

Editorial – War, Tariffs, and Economic Conditions Bring Uncertainties, but Taiwan Still Has a Chance

The global fastener industry, including Taiwan's fastener industry, has indeed suffered significant impacts in the past two years due to the US-Iran/Russia-Ukraine wars, various tariffs/import protection duties, and changes in the overall market climate. In January and February of this year, Taiwan's fastener exports declined by 1.07% year-on-year to US\$670 million, with export weight decreasing by 8.36% to approximately 183,000 tons, meaning a decrease of about 16,700 tons in export volume. Conversely, China's fastener exports grew by 17.6% to 1.096 million tons in January and February of 2026, with a 20.8% increase in value to US\$2.105 billion, indicating that China has absorbed many fastener orders from other countries. However, given the historical fluctuations in GDP across countries, the fastener industry is unlikely to experience drastic growth or decline. Taiwan still has a chance to achieve its annual output of 1.6 million tons, but war, tariffs, global economic conditions, changes in Chinese production and sales, as well as the internal competitiveness of enterprises, government support, and fastener operating environment will be key influencing factors.



Wars Restructure Int'l Supply Chains; Taiwan Should Seize Opportunities

The US-Iran War, the Russia-Ukraine War, and the US-China trade conflict have undoubtedly disrupted international production and sales and the global industrial supply chain, and the fastener industry, which supports all sectors, has naturally been affected. However, from another perspective, the crisis caused by supply chain restructuring in one country may not be a bad thing for another one, and may even be a rare and potential business opportunity. For example, Western sanctions against Russia during the Russia-Ukraine War led to a surge in orders for Chinese companies to Russia.

“ *Taiwanese companies looking to expand their global reach could also consider observing the supply and demand gaps in fasteners in affected countries and assessing whether there are opportunities to enter the market.* ”

Surrounded by Trade Barriers, the One Who Can Maximize His Profit Margin is the Winner

Countries like the US and Europe have successively introduced protective tariffs or tariff-like measures under the guise of protecting the competitiveness of their domestic industries. U.S. steel and aluminum tariffs, EU's CBAM, anti-dumping, and anti-subsidy measures fall into this category, putting considerable pressure on companies wanting to enter these markets. However, some tariffs are comprehensive or target most countries (e.g., Mexico once imposed a 25% tariff on fasteners imported from non-FTA countries), while others target specific entities (e.g., the EU imposed AD duties of 22%-86.5% on Chinese iron and steel fasteners).

“ *For Taiwanese manufacturers, under the same tariff conditions, the profit advantage may not be significant, but if the tariff rate difference with competitors is large, it can represent a substantial profit opportunity.* ”



Economic Indicators Continue to Influence Industrial Development

Market conditions directly impact industrial development. After the pandemic, governments worldwide implemented interest rate cuts and quantitative easing policies to boost their economy and increase the intensity of domestic and foreign sales, encouraging businesses to borrow from banks to purchase new equipment and import more goods, creating a ripple effect on overall industrial development. The global fastener market experienced significant growth in 2022. Currently, the US market remains relatively stable, while the European market has seen a marked decline due to factors such as raw material inflation and reduced automobile production capacity. Other emerging countries have either remained flat or declined. China stands out globally, achieving growth of over 17%. The global production, sales, import and export order has been significantly affected.

Taiwan Needs to Plan Ahead in Response to Changes in China's Production and Sales Supply Chain

Driven by US-China trade tensions and global regional political and military influences, significant changes have occurred in the supply and demand chains of some fastener manufacturers in China. This may present Taiwanese companies with opportunities to secure more orders. Taiwan's fastener industry achieved record-breaking annual exports of over 1.6 million tons in both 2021 and 2022, with factories operating around the clock to fulfill orders, demonstrating that such prosperity was not impossible. If Taiwanese companies can prepare in advance and seize this opportunity, the chance will be for those who are prepared. However, Taiwanese companies need to be more proactive; if they still maintain a relatively conservative attitude, the crisis will ultimately fail to turn into an opportunity. For years, Taiwanese industry players have been complaining about the high price of wire. Could we adopt a subsidy model similar to that of Taiwan's CPC Corporation to make their finished products more competitive without violating WTO regulations? The time is ripe now.

Besides Improving Self-Competitiveness, Taiwan Fastener Industry Hopes the Government will Promote More Support Measures

Faced with fierce competition from external rivals and shortages of water/electricity/labor, Taiwanese businesses need to enhance their competitiveness through internal cost control and process improvement. At Fastener Taiwan this year, a few Chinese companies pointed out that China's fastener manufacturing advantages far surpass those of Taiwan, including labor, financial resources, land acquisition, scale, market, electricity prices, green steel from steel mills, and overall value. Furthermore, **with the rapid progress of China's fastener industry in recent years, the accelerated upgrade and transformation of their local enterprises, and the 20% growth in annual production, Taiwanese businesses are finding it increasingly difficult to compete, necessitating their own efforts to upgrade and transform.** However, individual businesses have limited resources; government support would undoubtedly be far more effective. TIFI President Yung-Yu Tsai, who has extensive experience in global industry trends and multinational corporate management, has appealed to the government to launch 6 major support measures, including providing a 2-3 year period of relaxed policies, expanding subsidies for equipment replacement and operation, implementing electricity price subsidies, assisting with overseas M&A and strategic cooperation, establishing overseas inventory and logistics bases, and fully subsidizing exhibiting at int'l trade shows. If all these measures can be realized, they will be a timely boon for businesses. Many fastener business owners who have been in the business for 30-50 years couldn't help but lament, "Is the fastener industry really coming to an end?" They are truly unwilling to accept it. They believe they hadn't lost; they have simply lost due to the unfavorable economic environment that have hindered their development.



BUSINESS AND GOVERNMENT SUPPORT



Break Free from Reliance on Distribution Channels and Make Good Use of New Management Models Such as AI

Taiwan's fastener industry has been export-oriented for over 50 years, and its marketing channels are now systematic and comprehensive. At this stage, in addition to consolidating its two major markets in Europe and USA, it needs to diversify its efforts and target more emerging markets with strong purchasing power. It should also strengthen its efforts in areas such as customized small-batch, high-variety production, improving product quality, and enhancing customer service. More importantly, it needs to **move away from over-reliance on trade and learn from the models of major domestic automotive fastener manufacturers, directly connecting with end-user OEM/ODM supply chain customers**. This would not only result in better profits but also avoid being constrained by product pricing. Furthermore, unlike Europe, America, Japan, and South Korea, Taiwan does not have a large domestic market. Therefore, it should actively observe competitors and **utilize new management models such as AI and automation** to ensure sustainable operation. If business owners have this foresight and the 2nd generation dedicates themselves to the industry, Taiwan's fastener industry can definitely go much further. The government can also encourage and support the top 10 exporters to act as industry leaders, leading SMEs to set up bases in Europe, America and important emerging markets to secure orders.

Conclusion

In subsequent issues of Fastener World Magazine, the editorial team of Fastener World will also focus on the pre-show coverage of over 10 shows such as Fastener Fair Italy, U.S. IFE, and Fastener Poland. Next year, we will also expand pre-show reporting on the world's largest and most important Fastener Fair Global in Stuttgart and mail printed copies to buyers in surrounding countries and regions. The aim of this focused promotional approach is to enhance the exposure of Taiwanese exhibitors and improve their exhibiting benefits.

In this issue, our editorial team have also compiled key points from various industry forums and speeches by presidents of fastener-related associations from multiple countries at Fastener Taiwan. We hope that by sharing the perspectives and insights of these industry giants, businesses can more smoothly expand their business in the future. Some European importers visiting Fastener Taiwan this year mentioned that the implementation of CBAM is an indispensable policy, and many even hoped that Taiwanese businesses could share the carbon cost more evenly. **Faced with continuously soaring raw material and operating costs, Taiwanese businesses actually have little room for further concessions, let alone sharing the carbon cost. We urge Taiwanese businesses to stick to what they should** and to seriously consider that CBAM is no longer just for the European market, as countries like the US and Japan are also enacting or may enact new laws aimed at reducing carbon emissions. Businesses must approach this with utmost care. ■

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