

Editorial: War, Tariffs, and Economic Uncertainty Bring Challenges, But Taiwan Still Has Opportunities

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Taiwan's Traditional Industries Under Pressure from Tariffs & Chinese Supply Chain

◎ Taiwan's Fastener Exports Drop at the Start of the Year

Amid the U.S.-Iran and Russia-Ukraine wars, various tariffs and import protection taxes, and shifting global market conditions, the fastener industry worldwide has indeed faced significant impacts over the past few years—Taiwan's fastener industry is no exception. In January-February 2026, Taiwan's fastener exports fell 1.07% to USD 670 million, with export volume down 8.36% to about 183,000 tons—meaning a drop of roughly 16,700 tons. In contrast, China's fastener exports grew 17.6% to 1.09 million tons in the same period, rising 20.8% in value to USD 2.10 billion, clearly capturing orders from many countries. That said, based on historical GDP fluctuations across nations, the fastener industry shouldn't see dramatic booms or busts. Taiwan still has a shot at recapturing a full-year peak of 1.6 million tons, but key factors will include wars, tariffs, global economic conditions, shifts in China's production and sales, and companies' internal competitiveness and transformations.



◎ Hand Tools and Hardware Parts Begin to Break Through

Compared to the 50% steel and aluminum tariffs hitting fastener makers, the hand tool industry saw tariffs drop from 23.3% last year to 18.3% now under Trump's invocation of Section 122 of the 1974 Trade Act. Tariffs on plumbing fittings fell from 22.6% to 17.6%, and auto parts from 26.25% to 15%—better than fasteners, but hand tools and parts still grapple with the Chinese supply chain aggressively grabbing global market share.

China's Hangzhou GreatStar Industrial, through acquisitions of U.S. and German tool brands, has transformed from an OEM factory into a global brand owner. Meanwhile, many Taiwanese firms are like frogs in boiling water, slow to react, **as China builds "giant enterprises" while Taiwan's players mostly go it alone.** A few second-generation leaders at major Taiwanese tool firms are stepping up: adjustable wrench leader Proxene Tools has partnered with golf equipment OEM giant Fusheng Precision, which acquired 51% of Proxene Tools to form a "hand tool task force." Taiwan's hand tool companies are mostly small—**going solo will only lead to being swallowed by giants. Only by uniting can they break through.**

▼ Unite to come on top



◎ Lessons from Japan and Taiwan

On an April day, Fastener World gathered with a Japanese industry player, where we learned that Japan's traditional industry partly mirrors Taiwan's—dominated by small firms,



with many being "nano-sized" employing 5 or fewer employees. They're facing the Chinese supply chain's aggressive land grabs, but even more critically, most are like frogs in boiling water, unaware of the urgency. Japan has two procurement camps: the pro-China group, which forms joint ventures with Chinese firms (building task forces) to fill Japan's supply chain with Chinese products; and the non-pro-China group, which rejects Chinese goods to protect Japanese ones. For the latter, "Chinese products in the guise of Japanese brand titles" are steadily gaining market share, leading to closures among some local nano-firms. If this continues, some buyers predict Chinese products could "take over" the Japanese market within a decade.

For these nano-firms, fending off the devouring "whales" is tough enough—nano-firms are too busy clinging to current orders to invest in high-value transformation, digitalization, ESG, or carbon inventory. The non-pro-China camp is pondering how to balance competition with encroaching Chinese products and watching how Taiwanese firms break through the assault. In reality, **the Chinese supply chain's conquests are global; Taiwan stands at the forefront of the impact. Nations worldwide can look to Taiwan and Japan as reference, figuring out how to balance the "China shock."**

▼ **Chinese products could take over the Japanese fastener market in a decade**



◎ Wars Reshape Global Supply Chains—Taiwan Can Seize Opportunities

The U.S.-Iran War, Russia-Ukraine War, and U.S.-China trade conflicts have undoubtedly disrupted international production, sales, and global industry supply chains—with the fastener industry, vital to countless industries, feeling the hit. But flip the perspective: a crisis from supply chain reshuffling for Country A might be no big deal—or even a golden opportunity—for Country B. For example, Western sanctions on Russia from the Ukraine war boosted Chinese exports there. **Taiwanese firms aiming to extend their global reach could scout supply-demand gaps in affected countries' fastener markets** for potential opportunities.

◎ Navigating Trade Barriers—The Biggest Profit Margin Wins



The U.S., Europe, and others are rolling out protective tariffs or tariff-like measures in the name of shielding domestic industry competitiveness—EU's CBAM, anti-dumping, and anti-subsidy duties included—putting pressure on firms eyeing those markets. Still, some tariffs are blanket (e.g., Mexico once slapped 25% on non-FTA fastener imports), while others target specifics (e.g., EU's 22%-86.5% anti-dumping on Chinese carbon steel fasteners). **For Taiwanese makers, equal tariffs offer little edge, but big rate gaps with competitors spell a huge profit pie.**

◎ Business Cycles and Market Signals Continue to Shape Industry Growth

The overall health of the market directly affects industrial development. After the pandemic, central banks around the world rolled out interest-rate cuts and quantitative easing, encouraging companies to borrow more from banks to purchase new equipment and import more goods—creating a ripple effect across the broader industrial landscape. Just imagine how the industry would look if tech giants like Google or Nvidia borrowed tens or even hundreds of millions, yet rising interest rates ate up all their profits. Currently, Taiwan's central bank rate stands at 2%. While this is near a 15 year high, it remains relatively low compared with U.S. and European rates, which often hover around 3–5%, giving Taiwanese firms a still competitive borrowing cost. That also signals steady economic growth and easing inflationary pressure—but businesses must continue to monitor how these conditions evolve.



◎ Preparing Early for Changes in China's Production and Supply Chains

Spurred by U.S.–China trade tensions and shifting regional political and military dynamics, the supply-and-demand chains for some Chinese fasteners have already begun to change noticeably. This may open up new opportunities for Taiwanese manufacturers to win redirected orders. Taiwan's fastener industry hit record-setting annual exports of over 1.6 million tons in 2021 and 2022, with factories running around the clock to meet demand—proving that such a scenario is not impossible. If Taiwanese firms can prepare early and position themselves to catch this wave, opportunity will favor the prepared. Taiwanese players must become more proactive. Clinging to a conservative mindset will make it hard to turn looming risks into real business opportunities.

◎ Strengthening Competitiveness and Calling for Government Support

Facing squeezed margins from overseas rivals, as well as shortages of water, electricity, and labor, Taiwanese manufacturers must double down on internal cost control and process optimization to strengthen competitiveness. **In recent years, China's fastener industry has advanced rapidly, with local firms upgrading and transforming at an accelerating pace. This makes it harder for Taiwanese**

companies to compete on equal footing, heightening the need for self-driven upgrades. Yet individual firms have limited resources. With stronger government support, the same efforts could go much further. Yung-Yu Tsai, chairman of the Taiwan Industrial Fasteners Institute and a seasoned observer of global industrial trends and multinational operations, has proposed six key support measures:

- A 2–3 year period of relaxed policy;
- Special electricity price subsidy programs;
- Support for establishing overseas inventory and logistics hubs;
- Expanded equipment renewal and operational subsidies;
- Assistance with overseas mergers and strategic partnerships;
- Full subsidies for participation in international trade shows.

If these proposals are implemented, they would provide timely relief for the industry.

◎ Moving Beyond Passive Trade Channels and Embracing AI-Driven Management

Taiwan's fastener industry has been export-oriented for over 50 years, and its marketing channels are now systematic and comprehensive. Beyond consolidating its position in Europe and the U.S., the industry should diversify into more emerging markets with strong purchasing power, while pushing toward customized, small-volume, high-mix production, higher-quality goods, and improved customer service. More importantly, **Taiwanese firms need to move beyond over reliance on traders. By following the model of some leading Taiwanese automotive fastener manufacturers, they can connect**

directly with end market OEM/ODM supply chains. This not only improves profit margins but also reduces vulnerability to downstream price pressures. Unlike Europe, the U.S., Japan, or South Korea, Taiwan does not have a large domestic market; Taiwanese manufacturers must go abroad to study their competitors and **make full use of AI, automation, and other new management and operational models.** With such forward looking thinking and the active involvement of second generation leaders, Taiwan's fastener industry can certainly sustain long term growth.

In this issue, the editorial team has intensified pre-show promotion for Fastener Fair Italy, U.S. IFE, and Fastener Poland. Coverage will also be expanded ahead of next year's Fastener Fair Global in Stuttgart, with promotional materials mailed directly to buyers in surrounding regions. The goal is to increase Taiwanese exhibitors' visibility and raise the overall return on their exhibition investments.

Several prominent European importers have stressed that CBAM is now a policy that cannot be ignored, with some even urging Taiwanese suppliers to share the carbon fee burden. **Under already soaring raw material and operating costs, Taiwanese manufacturers have little room left to cut prices, let alone absorb additional carbon fees. They are therefore being urged to “hold the line” where necessary** and to treat CBAM not as a problem for Europe alone. As the U.S. and Japan also move toward stricter carbon related regulations, Taiwanese firms must take CBAM seriously and plan their strategies accordingly. ▣

