Editorial-

As Competitors Expand, Is the "Value" of Taiwan Being Recognized?

From January to April this year, Taiwan's fastener exports totaled approx. 363,000 tons, a decline of more than 11% compared to last year. In monetary terms, this amounts to approx. USD 1.33 bn, representing a 4.7% drop. For Taiwan's fastener industry, the underlying causes warrant further investigation: Is it due to unfavorable macroeconomic conditions? Are competitors poaching orders? Or is the industry's own competitiveness relatively lacking? Amid sluggish market orders, we'd like to thank TIFI Chairman Yung-Yu Tsai for his continued efforts—including lobbying the government for funding—to stem the decline in Taiwan's fastener exports, as well as the government for actively promoting training programs on AI upgrades to support the industry's development and modernization. Given the current market situation, competition from China is undoubtedly one of the main factors. Not only has Taiwan been affected, but many countries—including Europe, the U.S., and Japan—have also taken notice of the threat posed by China's low-price dumping and have successively imposed AD measures. However, this also highlights a problem: aside from joining the price war, do Taiwanese fasteners have no other value to offer? Especially after Fastener World recently participated in international trade shows in China, Thailand, Indonesia, Malaysia, Japan, Italy, and other countries, we have come to deeply appreciate that peers in other countries have long adopted a more proactive stance toward global expansion and transformation in response to market competition and shifting industry trends. If Taiwanese fastener manufacturers continue to rely on outdated business models to address future challenges, they may ultimately be left with nothing.

Keeping Pace with AI-Driven Innovation: A "Great Leap Forward" Era Is Taking Shape for China's Fastener Manufacturers

20-30 years ago, Taiwan did indeed hold an advantage over China in fastener manufacturing, technology, and management. However, in recent years, as many Chinese fastener manufacturers have aggressively invested in state-of-the-art equipment for smart production and AI-powered warehousing, and built factories with monthly production capacities often reaching tens of thousands of tons—and even leveraged their advantage as a source of cheaper wire rod, along with government support through initiatives like "the Belt and Road Initiative," to expand their global market share— they have snatched away orders from competitors in many countries (Taiwan alone is estimated to have lost 20% of its orders annually). Additionally, the booming development of EVs in China has driven the industry to gradually shift from low-end standard parts toward mid-to-high-end components, simultaneously spurring growth in the fields of electromechanical systems, shipbuilding, machinery & equipment, semiconductors, and defense. Driven by the massive annual demand of over 10 million metric tons for fasteners—both for domestic and export markets—China's improving quality, technology, and operational efficiency are making it increasingly difficult for Taiwanese fastener manufacturers, which lack the support of a large domestic market, to compete.

In addition to the domestic market, **Chinese manufacturers have been going all out in recent years to invest and expand into Southeast Asia, Europe, and the Americas, while actively capitalizing on hot trends such as AI robots, automation, precision automotive components, smart manufacturing, and unmanned vehicles.** At certain trade shows held in Thailand, Malaysia, and Indonesia, over 70% of exhibitors were from China or affiliated with Chinese companies. This is not only due to Chinese government subsidies that support companies' overseas expansion—and even encourage domestic exhibition companies to organize events abroad—but also because intense domestic competition drives Chinese firms to boldly invest greater capital and effort into global expansion and the search for new markets. Knowing both oneself and the competition, when the biggest rivals in the market are fighting so hard, Taiwan's fastener industry really needs to give this serious thought. One exhibitor pointed out that Chinese fasteners are indeed highly price-competitive today, and even machinery, dies, and related peripheral equipment are cheaper than those from Taiwan. Therefore, **the entire Taiwanese fastener supply chain—from upstream to midstream to downstream—should work together to assess the situation and identify the positioning and direction for the future development of Taiwan's fastener industry.**

"Global Sourcing & Sales" Will be a Future Industry Trend

There have long been signs that Chinese companies are quietly expanding their global footprint. In Thailand, a country with a well-developed automotive industry and an annual production capacity of around 1.5 million vehicles, many Chinese automakers and parts suppliers have aggressively captured market share, driving the maturation of the local supply chain and putting significant pressure on Japanese and Korean suppliers in the region. It is reported that nearly 70% of the EVs on Thailand's roads are Chinese brands. In Indonesia and Malaysia, an increasing number of Chinese companies are also investing and setting up factories. Beyond Southeast Asia, major Chinese automaker BYD has also been extensively establishing factories in Europe, the U.S., and other regions, collaborating with local supply chains to capture market share with mid- to low-priced EVs. Moreover, it is not just automakers; many other Chinese companies are also setting up factories overseas, indicating that global sourcing and sales have become the new trend in today's market strategy. ***Table 1*** shows the top 10 destinations for Chinese automobile exports in 2025. Several major European and American distributors who flew to Thailand specifically to attend this exhibition also stated that, influenced by geopolitical factors between China and Taiwan, they hope to find more supply sources in Southeast Asia and leverage the demand advantages of these countries' domestic markets to establish a global sourcing and sales strategy. As shown in ***Table 2***, which details ASEAN's global fastener import and export performance for 2024, the influence of some ASEAN countries within the fastener supply chain is gradually being recognized by European and American buyers. **Taiwanese companies can also keep pace with this trend. They might consider forming JVs with trusted, long-term European and American clients to establish factories in Southeast Asia or other countries, thereby creating more opportunities to secure long-term supply contracts.**

Table 1. Top 10 Destinations for Chinese Automobile Exports in 2025 (Unit: Vehicle)

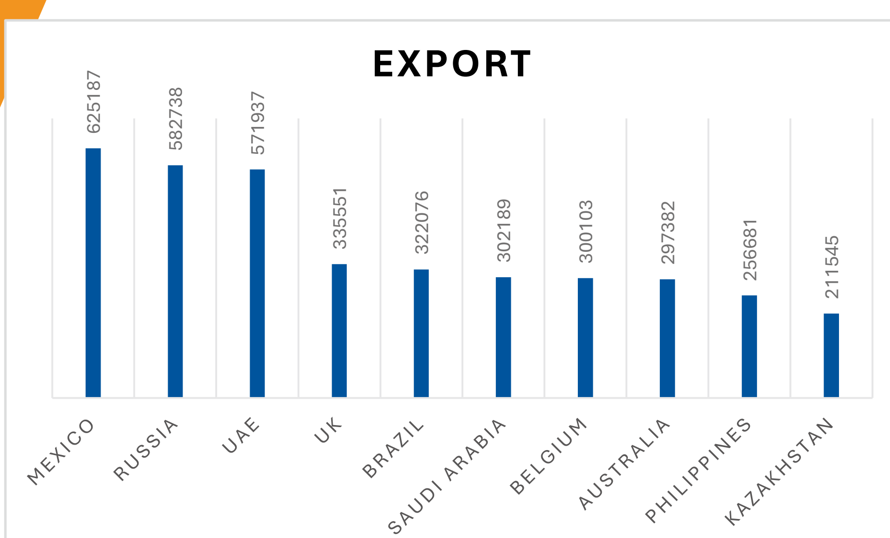

Table 2. ASEAN's Global Fastener Import and Export Performance for 2024 (Unit: USD)

Country	Import and Export	Export	Import
ASEAN	6,012,199,233	2,083,686,976	3,928,512,257
Thailand	1,641,051,400	594,401,993	1,046,649,407
Vietnam	1,414,186,943	541,867,807	872,319,136
Singapore	903,848,859	409,706,882	494,141,977
Malaysia	948,610,812	328,480,582	620,130,230
Indonesia	631,946,225	131,574,510	500,371,715
Philippines	361,664,934	75,141,464	286,523,470
Myanmar	11,697,552	1,942,098	9,755,454
Brunei Darussalam	8,840,775	392,180	8,448,595
Cambodia	81,708,776	124,994	81,583,781
Laos	7,520,802	48,475	7,472,327
Timor-Leste	1,122,155	5,991	1,116,165

Despite the Impact of Tariffs and Exchange Rates, Demand Remains Steady; Seeking Business Opportunities in the OEM/ODM Supply Chain

Driven by President Trump's "Made in America" policy, the 50% tariff imposed under Section 232 has indeed placed significant cost pressure on U.S. importers purchasing fasteners, and there is no prospect of a tariff reduction in the short term. However, data from various sources indicate that global fastener production has not shown any significant decline, suggesting that the global economy is not in a state of complete downturn. As long as the New Taiwan Dollar does not appreciate sharply over a short period in H2 this year as it has in the past, fastener sales to the U.S. should not experience major disruptions. Therefore, **the top priority for Taiwanese fastener manufacturers right now should be demonstrating their irreplaceable value to customers and capitalizing on positive market developments to secure more orders.** For example, Toyota recently announced a plan to establish a production line in Taiwan for its flagship models destined for the Japanese market, and Foxtron's EVs also represent niche markets that manufacturers can actively target. Taiwan's fasteners and related components still hold a strong technological edge. As long as companies can effectively leverage these strengths and demonstrate them to customers, achieving another industry milestone—such as "70% of Tesla's parts coming from Taiwan"—will not be difficult. Although Taiwan's economy is now driven by the high-tech sector, making it increasingly difficult for traditional industries to operate, **there is still great potential for success if businesses can align with industry trends—such as AI, automotive, defense, and precision machinery—and penetrate the supply chains of high-end OEM/ODM clients, rather than remaining stuck in a trade-channel mindset. Major manufacturers must also play a leading role in helping smaller partner companies define their own market positions.** Currently, Taiwan's hand tool, automotive parts, and CNC industries are gradually embracing the AI trend and shifting toward precision manufacturing with small-batch, diversified production. They must find ways to showcase their unique, high-value-added products and services. If the fastener industry continues to cling to outdated practices and focus solely on price competition for exports, it will ultimately be left to take the brunt of the competition.

The Mindset of "Setting Up Extra Factories Outside China and Taiwan (China-Taiwan+1)"

Finally, we'd also like to urge buyers in Europe and the U.S. not to be misled by market rumors; **the so-called "setting up extra factories outside China and Taiwan" issue is not as serious as outsiders claim.** According to the data, Taiwan's total global exports across all industries exceeded USD640 billion in 2025, with exports projected to reach nearly USD 900 billion by 2026. 80% of these exports consist of high-tech semiconductor products. Taiwan's fastener exports are estimated to be around USD 4 billion in 2026—a negligible amount. Furthermore, should a war disrupt supply, we believe that for over 90% of Taiwan's fasteners, alternative suppliers can be found worldwide, so there is no need to fear the "China-Taiwan +1" scenario. Not to mention that **many major manufacturers from Europe, the U.S., and Japan continue to invest in Taiwan on a scale of tens of billions to hundreds of billions of U.S. dollars**—decisions made after thorough risk assessments, clearly demonstrating that Taiwan's overall conditions remain highly favored by international giants. The value of Taiwan's fasteners cannot be measured solely by price; their true value lies in their superior technology, quality management, and more flexible customer service. ■

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