



Emerging Fastening Tool Market in Central and E. Europe

新興中東歐扣件緊固工具市場現況

Introduction >>

Central and E. European markets have a great potential in economy and trade. They are geographically advantageous in that they connect with W. Europe. They span a large area of land and have capable talents and technical potentials, creating a complementary and synergistic relation with multiple Taiwanese industries. The interaction between Taiwan and Central/E. Europe has become more frequently in terms of trade and economy. **Taiwan exported USD 2.8-3.2 billion worth of products to Central/E. Europe per year during 2019-2021, but in the first 4 months of 2020, the value amounted to a record-breaking USD 1.38 billion, up 31.7%, a consecutive double-digit growth following the 28.4% export growth in 2021.**

Since the outbreak of Russia-Ukraine war, triggering the materials and energy crisis, the world has recognized the importance of sustainable and resilient supply chains; and therefore, time is of the essence for Taiwan to enhance its economic and trade ties with Central/E. Europe and build a resilient and multilateral industrial supply chain. This article concentrates on 6 primary countries in Central/E. Europe, incl. Czech Rep., Hungary, Lithuania, Latvia, Estonia, and Slovakia. This article

will discuss market development in the emerging Central and E. Europe from the aspects of global economy and trade, Taiwan's trade with Central/E. Europe, and the investment environment in emerging markets, and present suggestions and strategies for Taiwanese fastening tool companies seeking to deploy in Central/E. Europe.

Central/E. Europe's Fastening Tool Export and Import with the World >>

(1) Import Analysis

Table 1 shows the trend in Central/E. Europe's fastening tool import from the world in 2017-2021. **The top 3 countries with the most imported fastening tools in 2021 were Czech Rep. (NTD 3.95 billion), Hungary (NTD 1.63 billion), and Slovakia (NTD 1.47 billion).** Although the import values do not necessarily translate to the amounts of demands, it is still necessary to consider the countries' capacities. Imports reflect

a rough picture of the countries' demands for fastening tools. The 5-year import CAGR of the 6 primary countries in Central/E. Europe averaged 4.6% and none of these countries had a negative growth. Latvia had an import CAGR growth up to 10.1%, topping all the other primary countries.

Table 1. Primary Central/E. European Countries' Imports of Fastening Tools from the World in 2017-2021

Unit: USD 10 Thousand; %

| Country | 2017 | 2018 | 2019 | 2020 | 2021 | CAGR |
|--------------|---------------|---------------|---------------|---------------|---------------|-------------|
| Czech Rep. | 9,491 | 10,800 | 9,903 | 8,816 | 10,495 | 2.5% |
| Hungary | 4,174 | 4,765 | 4,331 | 4,491 | 5,814 | 8.6% |
| Slovakia | 4,760 | 5,119 | 4,582 | 4,288 | 5,241 | 2.4% |
| Lithuania | 1,151 | 1,331 | 1,589 | 1,346 | 1,537 | 7.5% |
| Estonia | 736 | 719 | 768 | 733 | 1,015 | 8.4% |
| Latvia | 618 | 684 | 720 | 784 | 909 | 10.1% |
| Total | 20,930 | 23,418 | 21,893 | 20,459 | 25,011 | 4.6% |

Source: ITC/MIRDC

(2) Export Analysis

Table 2 shows the trend in Central/E. Europe's fastening tool export to the world in 2017-2021. **The top 3 countries with the most exported fastening tools in 2021 were Czech Rep. (NTD 3.73 billion), Hungary (NTD 760 million), and Slovakia (NTD 660 million).** The 5-year export CAGR of the 6 primary countries in Central/E. Europe averaged 7.4% and none of these countries had a negative growth. This region had a stable export growth. Both Estonia and Latvia even had an import CAGR growth of up to 20%, topping all the other primary countries. Hence, Central/E. Europe are worthwhile for Taiwanese companies to keep an eye on continuously.

Table 2. Primary Central/E. European Countries' Export of Fastening Tools to the World in 2017 - 2021

Unit: USD 10 Thousand; %

| Country | 2017 | 2018 | 2019 | 2020 | 2021 | CAGR |
|--------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------|
| Czech Rep. | 10,036.0 | 11,167.9 | 10,377.7 | 10,451.9 | 13,326.9 | 7.3% |
| Hungary | 1,908.4 | 2,152.3 | 2,491.3 | 2,115.3 | 2,702.1 | 9.1% |
| Slovakia | 2,092.6 | 2,326.4 | 1,999.9 | 1,909.4 | 2,345.1 | 2.9% |
| Lithuania | 515.4 | 694.2 | 884.3 | 687.7 | 746.7 | 9.7% |
| Estonia | 250.5 | 254.9 | 333.0 | 307.4 | 508.9 | 19.4% |
| Latvia | 94.0 | 119.5 | 131.4 | 170.9 | 192.5 | 19.6% |
| Total | 14,896.9 | 16,715.2 | 16,217.6 | 15,642.6 | 19,822.2 | 7.4% |

Source: ITC/MIRDC

Taiwan's Fastening Tool Trade with Emerging Central/E. Europe >>

(1) Import Analysis

Table 3 shows Taiwan's import of fastening tools from Central/E. Europe in 2016-2021. Taiwan imported NTD 8.03 million worth of fastening tools from this region in 2021. The six-year CAGR was 14.9%. This is not a big value, but recently Taiwan has

been steadily importing fastening tools from Czech Rep. and Hungary.

Table 3. Taiwan's Import of Fastening Tools from Central/E. Europe in 2016-2021

Unit: NTD 10 Thousand; %

| Country | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | CAGR |
|--------------|------------|--------------|----------------|--------------|--------------|--------------|--------------|
| Czech Rep. | 364.8 | 606.6 | 1,128.9 | 555.7 | 723.7 | 736.6 | 15.1% |
| Lithuania | 0 | 0 | 0 | 0 | 0 | 36.3 | -- |
| Hungary | 36.2 | 5 | 12.6 | 15.3 | 28.4 | 30.5 | -3.4% |
| Latvia | 0 | 0 | 0 | 0 | 0 | 0.3 | -- |
| Slovakia | 0.6 | 0.9 | 1.9 | 2.1 | 0 | 0 | -- |
| Estonia | 0.4 | 0 | 0.1 | 0.1 | 0.1 | 0 | -- |
| Total | 402 | 612.5 | 1,143.5 | 573.2 | 752.2 | 803.7 | 14.9% |

Source: Taiwan Customs trade data/MIRDC

(2) Export Analysis

Table 4 shows Taiwan's export of fastening tools to Central/E. Europe in 2016-2021. **The top 3 destinations in Central/E. Europe for Taiwanese fastening tools in 2021 were Czech Rep. (NTD 118 million), Estonia (NTD 116 million), and Hungary (NTD 43 million).** The 6-year CAGR of Taiwan's fastening tool export to Central/E. Europe slipped 4.9%, but the CAGR of export to Czech Rep. and Estonia was stable.

Table 4. Taiwan's Export of Fastening Tools to Central/E. Europe in 2016-2021

Unit: NTD 100 Million; %

| Country | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | CAGR |
|--------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Czech Rep. | 0.74 | 0.84 | 0.65 | 1.06 | 0.87 | 1.18 | 9.8% |
| Estonia | 0.93 | 1.27 | 1.06 | 1.17 | 0.73 | 1.16 | 4.5% |
| Hungary | 0.50 | 0.44 | 0.49 | 0.49 | 0.42 | 0.43 | -3.1% |
| Slovakia | 0.25 | 0.41 | 0.51 | 0.24 | 0.33 | 0.28 | 2.6% |
| Latvia | 1.08 | 2.15 | 1.88 | 1.35 | 1.10 | 0.25 | -25.3% |
| Lithuania | 0.99 | 1.04 | 0.65 | 0.17 | 0.27 | 0.20 | -27.4% |
| Total | 4.50 | 6.15 | 5.24 | 4.48 | 3.73 | 3.51 | -4.9% |

Source: Taiwan Customs trade data/MIRDC

Central/E. Europe's Fastening Tool Import and Export Analysis by Product Category >>

(1) Czech Rep.

Table 5 shows Czech Republic's import and export of fastening tools. **The country imported USD 100 million worth of fastening tools from the world in 2021 with a 5-year CAGR of 2.5%.** The main imported products were interchangeable tools (USD 48.44 million) and interchangeable socket wrenches (USD 17.97 million). The ones with the highest CAGR were non-adjustable spanners and wrenches (7.1%) and adjustable spanners and wrenches (5.6%). In 2021 Czech Rep. exported USD 130 million worth of fastening tools to the world with a 5-year CAGR of 7.3%. The main exported products were interchangeable tools (USD 57.91 million) and screwdrivers (USD 34.84 million). The ones

with the highest CAGR were non-adjustable wrenches (47.7%) and interchangeable socket wrenches (10.8%).

Table 5. Czech Republic's Fastening Tool Import and Export Analysis by Product Category in 2021

Unit: USD 10 Thousand; %

| Fastening Tool Category & HS Code | | | 2017 | 2018 | 2019 | 2020 | 2021 | CAGR |
|-----------------------------------|--------|---------------------------------|--------|--------|--------|--------|--------|-------|
| Import | 820790 | Other Interchangeable Tools | 4,510 | 5,049 | 4,789 | 4,130 | 4,844 | 1.8% |
| | 820420 | Interchangeable Socket Wrenches | 1,630 | 1,532 | 1,513 | 1,596 | 1,797 | 2.5% |
| | 820411 | Non-adjustable Wrenches | 1,364 | 1,571 | 1,544 | 1,539 | 1,792 | 7.1% |
| | 820540 | Screwdrivers | 1,509 | 1,928 | 1,406 | 1,110 | 1,467 | -0.7% |
| | 820412 | Adjustable Wrenches | 478 | 720 | 652 | 442 | 595 | 5.6% |
| Import Total | | | 9,491 | 10,800 | 9,903 | 8,816 | 10,495 | 2.5% |
| Export | 820790 | Other Interchangeable Tools | 5,058 | 5,166 | 4,610 | 4,435 | 5,791 | 3.4% |
| | 820540 | Screwdrivers | 2,948 | 3,688 | 3,171 | 2,960 | 3,484 | 4.3% |
| | 820411 | Non-adjustable Wrenches | 487 | 778 | 1,240 | 1,739 | 2,316 | 47.7% |
| | 820420 | Interchangeable Socket Wrenches | 619 | 695 | 710 | 758 | 931 | 10.8% |
| | 820412 | Adjustable Wrenches | 925 | 841 | 648 | 559 | 805 | -3.4% |
| Export Total | | | 10,036 | 11,168 | 10,378 | 10,452 | 13,327 | 7.3% |

Source: ITC/MIRDC

Table 6. Hungary's Fastening Tool Import and Export Analysis by Product Category in 2021

Unit: USD 10 Thousand; %

| Fastening Tool Category & HS Code | | | 2017 | 2018 | 2019 | 2020 | 2021 | CAGR |
|-----------------------------------|--------|-----------------------------------|-------|-------|-------|-------|-------|-------|
| Import | 820790 | Other Interchangeable Tools | 2,528 | 2,829 | 2,253 | 2,477 | 3,407 | 7.7% |
| | 820540 | Screwdrivers | 574 | 732 | 758 | 687 | 874 | 11.1% |
| | 820411 | Non-adjustable Wrenches | 586 | 678 | 766 | 709 | 837 | 9.3% |
| | 820420 | Interchangeable Socket Wrenches | 371 | 410 | 439 | 496 | 556 | 10.7% |
| | 820412 | Adjustable Spanners & Wrenches | 116 | 116 | 115 | 123 | 140 | 5.0% |
| Import Total | | | 4,174 | 4,765 | 4,331 | 4,491 | 5,814 | 8.6% |
| Export | 820790 | Other Interchangeable Tools | 1,352 | 1,480 | 1,539 | 1,391 | 1,716 | 6.1% |
| | 820540 | Screwdrivers | 494 | 569 | 827 | 607 | 836 | 14.0% |
| | 820411 | Non-adjustable Spanner & Wrenches | 43 | 68 | 89 | 77 | 88 | 19.9% |
| | 820420 | Interchangeable Socket Wrenches | 15 | 28 | 32 | 37 | 56 | 39.9% |
| | 820412 | Adjustable Spanners & Wrenches | 5 | 7 | 3 | 3 | 6 | 5.6% |
| Export Total | | | 1,908 | 2,152 | 2,491 | 2,115 | 2,702 | 9.1% |

Source: ITC/MIRDC

Czech Republic's primary sources of foreign investment are the Netherlands, Luxembourg, Germany, and Austria, followed by an increasing number of foreign investors from Japan, S. Korea and China. Czech Rep. was one of the eight largest industrial countries right before the outbreak of World War I. It has a strong foundation in metals, machinery, precision machinery and machine tools. A part of local small and medium family businesses focus on low volume and customized production. They are active in R&D and produce high value-add products. They are globally competitive and have potentials. The Czech merchants have established an intricate network with the world incl. Taiwan, Switzerland and Sweden. There is potential with the technical collaboration between Czech and Taiwanese merchants. For Taiwanese companies that export to the EU, **Czech remains a good choice for investment because it is located in the center of Europe and connects with Germany, Austria, Slovakia and Poland. Plus, it is capable in conventional manufacturing, it has better infrastructure than other Central/E. European countries, it has good technical people, and its wage is lower than Western European countries.**

(2) Hungary

Table 6 shows Hungary's import and export of fastening tools. **The country imported USD 58.14 million worth of fastening tools from the world in 2021 with a 5-year CAGR of 8.6%. The top imported products were interchangeable tools (USD 34.07 million) and screwdrivers (USD 8.74 million).** The ones with the highest CAGR were screwdrivers (11.1%) and interchangeable socket wrenches (10.7%). In 2021 Hungary exported USD 27.02 million worth of fastening tools to the world with a 5-year CAGR of 9.1%. The top exported products were interchangeable tools (USD 17.16 million) and screwdrivers (USD 8.36 million). The ones with the highest CAGR were interchangeable socket wrenches (39.9%) and non-adjustable spanners and wrenches (14.0%).

Taiwan's main competitors in Hungary are China, Japan, and S. Korea. Giant Manufacturing is a Taiwanese metal-related company in Hungary. The Hungarian Government recently signed an agreement to form a strategic alliance with critical foreign companies and it plans to make Hungary a regional operating hub in Europe. Hungary encourages investing in the following strategic industries incl. automobile/automotive components, electronics and telecom., bio-tech & life science, and renewable energy. **The Hungarian Government promotes automobile and components, wind power and solar power which are pertinent to fastening tool demand. Additionally, the Hungarian Government builds industrial parks and smart cities, and infrastructures as such may drive the demand for fastening tools in Central/E. Europe.**

(3) Slovakia

Table 7 shows Slovakia's import and export of fastening tools in 2017-2021. **The country imported USD 52.41 million worth of fastening tools from the world in 2021 with a 5-year CAGR of 2.4%. The top imported products were interchangeable tools (USD 26.76 million) and non-adjustable spanners & wrenches (USD 10.15 million).** The ones with the highest CAGR were interchangeable socket wrenches (10.4%) and non-adjustable wrenches (3.5%). In 2021 Slovakia exported USD 23.45 million worth of fastening tools to the world with a 5-year CAGR of 2.9%. The main exported products were interchangeable tools (USD 15.64 million) and non-adjustable wrenches (USD 3.17 million). The ones with the highest CAGR were adjustable spanners & wrenches (15.0%) and interchangeable socket wrenches (11.9%).

Table 7. Slovakia's Fastening Tool Import and Export Analysis by Product Category in 2021

Unit: USD 10 Thousand; %

| Fastening Tool Category & HS Code | | 2017 | 2018 | 2019 | 2020 | 2021 | CAGR |
|-----------------------------------|---|-------|-------|-------|-------|-------|--------|
| Import | 820790 Other Interchangeable Tools | 2,377 | 2,106 | 2,087 | 2,247 | 2,676 | 3.0% |
| | 820411 Non-adjustable Spanners & Wrenches | 884 | 990 | 888 | 762 | 1,015 | 3.5% |
| | 820420 Interchangeable Socket Wrenches | 572 | 949 | 815 | 666 | 849 | 10.4% |
| | 820540 Screwdrivers | 541 | 693 | 499 | 375 | 472 | -3.3% |
| | 820412 Adjustable Wrenches | 386 | 382 | 293 | 238 | 230 | -12.2% |
| Import Total | | 4,760 | 5,119 | 4,582 | 4,288 | 5,241 | 2.4% |
| Export | 820790 Other Interchangeable Tools | 1,329 | 1,031 | 963 | 1,260 | 1,564 | 4.1% |
| | 820411 Non-adjustable Spanners & Wrenches | 324 | 336 | 228 | 249 | 317 | -0.6% |
| | 820420 Interchangeable Socket Wrenches | 180 | 318 | 317 | 240 | 282 | 11.9% |
| | 820540 Screwdrivers | 244 | 534 | 416 | 130 | 156 | -10.6% |
| | 820412 Adjustable Spanners & Wrenches | 15 | 108 | 76 | 30 | 26 | 15.0% |
| Export Total | | 2,093 | 2,326 | 2,000 | 1,909 | 2,345 | 2.9% |

Source: ITC/MIRDC

The foreign investors in Slovakia are mainly from the U.S., Japan, S. Korea, and China. The primary conventional industries in Slovakia are machinery, precision manufacturing, automobile, metallurgy, metal processing, electronics, chemical engineering and pharmaceutical industries. These are also the critical industries that interest foreign companies to make their direct investment. The Slovakian Government encourages foreign hi-tech companies to invest, and since fastening tools are not a hi-tech industry to Slovakia, it is suggested that Taiwanese fastening tool companies should focus on export to Slovakia. In the bilateral trade between Taiwan and Slovakia, the top products exported from Taiwan are metal products, electronic products & components, and automotive components, which indicates Slovakia and countries in Central/E. Europe need metal, electronic and machine products from Taiwan. Furthermore, **Slovakia is building**

infrastructures incl. industrial parks and R2 Expressway, which could drive the demand for fastening tools. This is an opportunity worthy of Taiwanese companies' attention.

Conclusion >>

The Russia-Ukraine war is a shock wave in the European economy. IMF has lowered its projected growth. The disrupted supply chain issue which should have got better reemerges. Europe will be dedicated to building a resilient supply chain and regard it as an important criteria for sustaining business. The war-inflicted Ukrainian economy is expected to drop 35%, and the estimated reconstruction demand is valued at USD 540 billion. The reconstruction in Ukraine will highly demand fasteners and fastening tools. As the U.S. and Europe are opting to separate from China's supply chain, the neighboring production bases in Central and E. Europe could be the first ones to provide support, which characterizes the importance of Central/E. Europe to Taiwanese companies seeking market development. Taiwanese companies can grasp this demand to enhance their product visibility and market share in Central/E. Europe. They can also use bilateral industrial investment and trade exchange to extend the Taiwanese market to Central/E. Europe, enhance supply chain and the local support system, and create favorable conditions for expanding export. Furthermore, Taiwanese Government has formed delegations for times for market inspection to Central/E. Europe, and signed multiple MOUs to strengthen mutual connection in economy and trade, and utilized onsite/online tabletop shows, matchmaking meetings and exhibitions to help Taiwanese companies expand export. ▣

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