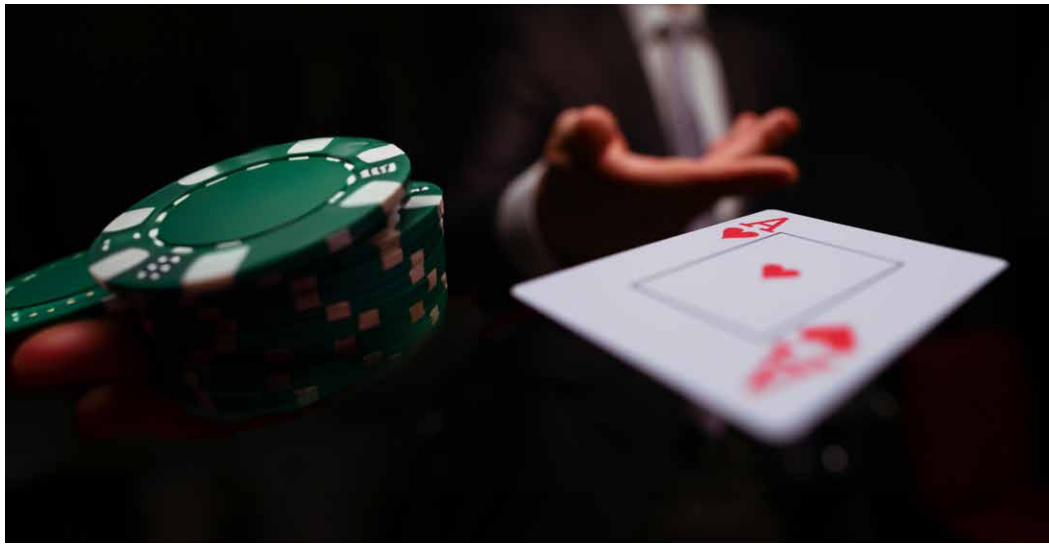
Trump's Policy Impact on Taiwan's Fastener Industry in the U.S. Market (Part 2)

Operating Strategies

Overview of Trump's Reciprocal Tariff



To promote the "America First" agenda, U.S. President Donald Trump announced in February 2025 an updated Section 232 list for steel and aluminum, which, in addition to the original raw materials, newly includes 24 fastener products (HS codes 7316–7318). Subsequently, **on April 3, Trump continued to announce a 10% "baseline tariff" on all products imported into the United States, and imposed even higher "reciprocal tariffs" on certain countries. Only some products are included on the exemption list for reciprocal tariffs, such as steel (including fasteners) and aluminum products already subject to the 25% Section 232 tariff, automobiles, products that meet USMCA (United States-Mexico-Canada Agreement) rules of origin**, as well as copper, pharmaceuticals, semiconductors, wood products, certain critical minerals, energy and energy products. Later, on April 11, the U.S. further announced a 90-day postponement of reciprocal tariffs for more than 75 countries, during which a 10% reciprocal tariff would be temporarily levied. It is estimated that the U.S. intends to use this 90-day buffer period to negotiate with various countries to achieve the most favorable terms for American interests. As the negotiation scenarios and outcomes differ from country to country, this study bases its analysis on the reciprocal tariff scenario as of April 9.

Analyzing the Impact of U.S. Tariffs on Taiwan's Fastener Exports and Tariff-covered Products

Analysis of Taiwan's Global Fastener Export Share by Weight and Value

Table 1 compares Taiwan's global fastener exports during Trump 1.0 and 2.0. The total global export value decreased from USD 4.64 billion in 2018 to USD 4.37 billion in 2024, a drop of about 5.8%. Export weight fell from 1.596 million tons to 1.25 million tons, a decrease of approximately 21.7%. The average global export price rose from USD 2.54/kg to USD 3.49/kg. **Given the order shifts resulting from the U.S.-China trade war, Taiwan's export share to the U.S. market increased significantly (from 38.4% to 53.0%), indicating a higher target focus in the U.S. market. Despite the decline in export weight, the unit price of exports to the U.S. rose by 20.3% (from USD 2.91/kg in 2018 to USD 3.50/kg in 2024),** suggesting an upgrade in the product mix or a shift to higher value-added products for the U.S. market. In Europe, the market performance was mixed: markets such as Italy and Sweden saw slight growth, while markets like Germany and the UK experienced minor contractions.

Analysis of Taiwanese Fasteners Under Tariff Impact

Taiwan's fastener industry is primarily domestic production based, but in recent years, in response to geopolitical shifts and customer demands, Taiwanese companies have actively established factories in Thailand and Vietnam to strengthen their global supply chain deployment. According to **Table 2**, which presents the 2024 breakdown of Taiwan's fastener exports to the U.S. by product category and a tariff cost simulation, **all of Taiwan's fastener products listed fall under the scope of the additional 25% tariff imposed under Section 232 for steel and aluminum. Taiwan's main export products to the U.S. are steel self-tapping screws (USD 964 million), steel screws and bolts (USD 662 million), and steel nuts (USD 496 million), which together account for 90% of total exports. In terms of tariff impact, the additional 25% tariff has increased the industry's total costs by USD 579 million**, with the greatest effect on three high-value products. This may weaken the price competitiveness of Taiwan's lower-priced standard fasteners in the global market. If tariffs increase further or demand declines, Taiwan's fastener export could be even more adversely affected.

Table 1. Comparison of Taiwan's global fastener exports during Trump 1.0 and 2.0

Unit: USD 100 Million; USD/KG; %

	Trump 1.0 (2018)					Trump 2.0 (2024)				
Destinations	Value	Share	Weight	Share	Unit Price	Value	Share	Weight	Share	Unit Price
USA	17.8	38.4%	63.0	39%	2.91	23.2	53.0%	60.1	48%	3.85
Germany	4.5	9.8%	15.5	10%	2.83	3.6	8.3%	10.8	9%	3.33
Netherlands	2.6	5.6%	9.2	6%	2.92	2.4	5.6%	7.3	6%	3.32
Japan	2.3	5.0%	6.9	4%	2.83	1.9	4.3%	5.1	4%	3.69
Canada	1.6	3.5%	6.1	4%	3.34	1.6	3.7%	4.7	4%	3.43
U.K.	1.8	3.8%	5.9	4%	2.69	1.5	3.4%	3.5	3%	4.21
Mexico	1.0	2.1%	3.1	2%	3.01	1.4	3.2%	3.3	3%	4.21
China	1.4	3.1%	2.4	2%	3.06	1.4	3.2%	2.6	2%	5.32
Spain	0.7	1.6%	3.0	2%	5.91	0.8	1.9%	3.2	3%	2.66
Italy	1.1	2.3%	4.2	3%	2.42	0.8	1.9%	2.9	2%	2.94
World	**46.4**	**100.0%**	**159.6**	**100%**	**2.54**	**43.7**	**100.0%**	**125.0**	**100%**	**3.49**

Table 2. 2024 breakdown of Taiwan's fastener exports to the U.S. by product category with tariff cost simulation

Unit: USD 100 Million; 10 Thousand Tons; USD/KG; %

Customs Code	Title	U.S. Tariff Rate on Taiwan Before Additional Rate	U.S. Additional Tariff Rate on Taiwan	Taiwan's Export Value to U.S.	Share of Export Value to U.S. (%)	Export Weight to U.S.	Unit Price of Export to U.S.	Increase in Tariff Cost
731814	Steel Self-tapping Screws	7.4%	25%	9.64	41.6%	29.15	3.31	2.41
731815	Steel Screws and Bolts	2.9%	25%	6.62	28.6%	17.10	3.87	1.65
731816	Steel Nuts	0.0%	25%	4.96	21.4%	10.76	4.61	1.24
731829	Other Non-threaded Steel Products	2.8%	25%	0.63	2.7%	1.12	5.64	0.16
731822	Other Steel Washers	0.0%	25%	0.60	2.6%	0.80	7.47	0.15
731819	Other Iron Or Steel Threaded Products	5.7%	25%	0.18	0.8%	0.43	4.29	0.05
731812	Other Steel Wood Screws	12.5%	25%	0.18	0.8%	0.30	5.94	0.05
731823	Steel Rivets	0.0%	25%	0.17	0.7%	0.20	8.64	0.04
731821	Steel Springs And Lock Washers	5.8%	25%	0.08	0.3%	0.10	7.79	0.02
731824	Steel Cotter And Cotter Pins	3.8%	25%	0.04	0.2%	0.07	6.68	0.01
731811	Steel Automotive Screws	12.5%	25%	0.03	0.1%	0.04	8.25	0.01
731813	Steel Hooks And Rings	5.7%	25%	0.02	0.1%	0.03	6.23	0.00
All Taiwanese Fastener Products Exported from Taiwan to U.S.		**---**	**---**	**23.15**	**100.0%**	**60.09**	**3.85**	**5.79**

Analysis of Global Fastener Exports to the U.S. and Supply Chain Restructuring

Major U.S. Import Sources and Overall Competitiveness

Table 3 presents an analysis of the major U.S. fastener import sources and Taiwan's potential competitors for 2024. In 2024, the U.S. imported a total of USD 7.055 billion worth of fasteners, with a total import weight of 1.754 million tons and an average import price of USD 4.02 per kilogram. The top 15 import sources accounted for 95.13% (USD 6.711 billion) of the total import value and 96.40% (1.691 million tons) of the total import weight, indicating that the market is highly concentrated among the main suppliers. Notably, Taiwan ranked as the top source of U.S. fastener imports, with an import value of USD 2.315 billion (32.8% share) and an import weight of 601,000 tons (34.3% share), highlighting Taiwan's pivotal role in the U.S. market. However, starting in 2025, most countries face a 25% reciprocal tariff imposed by the U.S. After this tariff, Taiwan's unit price rises by 25%, from USD 3.85/kg to USD 4.82/kg, but this is still lower than those of Japan, Canada, Germany, and South Korea. This shows that **Taiwan's fastener products are differentiated from China's low-price strategy and Europe's ultra-high price strategy, enabling Taiwan to maintain solid competitiveness in the short term.** In terms of product segmentation, in the mid-to-high-end market, products from Japan and South Korea partially overlap with Taiwan's, but their

import weights are relatively low and pose limited threat. In the low-end fastener market, India and Vietnam employ low-price strategies, giving them competitiveness in labor-intensive or low value-added products, which could gradually erode Taiwan's share in the low-end market over the long term.

Table 3. Major U.S. Fastener Import Sources and Taiwan's Potential Competitors for 2024

Unit: USD 100 Million; 10 Thousand Tons; USD/KG; %

Country	Original U.S. Import Tax	Original Unit Price	Value (USD 100 Million)	Share (%)	Weight (10,000 Tons)	Share (%)	Additional Tax Imposed by the U.S.	Unit Price After Tax (USD/KG)	Difference from Taiwan's Unit Price
Taiwan	3.3%	3.85	23.15	32.8%	60.1	34.3%	25%	4.82	0.0%
China	3.3%	2.34	13.23	18.8%	56.6	32.3%	70%	3.97	-17.5%
Japan	2.7%	5.25	6.60	9.4%	12.6	7.2%	25%	6.56	36.3%
Canada	0.0%	6.01	4.16	5.9%	6.9	3.9%	25%	7.52	56.1%
Germany	4.6%	10.14	4.01	5.7%	4.0	2.3%	25%	12.68	163.2%
South Korea	0.0%	5.31	3.15	4.5%	5.9	3.4%	25%	6.64	37.8%
Italy	4.6%	9.02	2.67	3.8%	3.0	1.7%	25%	11.27	134.0%
India	4.6%	2.73	2.61	3.7%	9.5	5.4%	25%	3.42	-29.0%
Mexico	4.6%	9.83	2.01	2.9%	2.0	1.2%	25%	12.29	155.2%
France	4.6%	22.38	1.32	1.9%	0.6	0.3%	25%	27.97	480.8%
U.K.	4.6%	18.29	1.12	1.6%	0.6	0.3%	25%	22.86	374.7%
Thailand	4.6%	3.66	0.94	1.3%	2.6	1.5%	25%	4.58	-4.9%
Vietnam	4.6%	2.70	0.92	1.3%	3.4	1.9%	25%	3.38	-29.8%
Switzerland	4.6%	27.02	0.66	0.9%	0.2	0.1%	25%	33.77	601.3%
Türkiye	4.6%	5.37	0.54	0.8%	1.0	0.6%	25%	6.71	39.3%
Top 15 Countries	---	3.97	67.11	95.1%	169.1	96.4%	---	---	---
Other Countries Subtotal	---	5.45	3.44	4.9%	6.3	3.6%	---	---	---
US Imports - Total	---	4.02	70.55	100.0%	175.4	100.0%	---	---	---

Analysis of Order-Shifting After Supply Chain Restructuring

Estimated China's Share in the U.S. Market

Apart from the high tariffs imposed by the U.S. on Chinese fastener products, all of Taiwan's other major competitors face a uniform 25% tariff baseline. As a result, Chinese fastener products will face a price disadvantage of over 35%. **Most of China's fastener exports to the U.S. are low-margin standard products, making it difficult to absorb these higher costs. This will erode China's price competitiveness and lead to a continued decline in its market share, especially in the OEM fastener segment, where it could lose more than 80% of orders. U.S. buyers are expected to continue shifting orders to countries with lower tariffs or outside the "Chinese Supply Chain."** For estimating the volume of orders released by China, historical data in relation to the impact of the 25% Section 301 tariffs in 2018 show that China's fastener exports to the U.S. declined at a compound annual growth rate of 3.3% in value and 3.5% in weight over six years. Based on this, the additional 25% Section 232 tariff in 2025 is expected to cause China's fastener products to lose an additional 3% of market share annually. Including the original annual decline of 3.3%, the total annual decline is projected at about 5.0%, equating to declining roughly USD 66 million in value and 28,300 tons in weight each year.

Projected Shifts in U.S. Market Share

(1)**High-end fasteners:** The implementation of reciprocal tariffs by the U.S. is encouraging manufacturing reshoring and increased investment in high-tech sectors (such as semiconductors, AI, and defense). Demand for high-end fasteners from Germany, Japan, and Italy is expected to remain stable or grow slightly. **Aside from a small number of special fasteners (for automotive and aerospace) that may continue to be sourced from China, most high-end fastener orders are expected to be redirected to Taiwan, with a smaller portion going to other competitors in the Americas** (such as to Canada), where export unit prices are higher.

(2)**Low-End Fasteners:** In the short term, Taiwan will continue to benefit from order shifts in the low-end fastener segment. However, Taiwan's after-tax unit price of USD 4.82/kg slightly dilutes this benefit. Over the long term, **some low-end fastener orders are likely to be redirected to Mexico, which can supply the U.S. market more efficiently through expanded local production and fill up the gap in the U.S. demand for steel fasteners.** Mexican factories enjoy tariff-free access to the U.S. under the USMCA, so Mexico's market share is

expected to grow. Nevertheless, in the short term, the current Asia-centric supply structure is unlikely to be fundamentally disrupted.

Changes in Non-U.S. Market Share

(1) High-end fasteners: It is estimated that most of the high-end fasteners originally exported from China to the U.S. will be redirected to Taiwan, with a smaller portion redirected to other competitors in the Americas (such as non-U.S. countries with higher export unit prices like Japan, Germany, and South Korea). However, given the high transportation costs, the value and weight redirected to European and American competitors is expected to be even lower.

(2) Mid- and low-end standard fasteners: After China faces an additional 70% tariff, its product unit price rises to USD 3.97/kg. Compared to other potential competitors with cost advantages after tariffs— namely, India (USD3.42/kg), Vietnam (USD3.38/kg), and Thailand (USD4.58/kg)—China still retains some advantage. India and Vietnam are projected to be promising alternative sources. However, considering the production capacity, quality, cost, and shipping lead times, U.S. customers may need time to adapt to sourcing from India and Vietnam. In the short term, urgent orders for low-end fasteners are still expected to shift to Taiwan. In the long term, China is likely to increasingly use third-country processing and re-export trade outside the U.S. market, re-declaring the country of origin to reduce tariff impact. The probability of shifting orders to the U.S. via the Middle East or Africa is low due to high shipping costs.

Current Status and Demand in the U.S. Fastener Industry

The U.S. fastener industry and supply chain: The U.S. is the world's largest importer of fasteners, with imports reaching about USD 7.055 billion in 2024, making it the largest end-user market globally. Major demand sectors include automotive, construction, aerospace, defense, and machinery manufacturing. **With manufacturing reshoring and the implementation of infrastructure bills, fastener demand continues to grow steadily. The supply chain remains heavily reliant on imports** (mainly from Asia: Taiwan, China, Japan), with a strong emphasis on delivery times, quality, compliance with technical specifications, and environmental standards.

U.S. Fastener Demand by Industry Sector

(1) Automotive: Taking the largest share, especially for chassis, body, and motor structure fasteners in both internal combustion and electric vehicles.

(2) Construction and Civil Engineering: Large-scale use of steel and concrete-specific fasteners in residential, commercial, and infrastructure projects.

(3) Aerospace: Steady growth in demand for high-strength, heat-resistant metal fasteners (e.g., titanium alloys).

(4) Defense, Energy, and Machinery: U.S. defense industry operations and energy transition policies drive increased demand.

Industry Drivers

(1) Infrastructure Investment: The 2021 Infrastructure Investment and Jobs Act (IIJA) is set to inject USD 1.2 trillion, boosting demand for heavy-duty fasteners in construction, bridges, and railways.

(2) Automotive Electrification: The future development of U.S. electric vehicles requires fasteners that are lightweight, corrosion-resistant, and low-magnetic, driving demand for aluminum, stainless steel, and composite fasteners.

(3) Domestic Manufacturing and Supply Chain Restructuring: Reshoring and "Buy American" policies are reviving domestic factories, expanding demand for mid- and high-end fasteners, especially in aerospace, EVs, and precision machinery, which drive demand for composites and specialty fasteners.

(4) Environmental Trends: The introduction of ESG into supply chain management means buyers are more stringent about suppliers' carbon transparency and sustainability policies.

(5) Rapid Delivery and Flexible Supply: Competitive advantage depends on diversified layouts, local warehousing, and just-in-time delivery services.

Conclusion

Under the new U.S. tariff measures, large Taiwanese fastener companies are expected to experience relatively minor impacts. This is especially true for suppliers of high-end fasteners, who possess strong bargaining power with international distributors and therefore face less pressure from increased tariff costs, making their profitability less of a concern. Major standard fastener enterprises, which control about 60% of U.S. distribution channels, can pass on higher costs to consumers, maintaining market dominance and pricing flexibility. In contrast, small and medium-sized fastener firms face greater challenges. **Medium and small fastener manufacturers that export to the U.S. through non-Taiwanese channels have limited ability to pass on costs, resulting in squeezed profit margins. However, with Chinese fasteners subject to much higher tariffs, there remain opportunities for Taiwanese companies to capture redirected orders.** There are several strategies to respond to the U.S. tariff situation: First, strengthen the positioning of products in the mid- to high-end segment, focusing on technology-intensive, high value-added products to compete with Japan and South Korea, while avoiding direct competition with low-cost suppliers from China, India, and Vietnam. Second, closely monitor changes in tariff policies. As the U.S. imposes high tariffs on Chinese products and reshapes the global fastener market, companies should pay attention to trade policy developments and work with the government to secure the most favorable tariff arrangements. Third, enhance cost competitiveness. In the face of low-price competition from India and Vietnam, companies should improve production efficiency or shift toward higher-value products to reduce reliance on the low-end market. Fourth, integrate domestic screw manufacturers to establish distribution centers, making it easier for global buyers to source products and allowing for flexible inventory adjustments. Fifth, expand into new market segments. As non-U.S. markets become the main battleground in the future, companies should continue to transform and reduce dependence on the U.S. market. Targeting countries such as Canada and Germany, which have high unit prices but low import volumes, by developing high-value products will be a key response strategy. ■