



Editorial

“Elephant” or “Sheep ?



What do You Want to be in the Market?

Recently, a print report claimed that Taiwanese fastener industry is going through a battle of survival like the one staged in S. Korea's "Squid Game" TV series and claimed that this industry, which has been in development for 60-70 years, and whose export scale once reached a new record high and crossed the NT\$200 billion mark in 2022, and which once earned Taiwan the name of the "Kingdom of Fasteners", is moving towards the irreversible road of destruction step by step. But is this really the case? Based on the author's long-term in-depth observation on fastener manufacturers from various sectors, such a conclusion may be too arbitrary on the one hand, and on the other hand, it also disregards the efforts of the majority of the industry to continue to develop in various aspects and accumulate competitive resilience.



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Upgrade + Transform

Survival of the fittest and elimination of the unfit is an unchanging truth in the market, and fluctuations in the economy are inevitable. It is normal for a few companies to fail to compete in the market, and we should not generalize the conclusion that everyone is suffering. After all, there are still many successful cases in Taiwanese fastener industry, such as those who remain in good conditions, have just celebrated their new factory launch/anniversary, or have achieved upgrade and transformation. Competition in the market is very realistic. With the government's limited resources and the desire to maximize the effectiveness of its investments, it is important to take the time to figure out where your strengths lie rather than waiting for the “savior” to come to your rescue at an unknown time. At this stage, Taiwanese companies are facing competition from China, Southeast Asia, Turkey, and even Mexican manufacturers from the far end of the globe, increasingly stringent environmental protection requirements, higher technological entry thresholds, smart factories, etc. Instead of short-sightedly joining the price-cutting war, it is better to quietly reflect on the extent of one's own capabilities, and think of ways **to self-assist and fight for more niches through customized “upgrading and transformation” strategies** in order to further create a differentiated advantage.

Upgrading and transformation can be done at any time if one is willing to do so. Business owners can assess their own situation and choose to start from the technical side or the management side. If possible, it is also a good idea to **understand the actual needs of your customers and their future development trends** to ensure that your upgrading and transformation plan does not run counter to your customers' ideas and is in line with their needs. Many veterans from the fastener industry have also called on the industry not to ignore the impact of the pressure from “requiring Chinese and Taiwanese suppliers to set factories overseas” and to accelerate upgrading and “avoid too close connection to Chinese supply chain” in investment and production as much as possible, so that they can do better than their foreign competitors and continue to focus on their main business in order to survive future challenges. TIFI Chairman has also once mentioned that **if suppliers have the ability to skip overseas distributors and directly face customers, it is also a way to increase profits and create more orders**. Perhaps this may be a bit of a hindrance to small OEMs that can only rely on traders or importers, but for other SMEs having their own ability to take orders and communicate internationally, I believe it's just a matter of doing it or not doing it. Of course, the industry has the right to choose not to do

so, however, with the equipment and factories of competitors in China and Southeast Asia having long since kept pace with or even surpassed Taiwan's, and with the strong support of their governments, is there really any time left for Taiwanese suppliers to choose not to do? The fact that some manufacturers have already achieved a stage-by-stage transformation through upgrading is by no means a miracle; teamwork and correct decision-making are the keys. Like “Team Taiwan” winning the WSBC Premier 12 Championship in 2024, it was not only the cooperation among the players and the right tactical choices, but also the concerted efforts of the whole members including coaches, trainers, team doctors, administrators, data analysts, and many other members of the team. So is the fastener supply chain. In the early stages, they cooperated with each other to grow together and finally obtained customers' affirmations in the international market. Although they encountered bumpy roads from time to time, the right decisions by their leaders have brought them to where they are today. You can choose to be a “sheep” and go the same way with others in the price-cutting war, or you can create your own niche and become the awe-inspiring “elephant”. The choice is different, and the outcome is bound to be very different.

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AD Tax, a Solution?

The price cutting war for standard fasteners is getting more fierce and fierce every year, especially as China continues to dump low-priced products to the world, and the situation is getting worse. Such a situation is also deeply felt by manufacturers in Europe, the U.S., Taiwan, Japan, and Southeast Asia, and they are deeply concerned about the vicious competition in the distribution channels. Because of this, many companies cannot but choose another battlefield to develop more mid-range and high-end products to avoid direct competition. In order to reduce the damage caused by China's dumping of low-priced products, the U.S., Canada, Mexico, and other countries have imposed high import duties or AD duties on specific products from China (such as steel/aluminum products, EV, etc.). With the Chinese government still providing domestic fasteners with varying degrees of subsidies, **it cannot be ruled out that more countries will announce AD measures to Chinese fasteners** in the future in order to prevent low-priced products from continuously causing substantial damage to their domestic industries. In fact, it may not be necessarily to go down the road of low prices if Chinese suppliers want to fight for more market share, they can also choose to upgrade and transform. At present, we do see a few well-known Chinese fastener manufacturers are working in this direction. Otherwise, **once the market price balance is destroyed, not only will it affect the sustainable development of the fastener industry in other countries, but also make China's domestic low-price competition even more unmanageable** and detrimental to themselves.

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“ Audit Criteria Expected in Q3

On January 1, 2026, CBAM will be formally implemented, and all those who fail to comply with the requirements or fail to provide accurate carbon emissions data for reporting will be penalized. It is understood that many EU importers have begun to take the implementation of carbon reduction measures as the basis for future evaluation of suppliers. Given that 30-40% of Taiwanese fasteners are exported to the EU, it is all the more important to implement carbon reduction management. Because the EU has not yet established the complete CBAM declaration audit criteria, so manufacturers still have a few time to prepare, but there is already news that **in Q3 2025 the EU audit mechanism and criteria will be finalized**, which means by that time manufacturers who still do not meet the requirements will certainly be penalized. Manufacturers must pay special attention to this point.

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“ Order Decline Slows Down

According to the latest import & export statistics from Taiwan Customs, Taiwan's fastener exports in the first 11 months of 2024 amounted to about 1.135 million tons worldwide, which has slightly increased by 1.147% compared with the same period in 2023. Compared with the contraction of more than 24% in the same period of 2023, **Taiwan's fastener exports have shown recovery and growth**. On a continent-by-continent basis, the performance of exports to Europe in the first 11 months of 2024 has recovered from a contraction of nearly 30% in the same period of 2023 to near year-earlier levels; exports to N. America have returned to over 4% growth from a contraction of more than 24% in the same period of 2023; exports to Asia have recovered from a contraction of about 16% in the same period of 2023 to a single-digit contraction of 5%; and exports to S. America have also recovered from a contraction of 42% in the same period of 2023 to a contraction of only 5.9%. This demonstrates that the demand for Taiwanese fasteners has recovered significantly across all continents.

Under such a development trend, several Taiwanese fastener industry veterans are optimistic about the performance of Taiwan's fastener exports in 2025. It can be said to be a great opportunity now for Taiwanese manufacturers to actively compete for orders. **Other screws and bolts (HS Code 731815), nuts (HS Code 731816), self-tapping screws (HS Code 731814), other wood screws (HS Code 731812), and other iron and steel threaded articles (HS Code 731819), are especially suitable items to be focused on** (If you are more interested in the EU market, please refer to our analysis of the weights and values of major fasteners imported and exported from the EU and Taiwan in this issue. See page 158). However, the cost of wire is still a critical factor affecting the manufacturing cost of Taiwanese manufacturers. Some manufacturers have reflected that the wire quotations in Taiwan are about 30% higher than China's. If Taiwan CSC, the largest wire supplier in Taiwan, can assist manufacturers in fighting for more subsidies from the government, I believe it can definitely help them reduce more operating pressure. However, in light of the news of large-scale plant closures and layoffs by major European and U.S. car manufacturers such as VW and Ford, it is expected that the global automotive industry will not be in a better position than it was in 2024, and automotive fastener suppliers should be well-prepared for the situation and take countermeasures.

Finally, Trump's tariff policy, the Russia-Ukraine war, the conflicts in the Middle East, and whether or not the central banks of many countries will adopt quantitative easing will continue to influence the development of the global industry, so suppliers definitely have to pay close attention to the development of the situation in various countries. ■

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