Tariffs and the AI Boom: Fastener Business Opportunities in N. America and Strategies for Taiwanese Manufacturers in 2026

In Oct/2026, the IFE will be held in Phoenix for the first time. It is the largest and most representative B2B exhibition in N. America's fastener industry. This year's U.S. market warrants closer scrutiny than ever before: tariffs continue to shift, AI infrastructure is reshaping demand, and traditional orders from the automotive, construction, and aerospace sectors are each moving at their own pace. This article offers insights from 3 perspectives: What exactly happened in the U.S. fastener market during H1 this year? From which industries is demand emerging? And what strategies should Taiwanese manufacturers adopt when approaching the N. American market?

Reshuffling of the Global Fastener Market: Market Changes as Seen Through U.S. Imports/Exports in H1 2026

1. U.S. import demand has cooled, but its status as the world's largest market remains unchanged

As shown in Table 1, the U.S. remains the world's largest fastener import market, with imports totaling US$3.52 billion in H1 2026. Even though this represents a 14% decline from US$4.10 billion recorded during the same period in 2025, the market size is still 1.25 times that of 2nd-ranked Germany (US$2.81 billion, up 6.4% year-over-year) and more than double that of China (US$1.36 billion) and France (US$1.23 billion), and the gap is equally significant when compared to other top-ten markets such as Canada, the UK, Poland, the Netherlands, Italy, and Thailand. It is worth noting that among the world's top ten import markets, only the U.S. and Canada posted negative growth (–14.0% and –1.1%, respectively), while the remaining eight countries all recorded positive growth, with Thailand (12.6%) and Italy (11.5%) showing the fastest growth. In fact, the decline in U.S. import value reflects weaker demand and purchasing momentum in H1 this year; however, given the import volume of US$3.52 billion, the U.S. status as the world's largest fastener import market remains unchanged. What truly warrants further observation is how tariff policies and changes in end-user demand will affect the procurement and supply sources in H2 this year.

Tables 2 and 3 show the value and quantity of US imports from their respective sources. From the supply side, the US fastener import market cooled significantly in H1 2026. China and Taiwan remained the 2 major supply sources, but import volumes for both declined compared to the same period last year. The US imported 305,000 tons from China, accounting for 28.6% of total imports, still ranking 1st among all countries, but this was a significant decrease of 23.8% compared to the same period last year; imports from Taiwan were 275,000 tons, accounting for 25.8%, a YoY decrease of 11.3%. Together, these two countries accounted for 54.4% of US fastener imports, indicating that **Taiwan and China still control more than half of the US import demand. However, Taiwan's volume decline was only about half that of China, demonstrating better relative resilience in this market contraction.**

Looking at import values, Taiwan's importance becomes even more prominent. In H1 2026, the US imported US$990 million worth of fasteners from Taiwan, accounting for 28% of total imports, remaining U.S. largest fastener import source; imports from China amounted to US$600 million, accounting for 17.1%, ranking 2nd. Compared to the same period last year, US imports from Taiwan decreased by 15.2%, while imports from China declined by 22.4%. Other major source countries also mostly showed declines, with Japan down 8.5%, Canada down 16.3%, S. Korea down 18%, and Mexico experiencing a significant decrease of 30.9%. From both volume and value perspectives, the weakening US fastener imports is not concentrated in a single source, but rather reflects a market adjustment faced by most major suppliers.

However, the impact varied across countries. Germany was a notable exception, with US imports from Germany increasing by 40.5% year-on-year in volume and 4.2% in value; imports from Italy increased by 3.3% in value, while imports from Thailand and Vietnam increased by 7% and 9.6% respectively. These changes indicate that even with weakening overall fastener demand in the US, individual sources may still experience growth due to differences in product structure, customer needs, or market layout, warranting further observation.

For Taiwan, while its H1 2026 result will inevitably be affected by the cooling U.S. demand, the decline in both U.S. import volume and value from Taiwan is less than that of China, and Taiwan will still maintain its position as the largest U.S. fastener import source with a 28.0% market share by value. As the market shifts from pursuing supply volume to placing greater emphasis on supply stability, quality, and application needs, Taiwan's ability to maintain its existing market share and further capture new demands from industries such as automotive, construction, electrical and electronic equipment, aerospace, and AI infrastructure will be a crucial aspect to observe in the next phase of the N. American fastener market.

Table 1. Import Value of the World's Top 10 Importers

Unit: US$ 0.1 bn

Importers	H1 2026	H1 2025	Same Period Ratio
USA	35.2	41.0	-14.0%
Germany	28.1	26.4	6.4%
China	13.6	12.7	7.5%
France	12.3	11.8	4.8%
Canada	11.4	11.5	-1.1%
UK	9.3	9.2	2.0%
Poland	8.3	8.1	2.8%
Netherlands	8.0	7.8	2.9%
Italy	7.9	7.0	11.5%
Thailand	7.0	6.3	12.6%

Source: ITC

Table 2. Value of the Top 10 U.S. Import Sources

Unit: US$ 0.1 bn

Import Sources	H1 2026	H1 2025	Same Period Ratio	Market Share in 2026
Taiwan	9.9	11.6	-15.2%	28.0%
China	6.0	7.8	-22.4%	17.1%
Japan	2.9	3.2	-8.5%	8.2%
India	2.1	2.2	-3.1%	6.0%
Germany	1.9	1.8	4.2%	5.4%
Canada	1.8	2.1	-16.3%	5.1%
Italy	1.6	1.5	3.3%	4.5%
S. Korea	1.6	1.9	-18.0%	4.5%
Mexico	1.0	1.5	-30.9%	2.9%
Thailand	1.0	1.0	-2.5%	2.8%

Source: ITC

Table 3. Volumes of U.S. Top 10 Import Sources

Unit: 10,000 tons

Import Sources	H1 2026	H1 2025	Same Period Ratio	Market Share in 2026
China	30.5	40.0	-23.8%	28.6%
Taiwan	27.5	31.0	-11.3%	25.8%
India	9.5	9.8	-2.9%	8.9%
Japan	5.2	6.3	-17.5%	4.9%
Thailand	5.3	5.0	7.0%	5.0%
Canada	3.7	4.6	-20.0%	3.5%
S. Korea	3.7	4.3	-15.4%	3.5%
Malaysia	2.5	2.6	-4.4%	2.4%
Germany	2.5	1.8	40.5%	2.3%
Vetnam	2.2	2.0	9.6%	2.1%

Source: ITC

2. Taiwan's Position: While Exports to the US are Booming, Different Fastener Markets Show Various Conditions

Taiwan's exports to the US showed strong performance in H1 2026, with the trade surplus exceeding US$100 billion for the first time in a 6-month period. However, this growth was primarily driven by AI-related ICT products. Graphics cards and servers were the main export products, further concentrating Taiwan's export structure towards the electronics and ICT industries. While this data reflect the increasing trade relations between Taiwan and the US for traditional manufacturing, it cannot be directly interpreted as a simultaneous increase in US orders across all sectors.

Fasteners are the most obvious example. Looking at US fastener imports for H1 2026, the US imported US$990 million worth of fasteners from Taiwan, still holding the top market share at 28.0%, but down 15.2% year-on-year; import volume was 275,000 tons, down 11.3% year-on-year. In

contrast, US imports from China were 305,000 tons, still higher than from Taiwan, but down 23.8% year-on-year, with import value also declining by 22.4%. This shows that **the US fastener market is currently facing cooling demand and divergent performance from different suppliers, while Taiwan, although unable to escape market contraction, has remained relatively resilient overall.**

Therefore, what Taiwanese fastener manufacturers truly need to focus on is not just whether Taiwan's exports to the US continue to grow, but how US tariffs, manufacturing investment, and demand from end-user industries will affect procurement in the next stage. By 2026, Taiwan-US trade relations have gradually moved from tariff negotiations at the beginning of the year into the implementation phase. Taiwan's reciprocal tariffs have been reduced to 15%, without the addition of MFN treatment rates, and Section 232 preferential treatment for some auto parts has also taken effect. On the other hand, the US continues to examine manufacturing capacity and supply chain issues through tools such as Section 301. For fastener manufacturers preparing to enter or deepen their presence in the US, policy risks have not disappeared; rather, the focus has shifted from simply being on the level of tariffs to how to reassess product and market strategies under the new trade conditions.

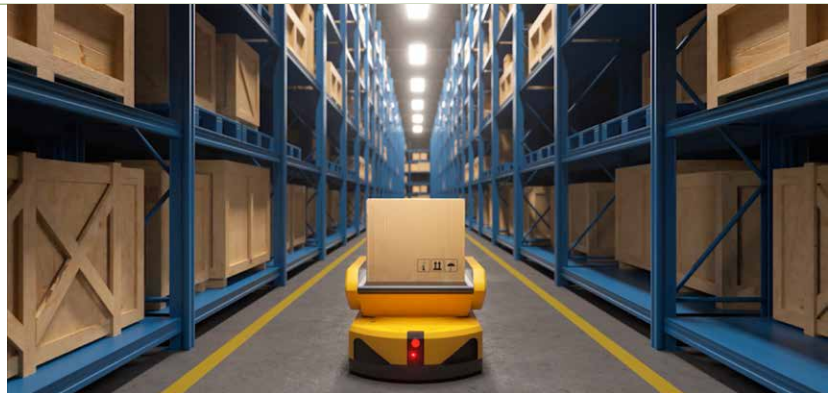
Where do Orders Come From? 5 Major Industry Demands Redefine Fastener Business Opportunities

U.S. fastener demand has never been driven by a single market, but rather dispersed across the automotive, construction, electrical/electronic, aerospace, and various industrial equipment sectors. The difference in 2026 lies in the simultaneous changes in tariffs, manufacturing investment, and AI infrastructure, requiring fastener manufacturers to seek the next growth opportunities from end-applications.

1. Automotive: With improved tariff terms, competition has returned to supply capacity

The automotive industry and automotive components have always been an important application market for Taiwanese fasteners. Following the Taiwan-US tariff negotiations in 2026, the combined MFN tariff rate and Section 232 tariff for certain Taiwanese automotive components exported to the US have reduced to a maximum of 15%. Compared to the previous tariffs, the competitive conditions for Taiwanese suppliers to enter the US market have improved.

However, tariff reductions do not automatically translate into a return of orders. **The real hurdles in the automotive supply chain remain consistent quality, product certification, batch traceability, delivery management, and the ability to support automated assembly.** As automotive manufacturing moves towards smart factories, automated fastening, and zero-defect management, fasteners are no longer simply standard parts produced according to drawings. Torque control, anti-loosening design, material properties, and the traceability of process data are all increasingly becoming part of supplier competition. For Taiwanese companies, tariffs offer an opportunity to re-compete; ultimately, securing orders still depends on product quality and manufacturing capabilities.



2. Construction: Shifting focus from construction boom to infrastructure investment

Construction has consistently been one of U.S. largest fastener application markets, but the market outlook for 2026 cannot be summarized solely by "continued investment in infrastructure." The investment cycles for residential, commercial real estate, public works, roads & bridges, and data centers are not consistent, and interest rates, government spending, and private capital expenditure will also have different impacts.

For fastener manufacturers, identifying niche markets with continued investment momentum is more important than predicting the overall construction market's growth or decline. Roads, bridges, energy facilities, and large industrial buildings have a long-term demand for structural bolts, anchors, and high-strength fasteners. Meanwhile, the rapid expansion of data centers is **transforming some of the demand previously categorized as electronics into actual construction and electromechanical engineering needs.** For Taiwanese companies with capabilities in high-strength materials, surface treatments, and related certifications, these markets are more worthy of attention than simply competing in the general construction screw market.

3. Electric/Electronic: Behind AI lies an initial investment in power equipment

AI is driving demand for more than just chips and servers. The rapid expansion of data centers necessitates a corresponding increase in power supply, distribution, backup power, cooling, and server rack equipment, **leading to a spillover of AI investment into the traditional electronics, electrical engineering, and metal manufacturing supply chains.**

From a fastener perspective, the real focus isn't on semiconductors themselves, but rather on switchboards, transformers, UPS backup systems, cabinets, cooling equipment, and related electromechanical engineering. These products heavily utilize metal structural components and mounting elements, and as equipment power and reliability requirements increase, suppliers must possess not only cost-effectiveness but also the ability to deliver consistently, manage quality, and respond quickly to customized needs. This is a more pragmatic path for traditional fastener manufacturers to enter the AI market.

4. Aerospace and Unmanned Systems: High-barrier market extends from aircraft to drones and space

Compared to other end markets, one of the biggest characteristics of the aerospace industry is its longer demand visibility and higher

supply barriers. In commercial aviation, the 2 major manufacturers, Boeing and Airbus, have a combined backlog of approximately 15,000 aircraft, which, at the current delivery rate, is equivalent to more than 10 years of production demand. This does not mean that the aerospace industry is immune to economic cycles, but the large existing order book still makes its demand visibility significantly higher than that of many general durable property industries.

On the other hand, **the growth momentum of the N. American aerospace market is gradually extending from commercial aircraft to drones, defense, and commercial space.** In recent years, the U.S. has continuously strengthened cybersecurity, sourcing, and NDAA compliance requirements for drones and key components through systems such as Blue UAS. Supply chain security and component traceability have become important conditions for government procurement. For the fastener industry, the opportunity may not only lie in the number of screws used in the drone itself, but also in the fact that as the entire drone develops towards non-red supply chains, modularization, and trusted sources, material sourcing, process records, and quality consistency may become basic capabilities that component suppliers must possess.

Commercial space and LEO satellites present another opportunity for high-value production. Satellites and launch systems have high requirements for weight, reliability, vibration resistance, temperature variation, and material properties. The fasteners used often prioritize lightweight, high strength, special materials, and complete traceability. As LEO satellites, commercial space stations, and related space infrastructure continue to develop, the supply chain is gradually evolving towards modularization, commercialization, and local manufacturing, creating new opportunities for suppliers with precision machining, specialized processes, and small-batch high-value production capabilities.

Whether it's commercial aviation, defense drones, or LEO satellites, these markets share a common characteristic: not large-volume, low-price sales, but rather high reliability, high certification thresholds, and long-term supply capabilities. From materials, heat treatment, and surface finishing to specialized processes, suppliers must establish rigorous quality management and traceability systems. For Taiwanese fastener manufacturers hoping to move beyond price competition in standard components, the aerospace and unmanned systems market may not be a quick way to secure large orders, but it could represent a high-value-added application worth investing in for the long term.

5. AI Infrastructure: AI-powered structures can't function without fasteners

AI is definitely a hot keyword for N. American manufacturing this year, but for the fastener industry, instead of forcing itself to find "AI-specific screws," it's better to return to where AI investment can truly be implemented. Global cloud service providers continue to expand their capital expenditures on data centers, but data centers must ultimately be transformed into physical facilities such as factories, cabinets, power, cooling, piping, and backup equipment.

Therefore, the opportunities that AI brings to the fastener industry are more like an outward-spreading demand chain. From server racks and cooling systems to transformers, power distribution equipment, power generation and energy storage equipment, and even the steel structure and electromechanical engineering of data centers themselves, fasteners and precision metal components of different specifications will be used. Among them, the heat dissipation system deserves the attention of fastener manufacturers: As the power and heat density of AI servers continue to increase, the heat dissipation architecture is gradually evolving from traditional air cooling to cold plates, liquid cooling, and more efficient thermal management systems, raising the performance requirements of related metal components and fasteners. From radiators, cold plates, and racks to CDU coolant distribution units, pumps, pipes, and joints, fasteners are not only responsible for structural fixation, but may also affect contact pressure, sealing performance, and long-term operational reliability.

The heat dissipation system deserves the attention of fastener manufacturers

Especially in environments with repeated temperature rises and falls, the differences in thermal expansion between different materials can cause variations in preload. Therefore, the selection of fastener materials, anti-loosening designs, corrosion resistance, and locking consistency become even more crucial. Liquid cooling systems further increase the requirements for sealing and maintenance reliability. For Taiwan's fastener industry, the opportunities brought by AI are not just about the need for more screws in server racks, but also about the potential increase in market demand for high-reliability, precision locking, and fasteners made of special materials following upgrades in heat dissipation and power equipment. This demand also forms a more direct link with Taiwan's existing heat dissipation, metal processing, and precision manufacturing supply chains.

From Export Products to Market Operations: What's Next for Taiwan Fasteners?

1. Taiwan's edge must be transformed from manufacturing capacity to supply capacity

Taiwan's fastener industry has long accumulated a complete manufacturing cluster, possessing a certain foundation in mold making, forming, heat treatment, surface treatment, and small-batch, high-variety production. However, as low-end general-purpose fasteners continue to face price competition, and raw material, energy, and labor costs are unlikely to return to previous levels, simply emphasizing "better quality than others" is no longer sufficient to create a clear market segmentation.

The challenges posed by the US market are particularly evident. Besides price, customers also need to consider tariffs, inventory, delivery time, quality risks, and supply sources. A Taiwanese manufacturer located thousands of km from its customers, even with excellent product quality, may still lose out to local competitors whose product conditions may not be better if they are slow to quote prices, have long delivery times, lack local inventory, or cannot quickly resolve customer issues.

This has shifted the focus of Taiwan's fastener industry from "how to export products to the U.S." to "how to truly operate in the U.S. market."

2. Ta Chen and BBI: What we should learn from them is not their scale, but how close they are to their customers

The cases of Ta Chen and BBI offer valuable lessons for Taiwan's fastener industry. They have long cultivated the N. American market through M&A, distribution channels, warehousing, and digital systems. Ta Chen, through its BBI, has established extensive fastener distribution channels and product supply capabilities, while Ta Cheng has built a N. American sales and warehousing network in the stainless steel and aluminum sectors. The greatest significance of this model lies **not only in selling Taiwanese products to the U.S., but also in moving inventory, pricing, delivery, and customer service to the market end.**

For most small and medium-sized fastener manufacturers in Taiwan, directly replicating the M&A and warehousing scale of large groups is not practical, but the underlying business logic is worth considering: the shorter the distance between exporters and end markets, the greater the opportunity to grasp the real demand and the less uncertainty customers face while waiting for cross-border supplies.

Localization isn't limited to factory setups or M&A. **Deepening partnerships with local agents, establishing regional inventories, sharing warehousing, forming strategic alliances with distributors, and even improving digital pricing, inventory tracking, and small-volume rapid delivery capabilities are all options for businesses of different sizes.** The key isn't for every Taiwanese fastener manufacturer to become another Ta Chen, but rather to find a way that suits their own products and capital to shorten the distance to their U.S. customers.

3. The EU is Taiwan's 2nd market and another fulcrum for diversifying risks associated with a single market

The U.S. remains Taiwan's most important single export market for fasteners, but the more important the market, the more important it is to manage concentration risk. Therefore, the EU should still be an important 2nd market for Taiwanese companies, but it is not a simple substitute for the U.S. market.

CBAM, AD measures, and increasingly stringent environmental and product regulations have made the European market a costly entry point. On the other hand, Taiwanese fastener manufacturers have already built a solid customer base in Europe. **If they can translate carbon management, product certification, and high-value-added capabilities into competitive barriers, the EU can become a crucial fulcrum for diversifying their reliance on a single market.** True risk management is not about withdrawing from the U.S., but about cultivating a strong presence in the U.S. while maintaining the ability to secure orders in other major markets.

Conclusion: Heading to Phoenix, it's not just about showcasing products

In H1 2026, while the U.S. fastener import market cooled down, the performance of different supply sources showed significant divergence. On the other hand, adjustments to automotive tariffs, infrastructure investment, aerospace orders, and AI-driven data center and power equipment construction are creating new demand directions. However, not all fasteners can share in these growth opportunities, so it is crucial to identify application areas where demand is still increasing and Taiwan has the necessary conditions to enter the market.

This is also the most important thing for everyone attending the IFE this year to consider: instead of just looking at what new products are available, pay more attention to what buyers are discussing, what suppliers are emphasizing, and how topics such as AI manufacturing, smart assembly, zero defects, and cross-border outsourcing are ultimately reflected in procurement terms. When price is no longer the only criterion for customers to evaluate suppliers, the manufacturing capabilities accumulated by Taiwan's fastener industry over the years can be transformed back into value in terms of quality, delivery time, engineering collaboration, and supply stability. What Taiwanese manufacturers really need to demonstrate this year is "what problems we can solve for customers." The real watershed moment in the next round of competition in the N. American fastener market will be the shift from product exporters to global market operators. ■