US Reindustrialization and Tariff Policies: Opportunities and Pressures for Taiwanese Fasteners

1 Foreword: A Litmus Test for Geoeconomics: The U.S. Takes the Lead in Moving from Tariffs to Governance

For a long time, the fastener industry has been considered a typical traditional manufacturing industry, characterized by high product standardization, relatively low entry barriers, and intense price competition. However, under the current geoeconomic framework, the industry's role is being redefined. Fasteners are fundamental components of major industries, and therefore serve as an indicator of the stability and controllability of the industrial supply chain. The fastener industry has also become a facet of great power rivalry.

As the US-China trade war has become protracted, the US policy focus has shifted from competition over single products to supply chain restructuring. Under Section 232, tariffs on steel, aluminum, and metal fasteners remain at 50%. This policy is no longer a short-term trade friction but clearly serves the Trump administration's goal of "reindustrialization." Data shows that US steel capacity utilization has indeed rebounded from 72.3% in 2017 to approximately 77.2% currently, gradually approaching the policy threshold of 80%, indicating that the tariffs have indeed had some effect.

In early April of 2026, the White House even updated its so-called "loophole-eliminating" version, changing the tax base entirely to Full Customs Value. This directly cuts off the previous room for manipulation through metal content and pricing structure, and implements tiered tax rates ranging from 10% to 50% depending on product type. Taiwanese metal fasteners remain subject to the 50% tax rate. See **Table 1** for details. This update represents a change in policy logic: tariffs are no longer just a price tool, but a governance tool for the US government, complemented by institutional design; for businesses, the space to operate in the gray area is rapidly disappearing.

▼ Table 1. White House Supplemental Notes on Latest Metal Tariffs, April 2026

Product Description	Applicable Tax Rate
Completely or almost entirely made of metal (steel, aluminum, copper, metal fasteners)	50%
British metal products or derivatives	25%
US demand for metal-intensive industrial equipment (by 2027) or products that partially use metals sourced from the UK (administrative application required).	15%
Products using metals sourced from the U.S.	10%
Metal content ≤15%	0%

Source: White House Fact Sheet: President Donald J. Trump Strengthens Tariffs on Steel, Aluminum, and Copper Imports"/Compiled by Kristy Chi (Apr. 2026)

2 Data Insights: The Stagnation in the Asian OEM Market Confirms a Market Redistribution

▼ Table 2. Top Ten Global Fastener Exporters in 2019-2025 (by Value) (Unit: US$ 0.1 bn)

Exporter	2019	2020	2021	2022	2023	2024	2025	CAGR
China	83.8	89.9	118.9	139.6	114.1	117.9	122.9	6.6%
Germany	71.5	66.5	80.6	79.6	84.2	80.9	83.1	2.5%
USA	48.4	40.1	45.8	53.1	60.5	62.3	62.0	4.2%
Taiwan	45.2	41.6	55.7	63.7	47.8	45.4	43.8	-0.5%
Italy	21.3	18.9	24.6	25.3	26.7	26.0	27.5	4.4%
Japan	28.2	24.3	29.9	26.4	24.4	23.7	23.6	-2.9%
France	18.0	14.9	16.5	17.2	19.6	21.4	23.6	4.6%
UK	10.5	8.6	10.2	10.9	11.9	13.3	13.8	4.7%
S. Korea	9.9	8.8	10.3	11.6	11.4	11.4	10.7	1.3%
Switzerland	10.4	9.7	11.6	11.5	11.5	11.3	11.4	1.5%

Source: ITC/ compiled by Kristy Chi (Apr. 2026)

▼ Table 3. Quarterly Changes in Unit Prices of Major Global Fastener Exporters in 2024-2025 (Unit: US$/KG)

Exporter	2024Q1	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2	2025Q3	2025Q4	CSGR
China	2.1	2.0	1.9	1.9	1.9	2.0	1.9	1.9	-1.4%
Germany	9.3	9.2	9.6	9.5	9.3	9.6	10.1	10.2	1.4%
USA	8.4	8.3	9.3	12.0	12.0	12.0	13.0	14.0	7.7%
Taiwan	3.5	3.5	3.5	3.5	3.4	3.6	3.5	3.6	0.5%
Italy	5.2	6.0	5.7	5.6	5.8	6.3	6.6	6.6	3.6%
France	12.0	12.0	13.0	12.0	11.0	12.0	12.0	13.0	1.2%
Japan	7.9	7.8	8.2	7.9	8.2	8.3	8.2	8.0	0.3%
Netherlands	3.6	3.9	4.0	3.8	3.5	3.5	3.8	3.6	0.0%
UK	20.0	21.0	23.0	25.0	16.0	22.0	23.0	23.0	2.0%
Switzerland	20.0	20.0	21.0	21.0	20.0	21.0	22.0	22.0	1.4%
S. Korea	4.9	4.7	4.9	4.8	4.8	4.9	4.9	4.8	-0.2%
Spain	5.4	5.7	5.7	5.7	5.3	5.6	5.6	6.0	1.6%
Austria	12.0	10.0	10.0	9.9	9.9	11.0	11.0	13.0	1.2%
Turkey	3.8	3.9	3.9	4.0	3.9	4.1	4.5	4.1	0.8%
Poland	4.3	4.4	4.6	4.5	4.5	4.8	4.9	5.0	2.2%

Source: ITC/Compiled by Kristy Chi (Apr. 2026)

A comprehensive observation of **Tables 2 and 3** clearly reveals a structural divergence in the global fastener market, indicating that the global fastener industry is not exhibiting the traditional boom-bust cycles. Firstly, consider the performance of the European and U.S. markets. In the US market, unit price growth was approximately 7.7%, and export value growth was 4.2%. Italy and the UK saw export value growth of approximately 4.4% and 4.7% respectively, while quarterly unit price changes were 3.6% and 2.0% respectively. These figures convey several key signals. First, price and volume have not diverged, indicating that demand remains stable. Second, the effects of policies are beginning to manifest in the market structure, with outsourcing and trade agreements redistributing order sources. In particular, the UK, under certain agreements, only bears lower tariffs, giving it a relatively advantageous competitive position in the European and American markets. These institutional differences are replacing the past simple cost advantage as the main factor influencing order flows.

As for a few European countries, such as Germany and Switzerland, Germany's CAGR is 2.5% and Switzerland's is 1.5% (The unit price only increased slightly by 1.4% quarter-on-quarter.), essentially holding steady without any significant breakthroughs. These countries rely on their industrial base and long-term customer relationships; they won't decline in the short term, but they also won't experience a surge.

In contrast, the Asian market presents a completely different picture. China, Taiwan, Japan, and S. Korea are among the top ten Asian markets globally. Observing them individually reveals a clearer divergence within the Asian supply side: China and S. Korea have gradually entered a price competition cycle. China's unit price has declined, but the total value has still maintained growth. Essentially, this is achieved by supporting shipments through policy support and economies of scale, at the expense of prices. S. Korea, on the other hand, is showing a situation where volume is barely maintained and prices are slightly weakening, indicating that it also faces price pressure in the standardized product market.

In contrast, Taiwan and Japan face a more delicate situation. While neither has engaged in significant price competition, prices have almost stagnated, indicating that their products still possess certain technological and trust barriers, making them neither able nor willing to compete by cutting prices. However, when prices cannot rise while costs continue to accumulate, profit margins are naturally compressed, creating a structural dilemma of high quality but low growth.

A deeper analysis of the price cuts and stagnation in the Asian market reveals three main reasons:

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First, the strategic entry of emerging manufacturing countries. Countries like India and Thailand are not simply competing on low costs, but consciously using low prices to secure long-term orders and customer relationships. This approach lowers market prices in the short term, but is an investment for them.

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Second, there is the issue of cost structure in mature manufacturing bases. Taiwan and Japan do not have advantages in material costs, labor, energy, and exchange rates. Once products are highly standardized, it will be difficult to maintain pricing power. The only way for Taiwan and Japan to develop fasteners in the future is to move towards customization and high-value precision products.

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Third, and most importantly, these changes are not a business cycle, but rather the result of supply chain reconfiguration. When companies adjust their strategies to mitigate tariff and geopolitical risks, order movements become structural and long-term.

Table 4 summarizes the factors contributing to the divergence between the European and American markets and the Asian market in recent years. There are three observation points that have led to the European and American markets having significantly better growth momentum than the Asian market: for example, Europe and the U.S. are the main tariff policymakers, while the Asian market is the one that passively accepts the system; the power dynamics of supply and demand have led to a redistribution of global production capacity; and the different sources of their original growth momentum.

▼ Table 4. Analysis of Factors Causing Segment Discontinuity Between the European and American Markets and the Asian Market in the Global Fastener Industry

Why is Such Segment Discontinuity Generated?

Core Dimension	Europe and USA as Preferred Markets	Asia as Traditional Manufacturing Region
Tariffs and Policies	Protected by policies and high tariff entry barriers	Becoming the target of high punitive tariffs
Global Supply Chain Role	The center of end-user demand and outsourcing	"Red ocean" of overcapacity and low-price competition
Main Growth Drivers	Structural supply chain restructuring and national-level infrastructure investment	Fighting against each other by relying on traditional export paths and economies of scale

Source compiled by Kristy Chi (Apr. 2026)

Overall, the global market is not in recession, but profits are shifting towards Europe and the U.S., while manufacturing pressure remains in Asia. China maintains its presence through scale, emerging countries are entering the market with low prices, while Taiwan and Japan are caught between cost and price, making their situation the most difficult. Therefore, if we only observe the data, the global fastener market is still operating normally; however, from a structural perspective, the global supply chain hierarchy has actually begun to be redistributed.

3 The True Intention of Reindustrialization: Not Reshoring, But Restructuring of the Supply Chain

To understand US reindustrialization solely as "manufacturing reshoring" would underestimate the depth of the policy. Looking at the current policy mix, the US is not demanding all manufacturing return to the domestic market, but rather establishing a controllable supply chain network through tariffs, subsidies, and institutional design. This network includes domestic manufacturing as well as specific allies and partner countries.

Within this framework, Taiwan faces a dual impact. On one hand, there is pressure: as the US supports countries like India and Vietnam, Taiwan's substitutability in some standardized product markets increases. This substitutability will not change drastically in the short term, but in the long run, Taiwan's irreplaceable nature in the supply chain will gradually decline, leading to chronic marginalization.

For example, India's "Make in India" initiative has been successful over the past decade, enabling it to penetrate high-end supply chains. Hical Technologies, for instance, supplies components to Boeing and Raytheon, and Rolls-Royce doubles its Indian procurement, citing it as the best solution to supply chain challenges. Currently, the average unit price of fasteners in Taiwan is approximately US$3.8/KG, while in India it is approximately US$2.6/KG. India is currently in a period of manufacturing expansion, leveraging policy subsidies and low costs to strategically offer low prices in exchange for long-term contracts, which poses a direct threat to Taiwan's higher-priced standard products.

On the other hand, there is opportunity. To accelerate infrastructure development and energy transition, The U.S. will reduce tariffs on some metal-intensive equipment and power grid-related products by 2027. This means that in specific application areas, market entry barriers in the US have actually decreased. In other words, the US is not completely shutting down, but selectively opening its doors. Unlike the Biden's administration, which relied on government funding, Trump's 2nd term of office tends to guide private sector investment in infrastructure through deregulation and industry incentives, which drives demand for high-quality fasteners in construction, electrical/electronic equipment, and heavy equipment.

The policy benefit refers to the possibility that some metal components may be eligible for preferential tax rates to enter the US market. This was also mentioned in the White House updated document in April this year. Until 2027, the related supply chain of metal-intensive industrial equipment and power grid equipment in the U.S. will enjoy a preferential tax rate of 15%. Taiwanese fasteners may also have the opportunity to enter the golden period of the US re-industrialization supply chain during this period. However, it is worth noting that Taiwanese manufacturers may also be constrained by large wholesalers, so that the price of such engineering projects will only be lower and not higher. The negotiation results will depend on whether the characteristics of the products exported by Taiwan and the uniqueness of the market are inclined to a seller's market.

This door actually leads to a niche market of "high trust and high precision," where Taiwanese manufacturers, with decades of experience, should have a very good chance. For example, some Taiwanese manufacturers have already successfully transitioned from stainless steel bolts for construction and automotive applications to those for semiconductor equipment, or entered the wind power and solar power bracket market with highly corrosion-resistant treatments. In the future, the more Taiwanese manufacturers' capabilities match the high-level requirements of the times, such as carbon footprint management, digital transformation (AI collaboration), and co-design capabilities with customers, the more they will have the opportunity to evolve from simple production suppliers into irreplaceable strategic partners.

4 Taiwan's Response: Shifting from a Simple Manufacturing Supplier to a Link in the Advanced Industrial Supply Chain System of Europe and America

In this environment, if Taiwan's fastener industry continues to focus on price competition or capacity expansion, it will gradually lose its foothold. What it truly needs to change is its role positioning.

The first and most obvious shift that can be made is from manufacturing to collaborative design. Taiwan has advantages in mold precision, quality stability, and rapid prototyping. At the recently concluded Fastener Taiwan 2026, fastener machinery & equipment exhibitors performed exceptionally well, even attracting orders from Europe and the U.S. This reflects the improvement of Taiwanese manufacturers' equipment self-sufficiency and high-end design capabilities, giving them the opportunity to participate in the customer's design process from the early stages of product development, incorporating fasteners into the overall structural planning, thereby increasing switching costs and reducing the risk of being replaced.

The second direction is to target specific application areas in the era of AI's physical implementation, such as semiconductor equipment in AI data centers, renewable energy, and EV modules. These emerging industries require fasteners not only in terms of strength or size, but also in terms of reliability, verification, and long-term stability. The scale of these markets may not be the largest and may be highly competitive, but their profit structure is relatively stable, and once a long-term supply chain contract is established, they are less susceptible to the influence of price cutting.

The third is the introduction of digitalization, automation, and AI. This isn't just about improving efficiency, but about addressing the unavoidable human resource issues of the future. By integrating ERP and MES, and combining generative AI for scheduling, pricing, and knowledge management, companies can maintain operational flexibility without increasing labor. Compared to high-tech industries, which have no shortage of talent, the fastener industry, a high-tech sector within traditional industries though, doesn't have the same talent-attracting effect in terms of industry clusters and image. Therefore, digitalization and automation are the best management strategies for the fastener industry.

Fourth, it is crucial to establish carbon reduction and traceability capabilities. Although fasteners were not included in the first wave of formal CBAM levy lists, related carbon audit and data disclosure requirements have gradually extended to the supply chain. Meanwhile, although US carbon reduction policies are temporarily stalled, the market still demands carbon data. Compared to regulations, the demand for carbon reduction certification is more likely to come from the financial reporting and corporate responsibility requirements of multinational fastener companies in Europe and the U.S. Therefore, the ability of Taiwanese manufacturers to provide information on raw material sources, process emissions, and product carbon footprints will directly impact the smooth flow of orders from Europe and America, going beyond simply being a bonus.

5 Conclusion: Taiwanese Manufacturers Should Proactively Improve Their Competitive Landscape, Shifting from Price Competition to Qualification Competition.

a. Recognize Risks of Structural Compression and Misguided Transformation in the Industry

Further observation reveals that the deteriorating competitive environment is not due to a single factor, but rather amplified by the interaction of three structural conditions: firstly, the high standardization of products makes price the primary means of competition; secondly, the high concentration of customers strengthens bargaining power downstream; and thirdly, extreme price pressure continuously compresses overall industry profits. These three factors intertwine to form a competitive structure that is difficult to reverse.

Even though everyone knows that we should move towards emerging fields, we must still carefully formulate our strategies. For example, the development of electric vehicle technology presents a double-edged sword effect. While it drives demand for new fastener specifications, it hasn't simultaneously increased the total number of fasteners. With the development of modular manufacturing and parts integration, the overall number of parts is actually decreasing, and market competition may still be influenced by geopolitics or price, accelerating industry reshuffling.

b. The Turning Point for Industrial Upgrade Should Shift from "What We Do" to "What We Can Do"

For Taiwan, the current tariff policy presents both advantages and pressures. In the short term, order transfers and policies still exist; however, in the long term, the supply chain is being rewritten.

Specifically, the key to future survival can be summarized in 3 directions. First, avoid marginalization. Large manufacturers mostly serving US customers can assess the possibility of localizing their operations in response to US policies, or deepen cooperation with supply chains in Taiwan and other countries to maintain market connections. They can transform their Taiwan base from a manufacturing center to a manufacturing knowledge center, and make good use of the mature digital twin technology to replicate their corporate structure.

Secondly, Taiwan should proactively address green trade regulations, transforming carbon management capabilities into a basic threshold for market entry rather than an additional cost. The fastener markets in Europe and the U.S. are interconnected to some extent, and climate change remains a mainstream issue in current environmental development, so we should pay close attention to it.

Third, focus on niche application areas and, under the development trend of modularization or AI industry, develop fastener products that integrate high precision and multiple functions to enhance their irreplaceability.

Overall, the fastener industry is no longer simply a market pursuing scale expansion; it's crucial to recognize that the competitive landscape is being reshaped. For Taiwan to maintain its advantage, the key lies not in doing more, but in ensuring customers have greater need for and trust in Taiwan's supply capabilities. In other words, we must shift our industrial competitiveness from "what we do" to "what we can do," successfully upgrading to obtain advanced supply chain qualifications from Europe and the U.S. Only then can we maintain Taiwan's unique fastener industry cluster's greatest advantage in the next decade. ■