

Editorial- 3 Major Challenges for Taiwan Fastener Industry in 2026: Section 232, CBAM, and Price-Cutting

The war between the U.S. and Iran began the end of February, but for fastener manufacturers, the 50% steel & aluminum tariffs have already been a grueling battle lasting nearly a year. Facing this seemingly endless tariff war which started in mid-2025, Taiwanese fastener manufacturers must not only overcome rising distribution costs, but also confront multiple internal and external pressures. These include carbon reduction requirements from the EU CBAM, labor shortages in traditional industries fueled by the high-tech boom, and relentless low-price competition from Chinese and emerging market rivals flooding global markets. These challenges have placed unprecedented survival pressure on Taiwan fastener industry, which once had a glorious era. Some industry players openly warn that if these issues remain unaddressed, the much-touted “golden decade” of future growth will only grow increasingly distant for Taiwan fastener industry.

Taiwan's Fastener Exports Slightly Declined in 2025; Unresolved High Costs May Hinder Competitiveness

Last year, Taiwan exported nearly 1.2 million tons of fasteners, marking a slight YoY decrease of approx. 4%. Objectively speaking, this fluctuation aligns with normal market fluctuations when reviewing performance from previous years. However, January exports this year saw a significant YoY decline exceeding 13%, with February exports potentially falling further due to the longer Lunar New Year bank holidays. Among the top 20 export partners, many European and American countries showed declines of at least 10% (U.S. down 12.29%, Germany down 35.66%, and the Netherlands down 18.02%), indicating a short-term reduction in procurement demand from major European and American buyers, with full-year performance still to be observed. If this situation is not due to a cooling local market or simply seasonal factors reducing demand, it may be time to worry whether this is an early warning sign of order loss or diversion.



The competitiveness of fastener exports largely stems from cost control. Over 60% of fastener manufacturing costs come from wire rod. Despite manufacturers' persistent feedback, Taiwan CSC's quarterly wire rod pricing seems consistently out of touch with market realities. Although CSC offers preferential project pricing to loyal customers, the nearly 4-fold surge in Taiwan's imports of cold heading wire rod from South Korea this year indicates that some Taiwanese manufacturers are no longer buying CSC's wire rod, whose price remains 15-20% higher than that of South Korean alternatives even with discounts. Compounding this, the EU CBAM has entered its formal implementation phase this year (requiring carbon emissions from 2026 onwards to be included in carbon fee declarations and certificate submissions), significantly increasing operational costs

associated with CBAM compliance. With CBAM costs becoming the new normal, **Taiwanese fastener manufacturers failing to narrow the cost gap with low-price competitors by addressing raw material expenses (the largest cost driver) may face increasingly challenging business conditions over the next 3-5 years.** A sharp 20% decline in annual export performance may also become possible.

Taiwan's current industrial development environment has become increasingly unfavorable for fastener manufacturing. High-tech factories in industrial parks have snatched up many skilled workers. YoY increases in land costs and electricity expenses that remain higher than in other countries have also left many fastener manufacturers unable to offer competitive pricing even if they wanted to. Taiwan's fastener exports once peaked at 1.65 million tons annually, but in recent years have hovered around 1.2 million tons. Previously, manufacturers would selectively take orders from importers or distributors. Now, they accept whatever OEM/ODM orders they can get (e.g., small batches, diverse products, special designs, and high-tech requirements), highlighting the situation that **against the backdrop of stagnant demand in the U.S. market, economic downturn in Europe, aggressive price competition from emerging economies, and Chinese companies expanding overseas production and sales networks to capture market share, Taiwanese manufacturers face limited options if they wish to retain their orders.**



Detailed Regulations Should be Expedited for Refinement, Although CBAM is Well-Intentioned

Although CBAM is intended to promote industrial decarbonization and requires non-EU businesses to participate through regulations to prevent unfair competition, these businesses still face significant implementation challenges, such as questions remaining unanswered regarding the authorized certification bodies for reporting, the documentation and complex calculation methods required for reporting fastener carbon emissions, difficulties in obtaining carbon emission data from subcontractors, the issue of offsetting carbon fees between the EU and certain countries, etc. Taiwanese manufacturers are highly willing to comply with regulations and are actively pursuing energy saving and carbon reduction across all fronts. They have even invested substantial resources in obtaining ISO 14064, 14067, and related certifications. Yet, with many aspects still lacking clear guidance, even those genuinely committed to implementation find themselves stymied at every turn, facing exponentially increased cost pressures. Compounding these challenges, the recent US-Iran conflict has raised the specter of a full blockade of the Strait of Hormuz, a vital transit point for many containers bound for Europe. Should containers be forced to reroute, transit times could increase by 1.5 times. Manufacturers must brace for the possibility of shipping costs to Europe rising by thousands of US dollars. **If the detailed regulations of CBAM could be published ASAP to provide manufacturers with a clear basis for implementation, it would likely prevent the generation of unnecessary operational costs.**



Does It Make Sense to Have Fasteners Subject to the Steel and Aluminum Tariffs, Even Though U.S. Consumers May Bear the Brunt?

Hand tools and components are also steel derivatives yet remain excluded from the steel and aluminum tariffs. Conversely, fasteners which inherently carry low added value and profit margins face an additional 50% tariff. This discrepancy appears ripe for further discussion. Many industry players privately lament that “imposing such high tariffs on basic necessities used in manufacturing across most industries makes no sense whatsoever.” Under the spirit of the U.S. Section 232, the criteria for including items in the steel and aluminum tariffs include: their steel content, whether they are derivative products of steel, and whether they are essential to the steel industry's core development, etc. Hand tools and components, being functional processed goods with added value far exceeding the proportion of their original materials, inherently fall outside the scope of the steel and aluminum tariffs. While theoretically sound, **this approach may fail to protect the domestic steel industry when applied to the U.S. fastener sector. Instead, it could increase fastener procurement costs for U.S. consumers, as over 70% of U.S. imported fasteners are items either not produced or unattractive for domestic manufacturers to produce.** Despite the Trump administration's push for U.S. manufacturing, the high labor costs in the U.S. make it impractical for fastener manufacturers already facing substantial production expenses to invest in local factories. Ultimately, cost pass-through could lead to higher fastener prices for U.S. consumers. Is this truly beneficial for many domestic manufacturing sectors reliant on fasteners? The answer is self-evident.



Fastener Taiwan Ready to be Held This April: Presence of European, American, and Japanese Visitors Will Be Key

Taiwan International Fastener Show (Fastener Taiwan) will be held at Kaohsiung Exhibition Center from April 22-24. Over 300 Taiwanese and international exhibitors are expected to participate. Fastener World welcomes all industry friends to visit us at Booth 1202 in the South Hall. On-site, you can obtain the latest supplier information for finished/semi-finished fasteners, raw materials, molds & dies, machinery & equipment, secondary processing, and peripheral services. Our professional marketing team will also be present to assist with procurement matchmaking. Many exhibitors have already expressed high expectations for this year's visitor turnout. Equipment and mold & die manufacturers anticipate meeting buyers from emerging markets, while finished product manufacturers urgently seek opportunities to connect with buyers from Europe, the US, and Japan. However, **in recent years, some voices have suggested that Fastener Taiwan should be held every 3-4 years to better align with Taiwan's fastener production and sales cycles.** Taiwan fastener industry possesses a globally unique, complete supply chain capable of meeting diverse buyer demands worldwide. We sincerely invite you to visit. In today's uncertain global market, Taiwan's stable fastener supply chain remains your best choice for sustained success. ■



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