

# Impact Analysis of the US-Israel-Iran War on Taiwan Fastener Industry (Part 1) – Rising Costs from Maritime Blockades

美以伊戰爭對台灣扣件業之影響分析(一)：海路封鎖的成本揚升

The US-Israel-Iran conflict erupted in February 2026, with US-Iran negotiations repeatedly breaking down through April. This has placed the Strait of Hormuz—the chokepoint of the Persian Gulf—under intense tension and maritime blockade. The strait handles about 20% of global oil and liquified natural gas shipments, sparking a chain reaction of rising oil prices. Market fears of supply disruptions persist, driving up shipping insurance premiums sharply. Vessels are rerouting around the Cape of Good Hope to avoid high-risk areas, extending Asia-to-Europe voyages by 10 to 15 days. This has significantly increased global logistics costs and delivery uncertainties.

For Taiwan's export-dependent fastener industry, where shipments to Europe account for 31.7%, the impact goes beyond energy price hikes. It extends to transportation costs and supply stability, affecting global clients in construction and automotive sectors. Rising freight rates and delays directly erode competitiveness, while higher energy prices pass on to manufacturing via elevated steel raw material costs. Accordingly, this article examines the conflict's effects and shifts on the fastener industry from the perspectives of energy, transportation, and markets.



## Energy and Transportation Costs Amid Supply Chain Risk Crisis

Amid escalating US-Israel-Iran tensions and heightened risks in the Strait of Hormuz, the global energy and logistics systems face structural shocks. These trigger multiple chain reactions: surging energy prices, higher sea freight costs, war risk insurance premiums, supply chain imbalances, and industry cost restructuring. Steel production, which is highly energy-intensive, will see sharp increases in refining, electricity, and processing costs—further passed on to downstream metal products like fasteners. On the transportation front, Middle East instability and risks around Hormuz shipping lanes have prompted carriers to reroute via Africa's Cape of Good Hope. This drives up Bunker Adjustment Factor (BAF) surcharges and freight rates, with Europe routes hit hardest. War Risk Premiums (WRP) are climbing, and shippers are reducing sailings in high-risk zones, squeezing capacity. This leads to empty container imbalances, port congestion, and systemic delays in global logistics timelines—especially detrimental for "low-value, high-

weight" fastener products. When freight costs surge to near or exceed cargo value, pricing becomes a dilemma, risking order losses or declining market competitiveness.

**Table 1** shows Taiwan's fastener export to global regions from 2020 to 2025. Unstable sailings and delays force firms to build safety stock, heightening financial pressure and operational risks amid rising global supply chain uncertainty. As the table shows, Europe has held over 30% market share (31.7% in 2025), making it Taiwan's second-largest export market after North America. Under this structure, volatility in Europe route costs and timelines directly hits export performance. Meanwhile, though North America leads (46.9% in 2025), Europe's stability in industrial and high-end manufacturing demand, plus tariff policies, keeps it a key pillar for Taiwan's fastener industry.

Table 1. Taiwan's Fastener Export to Global Regions, 2020–2025

Export Destinations	2021	2022	2023	2024	2025	Proportion in 2025	CAGR
North America	679	871	670	674	612	46.9%	2.7%
Central America	36	45	45	48	44	3.4%	12.0%
South America	15	16	10	10	9	0.7%	-4.0%
Europe	481	577	452	432	414	31.7%	2.6%
Asia	210	224	182	178	177	13.6%	0.3%
Middle East	24	30	26	22	19	1.4%	-6.7%
Other - Subtotal	41	53	41	35	31	2.3%	-1.3%
Global - Total	1487	1816	1426	1398	1306	100.0%	2.2%



## Regional Demand Shifts in the Middle East Triggered by the War

Table 2 is the ranking of fastener imports by middle eastern countries from global sources, 2021–2025. The table highlights major importers concentrated in Turkey, Saudi Arabia, and the UAE, with significant compound annual growth rates (CAGR) in import volumes and momentum. Turkey's imports grew from USD 539 million in 2021 to USD 727 million in 2025, underscoring its strengthening role as a regional manufacturing and transshipment

hub. Saudi Arabia and the UAE showed steady growth, with Saudi Arabia's CAGR reaching 21.2% from 2021 to 2025—reflecting expanding infrastructure and industrial investments. In contrast, belligerents Israel and Iran have modest overall fastener imports. Israel's volumes remain stable at around \$180 million, while Iran's are chronically low and constrained by sanctions and domestic economics, at just USD78 million.

(Unit: USD 100 Million)

Table 2. Ranking of Fastener Imports by Middle Eastern Countries from Global Sources, 2021–2025

Ranking	Importers	2021	2022	2023	2024	2025	2025 Proportion	CAGR
20	Türkiye	5.39	6.24	7.01	6.92	7.27	1.4%	7.8%
27	Saudi Arabia	2.89	4.21	5.39	6.23	6.24	1.2%	21.2%
31	UAE	3.03	4.58	4.67	5.16	5.18	1.0%	14.4%
43	Israel	1.84	2.21	1.90	1.87	1.87	0.4%	0.4%
54	Iraq	0.85	1.57	1.14	1.21	1.21	0.2%	9.2%
62	Iran	0.50	0.59	0.74	0.78	0.78	0.2%	11.8%
63	Qatar	0.58	0.53	0.59	0.74	0.74	0.1%	6.1%
67	Oman	0.43	0.47	0.68	0.62	0.63	0.1%	9.7%
72	Kuwait	0.40	0.46	0.49	0.49	0.50	0.1%	5.7%
86	Pakistan	0.30	0.30	0.20	0.30	0.35	0.1%	4.4%
94	Jordan	0.11	0.14	0.12	0.24	0.24	0.0%	22.5%
105	Bahrain	0.19	0.17	0.21	0.18	0.19	0.0%	-0.5%
124	Yemen	0.14	0.19	0.18	0.12	0.12	0.0%	-5.1%
131	Lebanon	0.06	0.11	0.10	0.10	0.10	0.0%	11.6%
148	Syria	0.07	0.10	0.04	0.06	0.05	0.0%	-5.7%
152	Afghanistan	0.03	0.02	0.02	0.04	0.04	0.0%	6.2%
16 Middle East Countries - Import Subtotal		16.82	21.88	23.48	25.07	25.51	5.1%	11.0%
Other Countries - Import Subtotal		467.12	512.14	478.62	473.19	478.71	94.9%	0.6%
Total Imports of All Fasteners		483.94	534.02	502.10	498.26	504.22	100.0%	1.0%

However, after the war outbreak, demand structures will "diverge and redirect." On the raw materials side, steel wire rod—the core input for fastener production—has seen prices rise across the board with energy costs. This shift will push Middle Eastern countries, when importing fasteners, from pure price focus to prioritizing supply stability and long-term partnerships. For high-import nations like Saudi Arabia and the UAE, ensuring uninterrupted raw materials and finished fastener supplies becomes paramount.

Countries directly involved in or impacted by the conflict will see short-term volatility and structural changes. During wartime, Israel's long-standing state of readiness drives surges in demand for high-strength fasteners, specialty alloy precision fasteners for defense aerospace, missile defense systems, and communications maintenance. Israel prioritizes military and infrastructure repairs,



potentially boosting needs for high-strength and high-spec fasteners, though civilian construction and consumer demand may soften. Iran focuses on standard parts for energy facilities and heavy industry but faces curbs from sanctions and forex limits; the war will further suppress imports, possibly shifting to regional or informal trade channels for fasteners and supplies. Post-ceasefire reconstruction will pivot demand toward construction fasteners for civilian infrastructure and rebuilding. Israel, with ongoing smart city and defense projects, will see rebounds in construction and electronic hardware needs. **Iran will face massive demands for standardized screws and nuts in energy pipelines and power grid rebuilds.**

For non-combatants with economic clout like Saudi Arabia and the UAE, the war may spur "alternative supply chains" and "infrastructure fortification" demand. Clients may stockpile more fasteners and hardware to reduce reliance on conflict zones; rising regional security risks could accelerate government domestic construction and industrial investments, boosting mid- to long-term needs. Turkey stands to benefit from supply chain reconfiguration, leveraging its geography and manufacturing prowess as a Eurasian transshipment hub and alternative supplier, expanding its import and re-export scale.



## Changes in Regional Demand in the European Market Triggered by the War

**Table 3** is the top 20 European fastener importing countries and their trends, 2021–2025. In 2025, the total import value was about 50.4 billion US dollars, reflecting that Europe, as a mature industrial market, still maintains resilient underlying demand. Germany has long remained the largest importer, reaching 4.858 billion dollars in 2025, accounting for 9.6% of the total, which highlights the stable demand from its automotive and machinery

manufacturing sectors for fasteners. France, the UK, and Poland also show steady growth, indicating that the core European industrial base continues to sustain a certain level of production momentum. However, some countries such as Italy and Russia have experienced declines (Italy: -1.2%, Russia: -2.6%), suggesting that regional economic and geopolitical factors are already clearly affecting the demand structure.

(Unit: USD 100 Million)

Table 3. Top 20 European Fastener Importing Countries and Their Trends, 2021–2025

Ranking	Importer	2021	2022	2023	2024	2025	2025 Proportion	CAGR
2	Germany	45.37	51.26	48.53	44.08	48.58	9.6%	1.7%
5	France	17.92	19.61	20.01	19.19	20.24	4.0%	3.1%
7	UK	13.70	15.51	14.81	14.94	15.38	3.1%	2.9%
8	Poland	12.41	13.34	13.37	13.52	14.54	2.9%	4.0%
9	Italy	13.33	14.29	13.02	12.05	12.71	2.5%	-1.2%
11	Netherlands	11.41	12.81	11.83	11.02	13.75	2.7%	4.8%
12	Czech Republic	10.27	10.70	11.09	10.72	11.00	2.2%	1.7%
15	Spain	8.17	10.02	10.48	9.40	10.64	2.1%	6.8%
19	Russia	11.36	6.97	6.22	6.96	10.23	2.0%	-2.6%
21	Austria	6.55	7.22	6.49	6.80	6.91	1.4%	1.4%
22	Slovakia	6.79	6.57	6.83	6.77	7.07	1.4%	1.0%
23	Romania	6.02	6.19	6.52	6.73	6.36	1.3%	1.4%
24	Belgium	7.00	7.40	7.31	6.70	6.90	1.4%	-0.4%
26	Hungary	6.20	6.07	6.32	6.47	5.49	1.1%	-3.0%
29	Switzerland	5.65	6.26	5.67	5.30	5.58	1.1%	-0.3%
30	Sweden	5.91	6.65	5.89	5.25	6.30	1.2%	1.6%
34	Denmark	3.41	3.50	3.11	3.21	3.99	0.8%	4.0%
36	Norway	2.59	2.89	2.64	2.62	2.77	0.5%	1.6%
38	Portugal	2.28	2.47	2.63	2.39	2.74	0.5%	4.7%
46	Finland	2.02	2.51	2.01	1.74	2.07	0.4%	0.6%
Top 20 European Importing Countries (Subtotal)		198.37	212.23	204.78	195.87	213.24	42.3%	1.8%
Other Countries - Import Subtotal		285.57	321.79	297.32	302.39	290.99	57.7%	0.5%
Global Imports - Total		483.94	534.02	502.10	498.26	504.22	100.0%	1.0%

Before the war, European market demand was mainly driven by manufacturing cycles and infrastructure investment, with fasteners primarily used in the automotive, machinery equipment, and construction sectors; demand was relatively stable and predictable. Yet,

the outbreak of the Middle East conflict has made energy prices rise and supply chain uncertainty grow, leading to differentiated impacts across European countries. First, for manufacturing oriented countries such as Germany and France, rising energy costs directly squeeze industrial profit margins, which may slow down some manufacturing activities and thereby restrain short term fastener demand. Nevertheless, in order to maintain supply chain security and production stability, firms may also increase inventory levels, creating “precautionary procurement” demand, which provides short term support for fastener import volumes.

Second, in recent years some European industrial countries have shown relatively high compound annual growth rates (for example, Spain +6.8%, the Netherlands +4.8%, Poland +4.0%), indicating their gradually rising role within European supply chains. After the conflict, as European companies push “nearshoring” strategies, these economies may receive more manufacturing transfers and assembly activities, thereby driving medium- to long-term growth in fastener demand and becoming an important source of future market expansion. Moreover, the energy crisis may also encourage Europe to accelerate investments in infrastructure and energy transition, including renewable-energy facilities, grid construction, and defense projects; these sectors require higher-specification fasteners, which is expected to drive product mix upgrade. In contrast, Southern European countries such as Italy and some smaller markets, which are more affected by energy prices and economic pressure, may exhibit more conservative demand growth.



## Geopolitically Complex Shifts Testing Taiwan’s Fastener Industry Resilience

In summary, the Hormuz Strait blockade triggered by the US–Israel–Iran war has injected significant uncertainty into the global supply chain. This geopolitical storm is no longer confined to Middle East instability; through chain reactions in energy, transportation, and market demand, it has posed a serious challenge to Taiwan’s export-oriented fastener industry. Taiwan’s fastener sector is now caught between “rising cost pressures” and “intensifying competition,” a trend that tests manufacturers’ ability to reallocate capacity between precision and standard fasteners and to adapt to differentiated demand developments across different countries.

Rising steel-wire costs and supply risks have become the most direct burden on fastener manufacturers. The industry generally recognizes wire rods as the lifeline, yet under the US–Israel–Iran war’s upward pressure on international oil prices and electricity costs, steel wire rod—the core input for fastener production—has seen its price rise across the

board. Recently, Taiwan SCS’s April price has already been raised by 1,000 to 1,200 New Taiwan dollars per metric ton; and according to the agreements reached at the pricing conference, there is market consensus that another 1,000–2,000 NT dollars per metric ton additional increase is expected. This pass-through of energy costs into raw-material prices directly squeezes profit margins at the manufacturing level. While demand in the Middle East and European markets is becoming structurally divergent due to inflation, Taiwanese fastener producers must also withstand low price competition pressure from other regional competitors. This is undoubtedly testing the resilience of Taiwan’s fastener industry. Looking ahead, **Taiwan’s fastener sector can no longer remain in a passive posture of merely reacting to cost increases. In the face of increasingly frequent geopolitical conflicts and an unstable global trade environment, the key to industry survival will lie in turning crisis into opportunity—by seeking breakthroughs through process optimization, product value-added upgrade, and strategic adjustments to supply chain deployment.** In the next article, I will further explore how Taiwanese fastener makers can evolve and transform amid the US–Israel–Iran conflict,” continuing the analysis of how Taiwan fastener industry can respond to the shortening and localization of global supply chains, diversify markets, seize industrial momentum, and eventually restructure its market position to achieve structural upgrade and fundamental transformation. ■

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