

How **U.S. Election 2024** will Impact Taiwan Fastener Industry

The 2024 U.S. presidential election is scheduled for Tuesday, November 5, 2024, U.S. time. The election is the 47th presidential election of the U.S., and all 435 seats in the House of Representatives and 33 seats in the Senate will be up for reelection to form the 119th U.S. Congress, with the two major parties, the Republicans and the Democrats, both seeking full power which is the presidency, and a majority of seats in the House of Representatives and the Senate. On July 15, 2024, the Republican Party nominated Donald Trump as its presidential candidate. On August 19, incumbent Vice President Kamala Harris, who became the Democratic nominee for President after incumbent President Joe Biden withdrew from the race, received support from a majority of Democratic delegates and has become the Democratic candidate for President.

The U.S. presidential election was originally a contest between two experienced men, but unexpectedly on July 13, 2024, former U.S. President Donald Trump was shot by an American man, Thomas Matthew Crooks, during a presidential campaign rally at the Butler Farms Fairgrounds in Pennsylvania. Trump suffered a gunshot wound to his right upper ear, and his face was stained with blood. After the shooting, Trump got up under the cover of U.S. Secret Service bodyguards,

raised his fist and arm to the crowd and shouted 'fight!' three times, a scene that has become a widely circulated iconic image. The shooting made Trump's reputation soar, and this bullet also made the Democratic Party's original nominee, President Joe Biden, announce on July 21st that he would give up his bid for reelection, and that he would support Vice President Kamala Harris' candidacy. The U.S. presidential election has been an exciting and fascinating event that has captured the attention of the world, as it will not only affect the American people, but also the political and financial future of the world.

In the 21st century the global environment is changing rapidly, so Taiwan fastener industry must carefully observe the impact of the U.S. election. Currently, the world situation is bad, and several wars including the war Russia launched against Ukraine on Feb./24/2022, the civil war in Sudan launched on April/15/2023, and the Israel's war against the Hamas launched on Oct./07/2023 have continued for a long time. Instead of stopping, the wars are getting more and more complicated with the flow of time. Under the continuous support of arms and materials from the West, Ukraine actually penetrated into the Kursk of Russia on August 6. Russian President Vladimir Putin urgently convened the National Security Council, dispatched reinforcements to stop the attack and declared a "federal-level" state of emergency in Kursk on August



9, and the Russian authorities also indicated that 76,000 people had been evacuated from the border. On July 31, Ismail Haniyeh, the leader of the Palestinian extremist group Hamas, was killed in a bombing at the Iranian Revolutionary Guards (IRGC) in Tehran while attending the inauguration of the Iranian President, causing the Iranian authorities to threaten retaliation against Israel. Under U.S. President Joe Biden's military principle of "not sending U.S. troops", there is no sign of the two wars ending so far. In particular, the question of whether or not Iran, a powerful country in the Middle East, will engage in a war that could lead to a regional war, or even to a third world war, has become a top concern for 8.1 billion people around the world.

Taiwan fastener industry after 2 years of heyday in 2021 and 2022" faced a rapid contraction of orders in 2023. Was there a turnaround from July 2024? Let's check the import and export statistics of Taiwan Customs. The respective export values and weights of iron and steel fasteners (7318) in the first 7 months of 2020-2024 are shown in the following Tables 1-3 and Charts 1-2. **The data show that the total export values and weights of iron and steel fasteners (7318) continued to decline, much less a turnaround the decline had reduced.** We are looking forward to the recovery of the export value and weight in the 2nd half of 2024. Of course, **regarding the U.S. Presidential election this November, who is going to be the next U.S. President will bring a decisive impact on Taiwan's fastener export.**

Table 1. Iron and Steel Fasteners (7318) Export Sales Value and Weight Statistics in Jan.-Jul. 2020-2024

Year Month	2020		2021		2022		2023		2024	
	US\$1,000	Tons	US\$1,000	Tons	US\$1,000	Tons	US\$1,000	Tons	US\$1,000	Tons
Jan.	351,358	119,060	386,494	126,753	545,304	147,883	460,220	117,245	373,663	104,286
Feb.	290,671	100,771	351,183	115,907	463,425	125,391	368,822	93,624	308,539	89,031
Mar.	384,458	134,432	454,532	148,358	580,390	154,970	424,705	111,162	391,312	111,718
Apr.	284,006	97,329	401,168	130,067	520,750	138,010	394,959	103,026	337,706	96,224
May	291,540	102,609	430,557	132,596	533,470	140,025	403,121	107,701	377,746	107,114
Jun.	296,725	104,679	423,100	133,732	539,338	138,798	386,689	104,455	371,118	105,594
Jul.	337,043	117,362	476,092	144,330	535,969	137,216	363,390	98,382	349,503	100,218
Total	2,235,801	776,242	2,923,126	931,743	3,718,646	982,294	2,801,906	735,596	2,509,587	714,185
Average	319,400	110,892	417,589	133,106	531,235	140,328	400,272	105,085	358,512	102,026

Table 2. YoY Growth of Jan.-Jul. Export Values of Iron and Steel Fasteners (7318) in 2020-2024

Unit: US\$1,000

Year	2020	2021	2022	2023	2024
Average	319,400	417,589	531,235	400,272	358,512
YoY Growth		30.74%	27.21%	-24.65%	-10.43%

Table 3. YoY Growth of Jan.-Jul. Export Weights of Iron and Steel Fasteners (7318) in 2020-2024

Unit: Ton

Year	2020	2021	2022	2023	2024
Average	110,892	133,106	140,328	105,085	102,026
YoY Growth		20.03%	5.43%	-25.11%	-2.91%

Chart 1. Jan.-to-Jul. Export Values of Iron and Steel Fasteners (7318) from 2020 to 2024

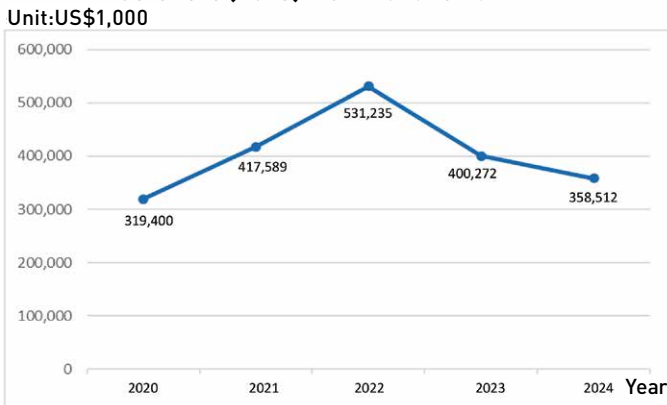
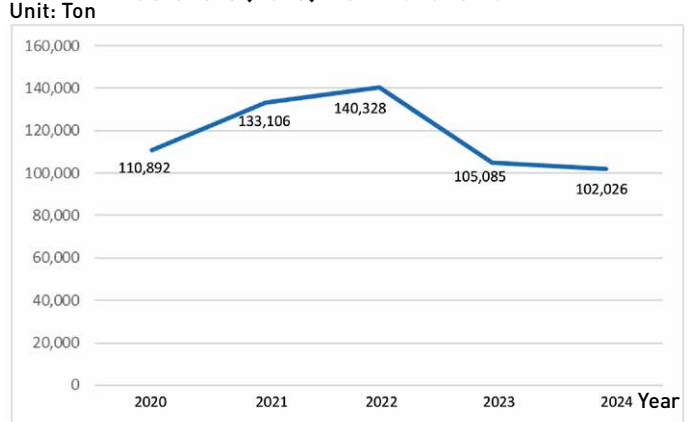


Chart 2. Jan.-to-Jul. Export Weights of Iron and Steel Fasteners (7318) from 2020 to 2024



President Biden announced his withdrawal from this year's presidential race and endorsed incumbent Vice President Kamala as the Democratic candidate. Kamala was born in 1964 and is now 60 years old. Compared to Trump, Kamala's relatively lower age enables her to change the talk of the election. After Kamala appeared as a new presidential candidate, the Democratic Party's polls have improved, and become neck and neck with the Republican Party's polls on Trump. Although it is still uncertain whether the Democratic Party can win the presidential election, the poll brings great hope to the Democratic Party's House and Senate elections.



Let's go over at a few topics on this election.

1. U.S. Domestic and Financial Situation

All 435 seats in the House of Representatives and 33 seats in the Senate will be reelected in this election. In the Senate, two-thirds of the 34 seats to be reelected are Democrats, and according to a U.S. domestic election assessment, 3 of the seats currently held by Democrats may be taken by others, as well as the states of Ohio and Montana, which Trump easily won in the previous two presidential elections. If so, the Democrats will find it difficult to retain their current slight majority in the Senate, which is only two seats more (51 Democrats versus 49 Republicans), while the Republicans are likely to regain control of the Senate.

As for the House of Representatives, due to the large number of seats, the election result is sometimes more unpredictable, but the popularity of the presidential candidates will generally affect the congressional election. After the assassination, Republican presidential candidate Donald Trump's image as the new hero of the U.S. has boosted the election sentiment of the Republican House of Representatives candidates all over the U.S., and the Republican Party is predicted to have a very good chance of obtaining a majority of the seats in the House of Representatives.

Winning the majority in both the Senate and the House of Representatives, a state known as a full government, would provide a strong backing for "protectionism" that is the centerpiece of Trump's economic policy. However, even if Trump is elected president but fails to win a majority in the Senate and the House of Representatives, Trump can still use his power under Section 232 of the U.S. Trade Act to raise tariffs, citing national security concerns. He has proposed to raise tariffs on Chinese imports to 60% and to phase out all essential goods from China. In addition, a basic tariff of 10% would be imposed on goods imported from other parts of the world, which, if implemented, would have a significant impact on U.S. inflation.

Trump's immigration policy will be even more stringent, as he has promised to deport 15 million illegal immigrants, and has suggested referencing the deportation at the U.S.-Mexico border by President Eisenhower in 1954. However, since job growth in the U.S. has almost entirely relied on immigration in recent years, reduction in immigration is likely to exacerbate the problem of labor shortages in the U.S., which would lead to a re-acceleration of wage growth and further aggravate inflationary pressures.

2. Social Stability Concerns After the U.S. Presidential Election

After then-President Trump lost his re-election bid in 2020, around 2,000-2,500 pro-Trump protesters stormed the U.S. Capitol on Jan. 6, 2021 to disrupt a joint session of the U.S. Congress, which

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was counting the votes in the congressional election and certifying the results of the 2020 U.S. presidential election to declare Democrat Joe Biden the official winner. The Capitol complex was sealed off by protesters, lawmakers and staff inside were evacuated, and the U.S. Capitol was then occupied and vandalized by rioting crowds for several hours. Waves of clashes resulted in five deaths and many injuries, including 174 police officers, in a 36-hour period. Whether the same riots that occurred in 2021 will happen again if the Republican Party loses the presidential election in 2024, is worrisome.

3. China-US Relations

The U.S.-China trade war began in 2018 and was initiated by then U.S. President Donald Trump, who imposed tariffs up to 25% on US\$350 billion worth of Chinese imports, including solar panels, washing machines, iron & steel and aluminum, accounting for about 65% of China's total exports to the U.S. in 2018. This was countered by China imposing high tariffs on U.S. goods. After the start of the trade war, U.S. importers began to redirect orders from China to other regions and Taiwan fastener industry became the biggest beneficiary since in 2018-2022 its fasteners exported to the U.S. continued to hike, thanks to the trade war between China and the U.S. Thus far, **Trump has made it clear that if he wins this year's presidential election, he'll raise tariffs on Chinese imports to 60% or higher, in which case the damage that China's economy will suffer will be much worse than the trade war in Trump's first term.** CNA's July 17, 2024 press release noted "Former U.S. President Donald Trump's popularity rating is on the upswing, and experts say U.S.-China relations have been dormant since the election, but if Trump is re-elected, it could be a turbulent ride for the U.S. and China." However, Taiwan could once again reap the benefits of more orders redirected from China. Therefore, if the Republican Trump is elected as the next President, it will be a great benefit to Taiwan fastener industry.

4. U.S.-Taiwan Relations

The U.S. press has specified four possible candidates for the Trump administration's China policy and national security staff, most of whom being hawkish toward China and friendly toward Taiwan, including former national security adviser Steve Yates, former Deputy Assistant Secretary of Defense Elbridge Colby, former State Department Policy Planning Director Kiron Skinner, and former Secretary of State Michael Pompeo. Yates has been to Taiwan several times and has met former Taiwan President Tsai on behalf of the Trump administration, and met with President Lai Ching-Te during the 2024 election. Colby, on the other hand, has publicly advised the U.S. government on numerous occasions about China's ambitions, arguing that the U.S. military protection for Taiwan is crucial, and that military resources for Taiwan should be prioritized over other countries, even over Ukraine. Skinner defined the U.S.-China conflict as a "clash of civilizations," saying that China was a longer-term threat than the Soviet Union. As for Pompeo, he visited Taiwan twice, in March 2022 and September 2022, during which time he met with former President Tsai Ing-Wen and current President Lai Ching-Te, having good relations with Taiwan.

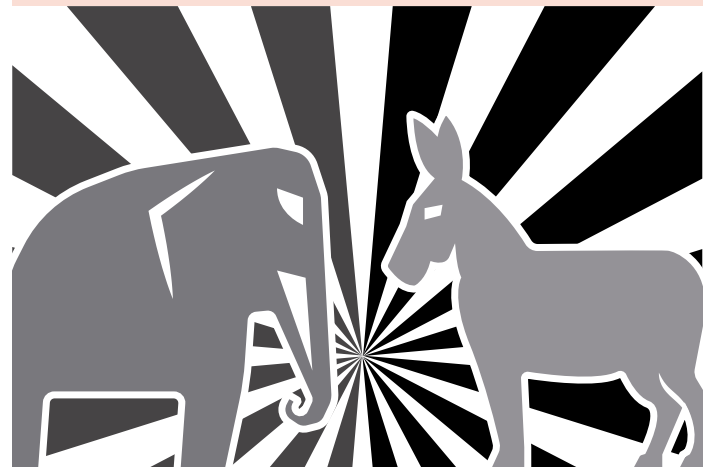
Secondly, the White House has recently announced its 2025 budget, which includes sustaining Taiwan's security and the provision of military aid on a budget of US\$100 million. This is the first time that a military aid to Taiwan has been included in the budget since the 1979 U.S.-China Joint Defense Treaty, and it is of symbolic significance. It

is expected that this policy of military aid to Taiwan will remain unchanged no matter which party is in charge.

Finally, during his election campaign, Trump mentioned several times that chips used to be made-in-USA, but that Taiwan is "taking all the chip business" and he thinks Taiwan must be taxed. In fact, TSMC has already set up factories in the U.S., Germany and Japan, and TSMC is no longer just for Taiwan, but for the world. Certainly, if Trump is elected, Taiwan will have to be mentally prepared to increase its military spending.

The Democratic Party's candidate for the U.S. presidential election and incumbent Vice President Kamala is the first female Vice President in U.S. history, the highest-ranking female elected official in the U.S. to date, and the first African and Asian American Vice President. Her father is an immigrant from Jamaica and her mother is a Tamil from South India. Whether or not her African- and Asian-American identity will attract a large number of African-American and Asian-American votes for the election is the key to whether or not she wins. Whether she will attract a large number of African-American and Asian-American votes in the election will be the key to her victory. Barack Obama, the first African-American President of the U.S., was elected the 44th U.S. President in 2008 with 365 votes against Republican candidate John McCain's 173 votes. Whether or not the great unity of immigrant communities will happen again in this year's election will depend on the performance of the Democratic candidate in the coming months.

Overall, **if Kamala is elected the next U.S. President, her policy should be maintained in the direction of the current Biden administration, but if Trump is elected, U.S. domestic situation and external relations will have a huge change, which will bring more advantages to Taiwan fastener industry rather than disadvantages.** By the time you read this issue published in September 2024, the U.S. presidential election result is about to be unveiled, so let's see who will finally take the oval office. ■



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