

Editorial

No Price Cutting!

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Upgrade and Transformation

社論：棄拚價競賽，走升級轉型才有出路！

Despite the bleak market atmosphere, with Taiwanese businesses complaining that reduced customer demand and lower unit prices have led to lower-than-expected overall order volume and profitability, is the situation really that bad?

Looking at the export data for the first 11 months of 2025, Taiwanese fastener industry is fortunate to have maintained a stable export volume of over 1.1 million tons. Compared to the same period in 2024 (approximately 1.2 million tons), exports to developed countries (such as Germany, Japan, Canada, Poland, France, Sweden, Denmark, Slovakia, Finland, and the Czech Republic) and emerging markets (such as Thailand, India, Saudi Arabia, Vietnam, Brazil, and the Philippines) have shown varying degrees of growth, with some countries even experiencing increases of several tens of percent. This conveys a message: ***the sluggish market does not mean that fastener demand is shrinking in all countries; some countries or regions are still experiencing growth against the trend.***

In a market where opportunities and pressures coexist, businesses that can uncover potential opportunities others haven't yet seen to offset the enormous challenges posed by external pressures, amplify their unique advantages over competitors, and accelerate the adjustment of their development strategies, can definitely break through against the odds, attract customers to switch orders, and continue to achieve excellent performance.

Price Cutting Ignites Global Trade Protectionism; Transformation is the Best Risk Mitigation Strategy

The massive dumping of Chinese products at below-market prices is gradually disrupting the existing balance of supply chains in many countries. The overwhelming influx of low-priced goods into local markets is causing substantial damage to local businesses, forcing many countries to seriously consider whether to impose protective import tariffs or high AD measures on manufacturers from China and other countries. This means that the era of trade liberalization created by the WTO framework is gradually coming to an end, and may also have ripple effects on Taiwan and other export-oriented fastener producing countries.

According to the foreign trade data released by China's General Administration of Customs, China's total import and export value for the first 11 months of 2025 reached US\$5.75 trillion, a year-on-year increase of 2.9% (of which exports were US\$3.41 trillion, a year-on-year increase of 5.4%; and imports were US\$2.34 trillion, a year-on-year decrease of 0.6%). The overall trade surplus was approximately US\$1.07 trillion (approximately NT\$33.3 trillion), exceeding the US\$1 trillion mark for the first time and surpassing the surplus for



the entire year of 2024. Many industries (not only fasteners) in China operate on a large-scale dumping competition model, with exports often exceeding hundreds of thousands of tons, making it extremely difficult for competitors to compete on price alone. Under such circumstances, if one would like to maintain profit margins and avoid losing orders, it's essential to find breakthroughs beyond price. With the low-price competition for market share seemingly a dead end, many industry associations in Taiwan are calling for a rapid pace of transformation and upgrading.

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This includes accelerating product differentiation, digitizing production lines, and reducing carbon emissions to promote industrial upgrading. In addition, increasing participation in international exhibitions to solidify customer loyalty in Europe and the United States and expanding brand awareness in emerging markets will help alleviate the pressure caused by low-price competition or trade protectionism.

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Rate Fluctuations of NTD Become Stabilized, Temporarily Alleviating the Profit Erosion Crisis

When the NTD appreciated to NT\$28-29 to 1 USD, it wiped out the profits of many Taiwanese manufacturers. Fortunately, it has recently recovered to a more stable level of NT\$31-32, which has temporarily alleviated businesses' concerns about the continued erosion of profits by the exchange rate. For the past 2 decades, the NTD exchange rate has been closely influenced by fluctuations in the U.S., China, Japan, and S. Korea. However, observing the changes in the Japanese yen, Korean won, and Chinese yuan against the US dollar in 2025, the Japanese yen fluctuated significantly but did not form a one-way sharp appreciation or depreciation trend throughout the year. The Korean won also fluctuated moderately within a range. The Chinese yuan appreciated moderately due to the influence of Chinese policies and foreign exchange market adjustments. In contrast,

the NTD experienced a sharp appreciation in a short period of time. This is quite unfavorable for Taiwan's traditional industries and fastener industry, which rely heavily on exports. In particular, Taiwan has fewer domestic resources compared to other countries, and it cannot compete with China's strong dumping and subsidized prices for steel raw materials and wire rods. Various unfavorable conditions for competition have left many businesses in a difficult position.

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Therefore, Taiwanese government should play a key role in considering the difficulties faced by industrial development and doing its utmost to maintain the stability of the NTD exchange rate without being regarded as a currency manipulator.

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2026 is a Crucial Year for the Development of Taiwanese Fastener Industry

Historical data show that Taiwanese fastener industry has remained stable despite fluctuations in the past two years. With the support of the government and related industry associations, it is estimated that exports would still hover around 1.2 million tons in 2025. However, **it is important to note that although there are no signs of deterioration in exports at present, some countries may further implement AD duties due to trade protectionism or competition from Chinese manufacturers.** Furthermore, the EU's CBAM and the U.S. tariffs on steel and aluminum pursuant to Section 232, and even the potential expansion of trade protection policies by Canada, Mexico, the EU, or Japan, will inevitably have varying degrees of impact on major markets, and Taiwan cannot be excluded from these scenarios.

Some manufacturers believe that the impact of the U.S. Section 232 may last for at least 5 years. In other words, the next year or two will be a critical period for the survival of Taiwanese businesses. If they do not upgrade and transform, and actively seek potential development opportunities, their advantages may soon be overtaken by competitors from China and emerging countries.

2025 has passed. Although the overall economic environment remains uncertain, if we look ahead to 2026 and even 2027, the market still holds a lot of potential and development opportunities. Facing economic cycles and external challenges, businesses and individuals inevitably experience pressure; however, this is not the time to be discouraged or to stop moving forward. Only by continuously striving to improve your capabilities, strengthening your professional skills and competitive advantages can you maintain the foundation during downturns. Through continuous learning, adjusting strategies, and accumulating energy, you can seize opportunities and make the best preparations for future growth and breakthroughs when the overall economy gradually improves. □

