

# Taiwanese Companies Stumble on Another Chance to Boom in the 2022 European Fastener Market

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China and Taiwan are two leading countries exporting the highest quantities of fasteners to the world and are also the major two indispensable supply sources for the fastener industry. In applications like construction, industry, aerospace, military & national defense, electronics, vehicles, etc., fastener manufacturers across Taiwan Straits both play an influential role. As a result, after the European Commission (EC) determined to reactivate the AD investigation against certain Chinese iron and steel fasteners at the end of Dec. 2020, it seemed that the act kind of increased the worries of EU buyers about whether their purchasing costs would be heightened and pushed them to accelerate stockpiling iron and steel fasteners from China in 2021.

In terms of the subcategories of fasteners, during 2021 the quantity, value, and avg. price of fasteners exported from China to the EU all revealed the growth from the 12.4% (min.) to 62.68% (max.). And, for Taiwan whose avg. price is currently around 50% higher than its China counterpart, it seemed that it also benefited a lot from advanced orders placed by European customers who worried that the lead times of Taiwanese suppliers could be extended even longer due to more orders switching from China to Taiwan. Plus, supported by the skyrocketing

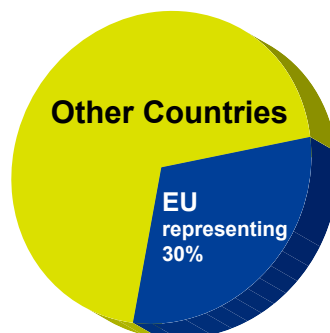
int'l materials and shipping costs, the export quantity, value, and avg price of Taiwanese suppliers, like their China counterpart, all showed a growth of at least two digits from 2020 in 2021.

The paragraphs below illustrate the fastener exports of Taiwan and China, including their major exported items (self-tapping screws, wood screws, bolts, nuts, steel nails, etc.) and the cross-analyses regarding the figure changes and developing trends during 2020-2021.

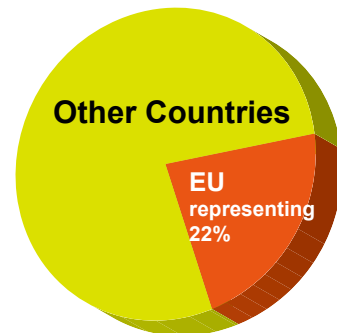
## China Being Still the Largest Fastener Supplier to Europe With Dependence on Europe Less Than Taiwan

In 2021 Taiwan exported around 1.675 million tons (or US\$ 5.55 bn) of fasteners to the world, up 18.04% from 2020. Around 0.53 million tons (or US\$ 1.68 bn) of fasteners were exported to the EU (incl. UK), representing 30% of Taiwan's total

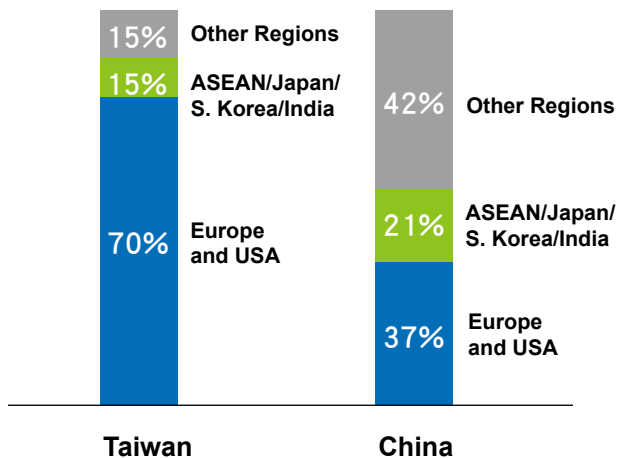
Taiwan's Export to the World in 2021



China's Export to the World in 2021



Taiwan's Vs. China's Export to the World in 2021



fastener export; as for China, it exported around 4.955 million tons (or US\$11.8 bn) of fasteners to the world, up 20.79% from 2020. Around 1.086 million tons (or US\$ 2.5 bn) of fasteners were exported to the EU (incl. UK), representing around 22% of China's total fastener export.

Taiwan exported more than 70% of its fasteners to Europe and USA, while China only exported around 37% of its fasteners there. This reveals a message that Taiwan still relies heavily on European and U.S. markets, and China with the influence of years of entry barriers set up by Europe and the U.S. has gradually reduced its dependence on the same markets and reinforced its deployment in other countries. Thus far, the percentage of "ASEAN/Japan/S. Korea/India" in China's fastener export has reached a level (21.12%) similar to the percentage of the EU, and the percentage of "Other Regions" has even reached 40.56% (much higher than it is in Taiwan's fastener export (15.08%).

Compared to 2020, the quantity and value of Taiwan's fasteners exported to the EU (incl. UK) revealed growths of 27.16% and 40.43%, respectively. In the same period, China also revealed a 29.32% growth in quantity and a 59.12% increase in value. The growth margin of Chinese export to the EU was a bit higher than that of Taiwan. However, in terms of avg. prices, the avg. price of Taiwanese fasteners exported to Europe in 2021 was US\$ 3.18, while that of China was US\$ 2.3, respectively showing growths of 10.43% and 23.04% from 2020. The development of high value added fasteners of Taiwan is still steps ahead of China.

## "Bolts" are Top Exported Item for Both Taiwan and China

## Both Sides Own Their Leading Position in Certain Items

## Taiwan

Top 5 fastener categories Taiwan exported to the world in sequence were Bolts (0.81 million tons; US\$ 2.6 bn), Self-tapping Screws (0.29 million tons; US\$ 0.85 bn), Nuts (0.28 million tons; US\$ 1.04 bn), Wood Screws (0.14 million tons; US\$ 0.38 bn), and Steel Nails (58 thousand tons; US\$ 0.01 bn). Bolts are the top one exported item of Taiwan, representing nearly 50%.

Compared to the same period in 2020, both the quantity and the value revealed significant growths. In terms of quantity, nuts represented the highest growth. In addition, nuts, self-tapping screws, and steel nails exported to the EU all revealed growths of over 30%. What's the most special is, although self-tapping screws and nuts exported to Europe both revealed growths of over 30%, the performance of self-tapping screws exported to the world revealed only a growth of less than 20%, which, perhaps, could be interpreted to be an growing demand from the EU for Taiwanese self-tapping screws. In terms of value, the category of self-tapping screws showed a similar trend that, compared to the growth margin of 36.92% in the world, the export to Europe even showed a significant growth of 50.93%, which is worthy to be noted. Nuts also showed the highest growth margin in value (+44.33%), while bolts, self-tapping screws, and wood screws all showed growths of around 30%.

The avg. price of Taiwanese fasteners exported to Europe and the U.S. roughly landed at US\$ 3-3.5. In 2021, Taiwan saw the highest avg. price of US\$ 5.15 in its export to "ASEAN/Japan/S. Korea/India."

## China

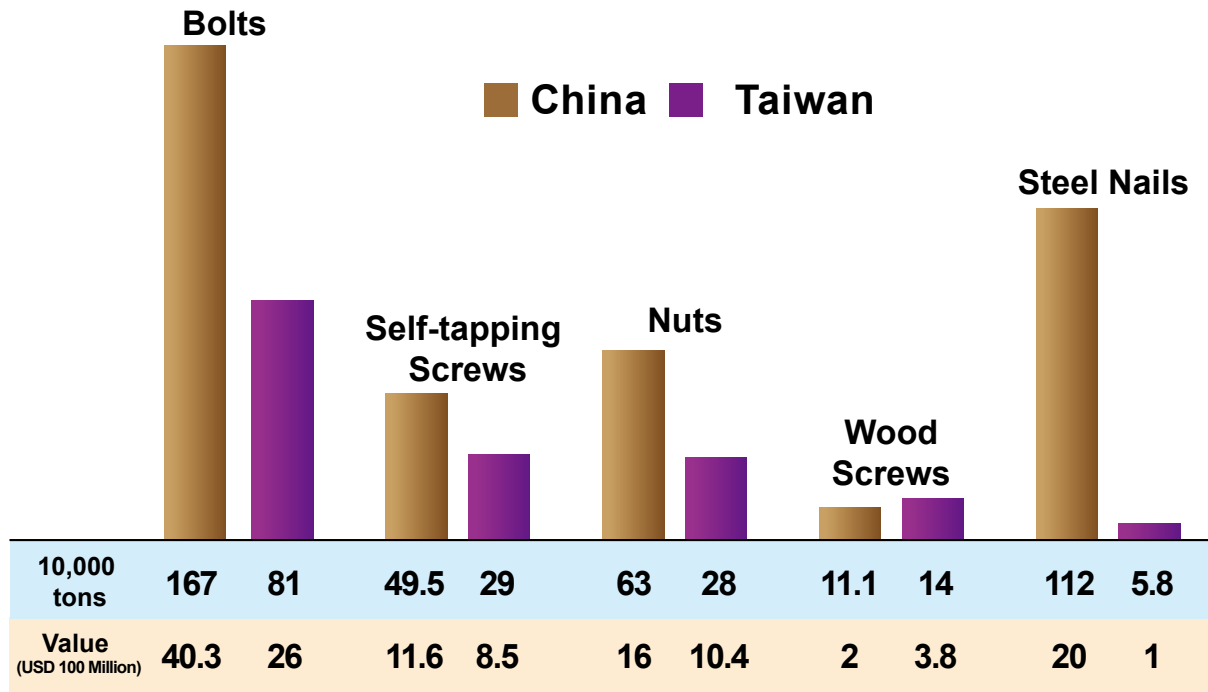
Top 5 fastener categories China exported to the world in sequence were Bolts (1.67 million tons; US\$4.03 bn), Steel Nails (1.12 million tons; US\$ 2 bn), Nuts (0.639 million tons; US\$ 1.6 bn), Self-tapping Screws (0.494 million tons; US\$0.116 bn), and Wood Screws (0.111 million tons; US\$ 0.2 bn). Bolts are also the top exported item of China, representing more than 30%.

Compared to the same period in 2020, both the quantity and the value revealed significant growths. In terms of quantity, self-tapping screws represented the highest growth. Self-tapping screws, nuts, steel nails, wood screws, and bolts China exported to Europe showed respective growths of 37.42%, 35.12%, 29.39%, 25.73%, and 12.40%. In terms of value, both the world and the EU market revealed growing demand for Chinese self-tapping screws and wood screws in 2021, and these two items in the EU, in particular, revealed growths of more than 50%, not to mention nuts, steel nails and bolts exported to Europe showing respective growths of 62.09%, 50.44%, and 49.69% as well. In addition, China almost took an overwhelming position in the European demand for steel nails, while Taiwan also left China behind in terms of the export quantity and value of wood screws to Europe.

The avg. price of Chinese fasteners exported to Europe and the U.S. roughly landed at US\$ 1.5-3. In 2021, China saw the highest avg. price of US\$ 3.42 in its export to "ASEAN/Japan/S. Korea/India."



## Taiwan's Vs. China's Top 5 Export Items to the World in 2021



What's worth noting is, in 2021 both Taiwan and China saw much higher avg. prices in their fastener exports to "ASEAN/Japan/S. Korea/India" than to Europe and the U.S., which is also worth further discussion in the future.

### The Russian-Ukrainian War May Drag the Supply Chain Recovery Down

### Predicting the Future by Reviewing the Past, One Should Consider New Market Deployment

Although 2021 can be said to be a year of harvest for both Chinese and Taiwanese fastener suppliers, China, without a doubt, will again face a "winter" in its fastener export to the European market for at least 5 years after the EU's AD measure of up to 86.5% has officially come into force since Feb. 18 this year. As a result, for Chinese suppliers, how to look for alternative markets or considering investing in countries not subject to AD measures will be their priority at the moment. Taiwanese suppliers, whose products feature higher homogeneity with their Chinese counterparts, may perhaps make the most of such a hard-to-get opportunity to further improve their connection to European customers and enlarge and consolidate their presence in the European market, thus strengthening their differences with other competitors. However, if Taiwanese suppliers continue to put too many resources on a single market and keep moving at a snail's pace in new market development, they may be very likely to become the second target in the market like their Chinese counterparts have already become, which will be a private worry for them.

Taiwanese suppliers should be particularly aware of whether their current capacities are enough to meet the sudden influx of urgent demands

and whether the upstream/downstream partners they collaborate with are also able to process orders that are several times the past volume. Be well-prepared to expand production lines and capacities, or even try to look for more collaborative partners, expand or invest in new plants in order to take on possible challenges. Otherwise, if the upstream partners are not able to guarantee on-time material supply, the downstream processing plants have limited capacities and have to keep customers waiting for at least a couple of months, or major seaports in Europe and the U.S. continue to suffer jam-packed containers, which cannot be returned to Asia or shipped to customers in time, it may lead to situations like account receivables being severely delayed (as customers are only willing to pay when they receive products) or account payables to banks or upstream partners being not cleared off on time.

In addition, amid an impasse of the recent Russian-Ukrainian war, the air and sea freight to Europe and the U.S. will definitely be influenced to a great extent. Border closures due to the Russian-Ukrainian war and shutdown of factories in Ukraine and Russia reducing the demand for fasteners are also likely to deteriorate the lead time pressure and shipping costs of suppliers. With the combination of all these favorable and unfavorable factors, it is estimated that in 2022 Taiwanese and Chinese suppliers will still face a very difficult war to fight.

