

EDITORIAL

As we enter the month of November, Fastener World Buyers' Guide, the most awaited annual publication in the industry, is finally coming to our readers. First of all, we'd like to express our special thanks to our advertisers for their continuous support, giving us the honor to provide you with int'l promotional and marketing services. In addition, we'd like to thank our contributing authors, both domestic and international, who have provided us with many worthwhile market analyses and technical articles over the years, so that our industry readers can continue to improve and grow through their insightful analyses. More importantly, we'd also like to thank EFDA President Andreas Bertaggia, NFDA President Jim Degnan, TIFI Chairman Tu-Chin Tsai, HKSFC Chairman Tsui Ping Fai, and TFTA Chairman Josh Chen for their time to be interviewed to make this issue so informative and worth-reading. This issue includes not only the suppliers directory for the convenience of global buyers, but also a number of articles on CBAM, export tax rates, emerging markets such as Mexico and India, as well as news from manufacturers, associations, and exhibitions to keep readers abreast of the latest developments in the industry. Let's look forward to more favorable news for the industry in 2024.

CBAM Shows Hidden Opportunities; Taiwan Fastener Industry Can be a Low-Carbon Transformation Benchmark for Their Asian Counterparts

A few years ago, we've seen a wave of transformation in the global fastener industry from the production of standard parts to automotive fasteners. At that time, many Taiwanese manufacturers seized the opportunity to invest in upgrading their production lines to meet the IATF 16949 standards, optimize manufacturing processes to obtain certification, and then establish cooperation or partnerships with many major automotive manufacturers in Europe and the U.S., successfully taking a giant leap upward in the industrial pyramid and differentiating their products from those of Chinese and other Southeast Asian counterparts. This year, with the EU CBAM measures entering the pilot stage and its goal of achieving a 55% reduction in carbon emissions by 2030, the oil/gas/water/electricity issues, which were not emphasized by the fastener industry in the past, have all been brought to the forefront and become the most popular topic of discussion in the industry. **Although**

CBAM measures in many EU member countries are still at the stage of supporting program development, many parts are not yet complete, but it is an indisputable fact that it will be officially launched on January 1, 2026, and Asian countries, which account for nearly 60% of the world's carbon emissions, are the first to bear the brunt of the problem, so whoever can get ready soon will be able to gain access to the market faster. According to our side observation, many Taiwanese companies have sharpened their knives and been ready to make good use of this new wave of transformation to win more orders.



CBAM is Expected to Become an Important Ordering Parameter for European/American Buyers

The recent order situation of Taiwan fastener industry is stagnant as customer inventory remains high and inflation, operating costs and other issues keep affecting the export of most suppliers. There are even voices forecasting that the next year's export will continue to be weak. However, according to our recent interviews with the presidents of major fastener associations in Europe, the U.S. and Asia, who were invited to share their observation on regions and views on the current development of the CBAM situation in particular, we noted that the activeness of Taiwan fastener industry to meet the requirements of regulations and the capability for producing products that can help facilitate environmental sustainability, as compared with their counterparts in China and Southeast Asian countries, still pose powerful attraction to the European and U.S. markets.

EFDA President Andreas Bertaggia noted that "The CBAM requirements are complex and far-reaching, and the EU member states are working hard to find a consensus on the regulations. **Manufacturers need to reflect the true costs when producing CBAM reports, and Taiwan has a great deal to offer in this area before other countries do.**" NFDA President Jim Degnan noted that "Taiwan fastener industry and the U.S. have built a rock-solid relationship based on quality, price, reliability and consistent delivery performance over time. **In the future, with customers' demand, the industry will have to make the decarbonization of fasteners as a priority.**" In addition, the chairmen of Taiwan

and Hong Kong fastener associations (including TIFI Chairman Tu-Chin Tsai, HKSFC Chairman Tsui Ping Fai, and TFTA Chairman Josh Chen), whose members at large are focused on export sales, also exclaimed in the interviews that "CBAM is already the top priority of many industry concerns. **If companies need to introduce smart manufacturing, upgrade manufacturing processes or investment in equipment, they must make good use of the governments' counseling platforms/courses and subsidy resources** to avoid going in the wrong direction and making futile efforts."

In my opinion, the fastener industries in Asian countries have not been as active as Taiwan in responding to the CBAM issue. In addition, Taiwan is not like the other Southeast Asian countries having signed multi-party FTAs with each other and enjoyed tariff-free or preferential import duty rates. Therefore, it is necessary for Taiwan to find ways to create more room for competition from aspects other than low-cost considerations. Based on the fact that Taiwan is still at the top of the list in terms of processing technology, machinery, and innovation, and that Taiwan government has already initiated the CBAM counseling program and established smooth communication channels



with relevant fastener associations in Europe and the U.S. (e.g., EFDA, NFDA), it will not be difficult for Taiwanese companies to become CBAM's carbon-reducing models in the future, and low-carbon fasteners will become the key to victory for the industry in the int'l arena.

Exhibitors from All Over the World are Flocking Back; Taiwanese Exhibitors Should Seize Opportunities to Draw the Attention

As of the end of this October, Fastener World Inc. has participated in as many as 20 domestic and int'l professional tradeshows related to fasteners, hardware and industrial components, among which Fastener Fair Global in March, IFE and Fastener Poland in October, all represented by Fastener World Inc., even saw a total of more than 200 Taiwanese exhibitors in attendance, which continuously creates exposure opportunities for Taiwanese companies in the int'l fastener market. In the past few months, we have noticed several obvious phenomena that are worthwhile for future exhibitors to take as reference indicators.

Enthusiastic Participation of Int'l Exhibitors

With the end of the Covid and borders of countries not closed anymore, **the numbers of int'l exhibitors at many fairs have shown explosive growth, especially those from China and India**, and it is expected that if the market demand could gradually pick up, the willingness of exhibitors from these countries to register will be even more enthusiastic. Take this year's IFE as an example, the number of booths increased by 400 and exhibitors could be roughly divided into three major areas: U.S. local manufacturers/importers/distributors/wholesalers, Taiwanese/Japanese/Korean/Turkish/Other European and American exhibitors, and Chinese/Indian exhibitors. It has been observed that there is a trend for foreign buyers to choose their purchasing targets from these regions. Other more regionally oriented fairs (such as Fastener Poland or Fastener Fair Mexico) are mainly focused on attracting buyers from the country and neighboring countries. Other auto parts and hardware-related exhibitions have more diverse exhibitors and increasing proportion of Chinese exhibitors (accounting for 40-50% of all exhibitors, and even in some cases as much as 60-70%).



The Market is Packed with Countless Competitors and Market Fluctuations are Natural

As more and more competitors enter the market, the market share is bound to be divided. This phenomenon will be magnified and emphasized when the economy is bad. However, as the economy is inherently mixed, it may be good last year and bad this year. Under such circumstances, **manufacturers should seize any opportunity to gain more exposure for themselves.**

The Exchange Rate of NTD is Still Stable, Which is Good for Order Taking

With USD being continuously strong, the fluctuation of NTD compared with other currencies showed a slight uptick, but its rate has depreciated recently from 28 NTD:1 USD to 32.5-33 NTD: 1 USD, which can be regarded as an advantage for manufacturers who have received orders at higher rates before and a complementary advantage for exhibitors and their subsequent orders.

In addition to the aforementioned observations, some frequent exhibitors at this year's IFE also said that regular exposure at int'l exhibitions definitely helps maintain cooperative relationships with local customers in the U.S., and it is also more likely to pull in more opportunities for new orders. Especially when the number of exhibitors from China and India is increasing, it is even more important not to give orders to others. In fact, **the effectiveness of exhibiting mainly depends on if exhibitors can frequently participate, and it is usually not possible to determine whether an exhibition is good or bad right after the exhibition ends. Exhibitors usually need to observe the situation within 4 months after the show, and during this period, they also have to keep contacting any potential customers, in order to maximize the effectiveness of the exhibition.**

Finally, as the saying goes, "One step at a time. You reap what you sow." Based on our 35 years of experience in global marketing with our publications and participation in tradeshows, as well as our clients' feedback and opinions, we can conclude that if you believe that a trade show or media/publication would be beneficial to your company in expanding the global market, you may want to set up a long-term promotion budget. After all, a good media or a representative trade show with a long history still has its own basic customer effect. There is no such thing as a free lunch, but if you can advertise continuously, it is definitely more effective than publishing once in a while or intermittently. ■

