale. With less hardware investment, companies can develop unified IT systems for domestic and overseas logistics and inventory to create smoother and highly efficient connection between domestic and overseas business.

The lowest American warehouse labor cost has reached USD 10-18 per hour. The annual rents of overseas warehouses of the U.S. range from USD 100 to USD 150 per square meters (depending on regions). Companies must do a cost-benefit evaluation before they proceed. Sizable companies, however, can consider setting up self-run warehouses. This involves higher investment costs but can reduce costs in the long term.

Trump's expression of hostility to China's tremendous trade surplus during his campaign is expected to be realized in the U.S. trade restrictions on China. The withdrawal of the U.S. from TPP is in turn favorable to the FTA negotiation between Taiwan and the U.S. Taiwan already signed the TIFA agreement with the U.S. back in 1994. The multiple rounds of negotiation over the last 22 years were paving the road for both countries to possibly sign FTA in the future. The purpose of signing FTA is to improve the trade competitiveness of Taiwan and the U.S. The mutual challenge between the Taiwanese government and the fastener industry is to find a way to survive and create significant growth in the upcoming trade war between the U.S. and China. ■



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