Editorial

Industry-Government-Academia Collaboration

to Enhance the Sustainable Competitiveness of Taiwanese Fastener Industry



› Taiwanese Fastener Industry Deserves Recognition; Multinational Collaboration Leads to Mutual Benefit and Symbiotic Growth

This October, Taiwanese fastener industry once again made a strong presence in the "Taiwan Pavilion" of the IFE, not only capturing the attention of industry media but also showcasing to U.S. clients the innovative capabilities and vibrant energy of Taiwan's fastener sector—which, when it speaks, makes a resounding impact. In particular, thanks to the strong support of the ITA (MOEA), the Kaohsiung City's EDB, TIFI, MIRDC, Taiwan CSC, TECO in Phoenix, TECO in Los Angeles, as well as the U.S. NFDA, ACA, and GPEC, the Taiwan Pavilion was able to flawlessly execute a wide range of activities within just three days, including a preshow press conference, a "Taiwan Night" gala dinner, morning coffee break, the opening ribbon-cutting ceremony, MOU signing, forums, "Taste of Taiwan" events, and business matchmaking sessions, thereby elevating Taiwan-U.S. exchanges to a higher level. This impressive scale also allowed exhibitors from various countries at the event to witness the resilience and strength of Taiwan's comprehensive supply chain. Of course, we must also thank the organizers for reserving a prime exhibition area specifically for Taiwan and for amplifying announcements promoting the Taiwan Pavilion throughout the exhibition hall, ensuring the resounding success of all events held during the show. We also extend our gratitude to TIFI Chairman Yung-Yu Tsai for his hands-on efforts in securing government funding and for leveraging his years of experience managing a leading screw manufacturer and his overseas investment expertise to lead more Taiwanese fastener companies onto the global stage.

This year, 106 Taiwanese companies led the charge into North America to capture market share, and we look forward to seeing more Taiwanese firms join them in the future to share in the benefits of these business opportunities. After all, **only by going out into the world can we be seen, and only by doing so can we discover business opportunities everywhere. As competitors from around the world strive to surpass us, Taiwan must further strengthen its capabilities and competitiveness.** Although the development of the high-tech industry has posed challenges to Taiwan's traditional industries, it has also improved the infrastructure necessary for industrial development, creating favorable conditions for industrial growth. Taiwanese government has set aside NT$100 billion in funding to support industrial development. Businesses of all sizes that meet the eligibility criteria and proactively apply will have the opportunity to receive government subsidies. At the IFE this year, we heard from U.S. clients that the **long-standing, trusting partnerships Taiwan has built with them are the cornerstone of Taiwan-U.S. cooperation. Whether this foundation can remain solid and endure over time depends on whether businesses are willing to dedicate themselves to nurturing these relationships and join the effort to expand globally.**



› CBAM Certificates Will be Available for Purchase Starting February 2027; Stay Tuned for Updates on the New Environmental Laws Regarding PPWR and DPP

Starting February 1, 2027, the industry will face a key requirement from CBAM. From that date onward, authorized declarants (EU importers or indirectly appointed customs representatives who meet the regulatory requirements) can begin purchasing CBAM certificates to fulfill their obligations for imports in 2026 and subsequent years. Starting in 2027, the price of certificates will be based on the weekly average EU ETS auction price (although the actual obligation will be calculated based on factors such as the embedded emissions in the product, applicable free allocation adjustments, and carbon price credits from third countries that have been actually paid and meet the regulations). Furthermore, by September 30 of the same year, authorized declarants must submit an annual CBAM declaration for goods imported in 2026 and surrender the corresponding number of certificates. For subsequent years, the CBAM annual declaration and certificate surrender for the preceding year must also be completed by September 30 of that year.

It is recommended that businesses take the following five steps as early as possible: determine whether their products are subject to regulation; confirm the requirements of their EU customers; compile carbon emissions data; verify calculations and third-party verification; and assess costs and prepare quotes—to ensure they have complete information available when customers request it; In addition, **the new EU Packaging and Packaging Waste Regulation (PPWR), which relates to environmental protection, has officially taken effect since August 2026. Manufacturers should be aware of the following seven key requirements: packaging must meet recyclability standards; plastic packaging must meet requirements for recycled plastic content; unnecessary packaging and space must be reduced; reuse and refill options must be increased; packaging labeling and classification information must be standardized; the use of hazardous substances must be restricted; and producers must fulfill their responsibilities, including registration and compliance documentation; The Digital Product Passport (DPP) may become the next barrier to entry for exports to the EU following the CBAM, and steel is currently listed by the EU as a priority product category, with legislation authorizing the DPP for steel products expected to be introduced in Q4 2026.**

At this time, it cannot be directly concluded that all fasteners are required to establish a DPP; this will depend on the scope defined in subsequent formal legislation. If fasteners are confirmed to be included, this will impact the industry in several ways, including "stricter traceability requirements for products and materials; the need for upstream suppliers to cooperate in providing data; the digitization of quality and compliance documentation; potential adjustments to product labeling and information systems; and possible implications for customer audits and supplier selection."



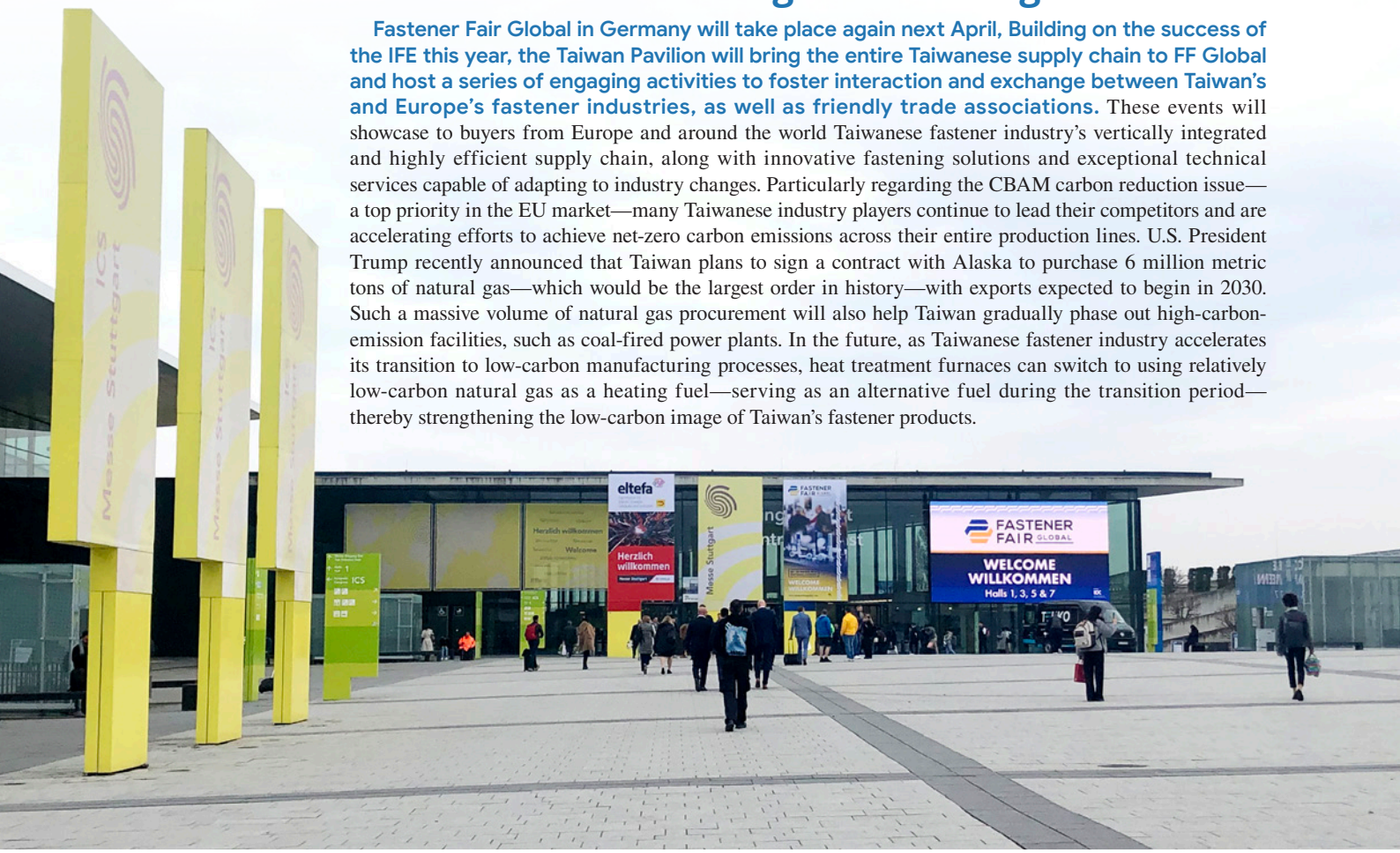
› China is Flooding the Global Market with Low-Priced Goods, and a Price War is No Longer an Option for Taiwan

China continues to overwhelm market competitors with its scale, pricing, and full industrial chain. Last year alone, its global exports of fasteners exceeded US$10 billion—more than twice Taiwan's total—and its market diversification is far greater than Taiwan's (over 60 percent of Taiwan's exports are concentrated in the European and American markets). Although Taiwan's fasteners still command a premium nearly twice that of China's, Taiwan has clearly lost its competitive edge in standard products and must accelerate its shift toward mid-to-high-end precision sectors, such as automotive, aerospace, medical, semiconductor, and specialty materials to find new markets. As China continues to push the ceiling of price wars closer to the mid-to-high-end market segments, and as regulations such as CBAM, ESG, AD duties, and steel & aluminum tariffs combine to squeeze profit margins, Taiwan must seriously consider whether it can maintain customer loyalty solely through so-called "long-term partnerships" if it hopes to defend its precarious annual export target of 1.2 million metric tons. There are no permanent friends in business; **the ultimate winner will be whoever can strike the optimal balance for customers across "purchase prices, tariffs, freight costs, inventory, lead times, and quality/compliance/supply chain risks.**" This serves as a wake-up call for Taiwanese businesses. If they persist in going around in circles in the dead-end of price wars, companies will be unable to pursue reasonable profits to ensure sustainable operations, and in this vicious cycle, they may never have another chance to turn the page. Fortunately, technology, quality, service, and most importantly, "compliance" remain Taiwan's four key competitive advantages in the eyes of international procurement decision-makers, which other competitors cannot replicate in the short term. As long as Taiwan continues to break through and establish more competitive barriers in the mid-to-high-end markets that are difficult for other competitors to overcome, the odds will still be in Taiwan's favor.



› At Fastener Fair Global 2027, Taiwanese Fasteners Will Once Again Shine Bright

Fastener Fair Global in Germany will take place again next April, Building on the success of the IFE this year, the Taiwan Pavilion will bring the entire Taiwanese supply chain to FF Global and host a series of engaging activities to foster interaction and exchange between Taiwan's and Europe's fastener industries, as well as friendly trade associations. These events will showcase to buyers from Europe and around the world Taiwanese fastener industry's vertically integrated and highly efficient supply chain, along with innovative fastening solutions and exceptional technical services capable of adapting to industry changes. Particularly regarding the CBAM carbon reduction issue—a top priority in the EU market—many Taiwanese industry players continue to lead their competitors and are accelerating efforts to achieve net-zero carbon emissions across their entire production lines. U.S. President Trump recently announced that Taiwan plans to sign a contract with Alaska to purchase 6 million metric tons of natural gas—which would be the largest order in history—with exports expected to begin in 2030. Such a massive volume of natural gas procurement will also help Taiwan gradually phase out high-carbon-emission facilities, such as coal-fired power plants. In the future, as Taiwanese fastener industry accelerates its transition to low-carbon manufacturing processes, heat treatment furnaces can switch to using relatively low-carbon natural gas as a heating fuel—serving as an alternative fuel during the transition period—thereby strengthening the low-carbon image of Taiwan's fastener products.



With fierce competition in the international market, industrial transformation has become an unavoidable necessity. From market expansion and supply chain collaboration to environmental regulations, product upgrades, and energy transition, Taiwanese fastener industry is at a turning point in repositioning its global competitive advantages. Faced with China's price-cutting war and shifting international procurement conditions, Taiwan cannot simply rely on its existing manufacturing capabilities and customer relationships; it must actively enhance its technology, quality, service, and sustainability compliance capabilities to turn challenges into competitive advantages. Fastener Fair Global 2027 will serve as a stage for Taiwan to showcase its strengths to the world. Only through collaboration among industry, government, and academia, coupled with a global strategic footprint, can Taiwan deepen the international connections of its supply chain. This approach will ensure Taiwan remains unbeatable amid industrial restructuring and the green transition, becoming a trusted strategic partner for global customers. ■

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