

U.S. Tariff War Enters "Origin Check" Era:

Taiwan Fasteners on Alert

美國關稅戰進入「查身分」時代
台灣扣件警訊升高

Supply Chains Under Tighter Origin Scrutiny as White House Names Over 40 Countries as Facilitating Chinese Transshipment

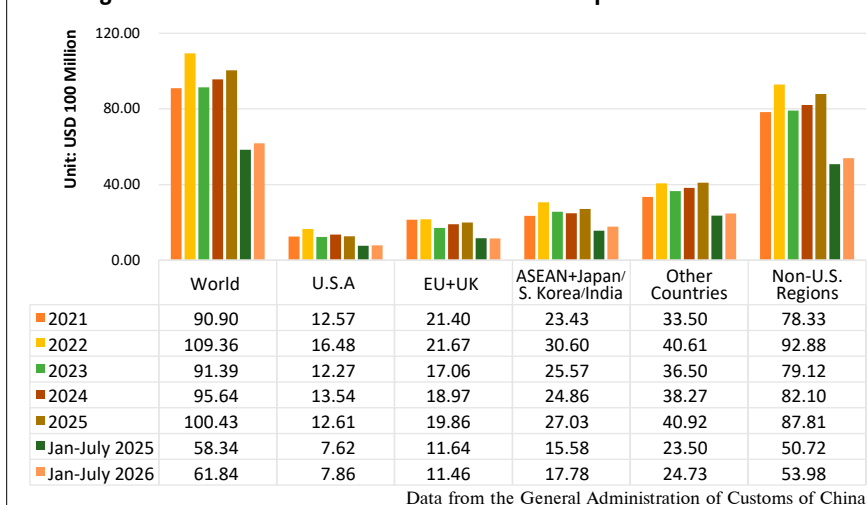
How Chinese goods circumvent high tariffs to enter the U.S. has long been a major concern for the U.S. government. In its report *The Great Transshipment Scam*, the White House alleges that China has established a "shadow transshipment network" spanning more than 40 countries, enabling Chinese products to acquire a different "national identity" through third countries before entering the U.S. at lower tariff rates. **The report places Taiwan, Canada, the EU, India, Japan, Mexico, and South Korea in the first tier of major economies associated with transshipment risks.** However, this does not mean that Taiwan has been identified as an accomplice in illegal origin laundering. Rather, these economies have extensive links with Chinese supply chains, well-developed industrial bases, and substantial export capacity to the U.S., making illicit transshipment easier to conceal within large volumes of legitimate trade.

Data from the General Administration of Customs of China (**Figure 1**) also point to an apparent expansion of Chinese fastener exports beyond the U.S. market. Over the past 5 years (2021-2025), China's global fastener exports increased by 10%, rising from 9 to 10 billion USD. From January to July this year, exports grew by 6% year-on-year to US\$6.1 billion. Exports to the United States increased by only 3%, while exports to the EU declined slightly by 1%. In contrast, exports to ASEAN, Japan, South Korea, and India surged by 14%, while exports to other markets rose by 5%. Non-U.S. regions accounted for as much as 87% of China's fastener exports, leaving the U.S. with only 13%.

The U.S. Department of Commerce has long imposed antidumping and countervailing duties on steel threaded rods from China. It has also made clear that even if such products are sent to a third country for cutting, chamfering, coating, packaging, or assembly with other components, they may still be considered Chinese products if the processing is insufficient to fundamentally alter their essential character. A U.S. Customs and Border Protection ruling issued last year provides a representative example. In that case, wire rod sourced from China or Vietnam was shipped to Malaysia, where it underwent straightening, cutting, chamfering, and full-threading before being exported. CBP determined that these processing operations did not constitute a "substantial transformation," and that the country of origin continued to depend on the origin of the wire rod. In other words, sending Chinese materials to a third country for further processing, assembly, repacking, relabeling, or documentation changes will not make the product "Made in Malaysia".

For Taiwan's fastener industry, perhaps the warning is not that Taiwan was named in the White House report. Rather, it is that **the U.S. has elevated country-of-origin enforcement to a new policy level.** Customers and customs authorities may increasingly scrutinize the origin of steel, the locations where cold forming and thread rolling take place, heat treatment and surface finishing processes, supply chain records, and actual manufacturing activities. White House trade adviser Peter Navarro has also indicated that the U.S. is beginning to use AI tools to strengthen product-origin identification. **Complete material traceability, production records, and origin documentation will no longer be merely part of quality management—they may become the next "passport" for maintaining access to the U.S..** As the tariff war shifts from comparing duty rates to verifying product identity, those that can demonstrate where their products are genuinely made will stand a better chance of earning customer trust amid the global supply chain restructuring. ■

Figure 1. Statistics on the Value of China's Fastener Exports to Various Countries



Data from the General Administration of Customs of China

