

# TFTA Holds Seminar on Impact of Russia-Ukraine War

Members call for the government to help resolve shipment and finance obstacles



The Russia-Ukraine War shakes the world with the U.S., Europe and Japan sanctioning Russian state-run banks and restricting Russian payment flow. Taiwan exported USD 5.32 billion worth of fasteners to the world in 2021. The export to Russia was USD 38.24 million (taking up 0.72%), and the export to Ukraine was USD 4.065 million (0.07%). Although Russia and Ukraine totaled 0.79% in shares, the sanction ramping up thus far has first impacted Taiwanese fastener companies trading with the two nations.

Taiwan sells fasteners to the whole world. The impact from the Russia-Ukraine War is global and all-inclusive, so the future is filled with an unknown ripple effect. In light of the impact, Taiwan Fastener Trading Association (TFTA) held a seminar on the impact of Russia-Ukraine War on March 16, inviting specialist Ms. Wu from Small and Medium Enterprise Administration and Grace Chou from TAITRA Tainan Office to discuss with TFTA members their top obstacles in "shipment", "payment collection" and "financing".

**TFTA chairman Josh Chen** said he received reports from many members lately who claimed they were not able to collect the money, ship out the products, or that the cargo can't reach the destination. He said they were left with China as the only viable route to ship products, and therefore he is very concerned with the serious impact from the Russia-Ukraine War. TFTA Vice chairman Mr. Chen Chi-Hung suggested that TAITRA should sync up information with its local offices in Russia and Ukraine to provide fastener companies with case-by-case consultation.

**Former chairman Jimmy Chang** said he observed that container companies are no longer handling ships headed for Russia and Ukraine. He suggested to ship products into Russia through Dalian City of China or Lithuania. Additionally, he said he has a Russian client who made payments via China's "Cross-border RMB Payment System"

**Former chairman David Horng** said the government's solutions are often far from reflecting the reality. He said the government should reflect the obstacles faced by the companies and lower the bars. Furthermore, to cope with unexpected risks from the war, the government's solutions should include "risk funds" covered by the government.





(Left to right)

**Former chairman Jimmy Chang, incumbent chairman Josh Chen, and incumbent vice chairman Chen Chi-Hung**



**Former chairman Bill Chen** shared his trade experience to remind that Russia and Ukraine are free from AD taxes because they are not in the EU but China's products in the EU region are cheaper and more competitive than Taiwan's.

It is difficult to collect deposits and Taiwanese companies have to set the payment deadline to at least 90 days later to be able to strike a business deal and compete with China. Moreover, there is an obstacle in shipment as well. Ports of Odessa and Petersburg are sealed off due to the war. Trying to go through Port of Vladivostok will probably be met with congestion.

Regarding the obstacle in payment collection, he suggested to ask Russian clients if they could pay in RMB. On market, he suggested to tap into Polish furniture market and Turkish market to cope with the war.

**Unistrong Industrial president Mr. Chen Chun-Ding** pointed out that the top obstacle for the companies now is that their cargoes are stuck and they can't ship out products. He suggested that the government should first think about how to help them ship out the products. In addition, we should look further after the war. President Chen is optimistic about the post-war re-construction market and the business opportunities with the Polish market.

**Managing Director Jannus Lin of the Taiwan branch of Bufab** said she has many Russian clients. She called for the government which joins the sanction on Russia out of justice to not forget that the fastener companies are the ones bearing the brunt of obstacles and not forget how they feel.

**General manager Andes Wang and Ms. Vicky Lee from Advanced Global Sourcing** that said in the meeting they also met obstacles in collecting payments. They suggested that the government and companies should be farsighted and keep a close watch on if the war will affect the fluctuations of Euro.

**Grace Chou of TAITRA** responded that TAITRA forecast that Euro is supposed to keep depreciating and TAITRA will continue to observe and study recent Euro fluctuations. **TAITRA Specialist Ms. Wu** said she had invited TAITRA, The Export-Import Bank of the ROC, and the authorities for credit guarantee fund to convene on March 1 for a solution. Currently they have come up with a "Speedy Service Center" mainly providing SMEs with consultation on finance and payment.

Furthermore, Wu added that if companies need help with working funds and purchase orders, they can use the credit guarantee fund and collaborate with banks. The funds provide a quota of NTD 150 million. If a company's revenue drops by over 15%, it can skip being taken the guarantee fee. In regard with obstacles the companies met with in shipment, the Maritime Port Bureau arranged a discussion about shipment issues during the war on March 18. From the current situation (up to the date of the seminar), Russia has yet to put a sanction on any Taiwanese fastener products.

Besides the credit guarantee fund, MOEA planned another solution with a lower threshold specifically for shipments to Russia and Ukraine which came out in April. The latest update was notified to TFTA and its members.



Unistrong Industrial President Chen Chun-Ding



Bufab (Taiwan) Managing Director Jannus Lin



Advanced Global Sourcing G.M. Andes Wang



TAITRA Tainan Office Director Grace Chou



SME Administration specialist Ms. Wu



Feng Yi Titanium Fasteners G.M. Kern Hsiung Huang



Mr. Zhang Xiang-Lun of Vertex Precision Industrial

