



Keeping an Eye on Market Trends and Developing Niche Markets

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As the season enters the second half of 2022, the global fastener industry is still struggling to find the best solution to the challenges ahead, while actively creating opportunities for themselves in the face of the epidemic, cost and price pressures, product/technology competition, new market trends and many other challenges, in anticipation of finding the best approach to win in the ever-changing fastener market.

Demand in Europe and the U.S. Continues to Grow; Taiwan Fastener Manufacturers Can Strengthen Their Entry into Key Industry Sectors

With high demand and good prices Taiwanese fastener manufacturers have always earned their biggest profit from European and U.S. fastener markets for years, and with excellent technology and competitive quality they've also maintained a high market share. According to the data released by U.S. Customs, the U.S. imported more than US\$1.4 billion worth of fasteners from Taiwan in the first five months of 2022, with a cumulative growth of 26% from January to May. The U.S. had about 40% of its fasteners imported from Taiwan, far exceeding the value of imports from China during the same period (only less than US\$800 million and representing a market share of about 20% in the U.S.). In addition, EU data also show that Taiwan is among the major fastener import partners of EU countries, such as Germany, France, the Netherlands, Italy, Poland, as well as the UK (which is no longer a member country of the EU), showing that the demand for and the dependence upon Taiwan fasteners in European and U.S. markets remain high.

However, U.S. fastener imports from Japan, Germany, Canada and S. Korea have also increased in the same period, which may be translated into a fact that **the increase of U.S. demand for high-end fasteners for automobiles, aerospace and electronics, in addition to low-to-medium end fasteners, has also increased.** Taiwanese manufacturers may consider actively working in these directions in terms of product upgrade. It is understood that construction/DIY, automotive, furniture, and aerospace fasteners are all popular items exported to the U.S. market, and the U.S. market has a demand scale of about US\$2 billion a year for construction fasteners alone. As a result, Taiwanese fastener manufacturers owning many innovative designs and technical applications in these fields should seize the great opportunity to gain further exposure. At International Fastener Expo (IFE) this year, dozens of Taiwanese manufacturers (such as Fong Yien Industrial Co., Ltd., J.C. Grand Corporation, Fratam Fastech Co., Ltd., Soon Port International Co., Ltd., Mac Precision Hardware Co., etc.) will also showcase their innovative made-in-Taiwan products to demonstrate their strengths.



Capturing Customers' Preferences and Enhancing Competitiveness of Products and Services

With the advancement of industrial technology and customers' increasing emphasis on environmental protection, fastener design and processing must keep pace with the upcoming trend. In recent years, we've seen that many manufacturers have started to strengthen their product design capabilities, upgrade their production lines and equipment, eliminate more energy-consuming equipment, and actively invest in the development of new materials/processes/products/equipment/services in response to future market trends, thus getting out of price-cutting competition and creating more efficient and profitable performance. The ideas of ESG, energy saving, net zero carbon emission, lean manufacturing, industry 4.0, digital management, and AI-enabled technology are all very important steps for the fastener industry to move to the next-generation industrial development and enhance its competitiveness on the global stage. Some companies have been also featured in this issue as good examples of how to grasp opportunities to take the lead in the market trends. These companies are: Bi-Mirth (adopting new eco-friendly electroplating solutions and coatings), Abis Innovative Technology (developing new acid free pickling to replace acid pickling), Japanese Art Screw (developing "Motiontite" bolts), and Hwa Hsing Screw Industry (introducing Industry 4.0 production lines and electrostatic smoke-discharging systems).

Don't Put All Eggs in One Basket; Emerging Markets are Full of Opportunities

With the trend of accelerating infrastructure development in emerging countries /regions such as Southeast Asia, the Middle East & North Africa, Turkey, Central & South America to attract more foreign investments as well as the trend of strengthening domestic product upgrade and competitiveness in the market, there has been a significant sign of growing fastener demand in these emerging markets/regions in recent years. For Taiwanese suppliers always focusing on the European and U.S. markets, **making efforts to develop emerging markets can also help them avoid the risk of sudden and drastic market changes in the future that may slash their product competitiveness overnight (for example, EU's anti-dumping measures on Chinese fasteners).**

Relevant data show that Thailand, Vietnam, Malaysia, and Indonesia are main fastener demanding countries in Southeast Asia these years. Although Taiwan also ranks among the top three import trading partners of Thailand, it is out of the top 10 of Malaysia. On the contrary, the deployment of China and Japan in the Southeast Asian fastener market continues to grow, so Taiwanese manufacturers still needs to do more to catch up with their pace. Of course, in the ASEAN market there are a few benchmark Taiwanese fastener manufacturers (such as Tycoons, Tong Heer, Chin Well, Homn Reen, Rodex, San Shing, etc.). The first three companies reported over NT\$3 billion revenue in 2022 respectively, but they all reported a significant 2-digit decline in revenue compared to the previous year. Is this due to a change in local customers' demand or the better competitiveness of other competitors' products and services? This is perhaps a good question for Taiwanese companies to think about.

For promotion and development in emerging markets, Fastener World Inc. will continue to try our best for manufacturers. In H2 2022, we'll also exhibit at exhibitions in several key emerging markets (incl. Vietnam, Indonesia, Saudi Arabia, and Egypt) to help manufacturers promote and gain exposure. Through close contact with local buyers, we hope to build a solid bridge for interaction and communication between buyers and sellers.

The Imbalance Between Supply and Demand is Short-Term and May Return to Normal by the Year End

Regarding the issue of significant fluctuations in current market demand and supply, a Taiwanese supplier recently told Fastener World that the order volume Taiwanese suppliers have received over the past 12 months is actually much higher than their total capacity, often resulting in an average lead time of 4-6 months (which was only 2-3 months before). However, his buyers complained to him that they did not have double capital to purchase more and were forced to turn to suppliers in China, Southeast Asia or their parent countries. **If we look at the past trend of industrial demand, it is inevitable that there'll be fluctuations. The current drop in orders may not be a bad thing, as it can sometimes be caused by seasonal adjustments in foreign economies or by customers' intention to consume existing inventory first. Under the overall market supply and demand cycle, it is expected that the imbalance between supply and demand in the industry will gradually return to normal by the end of this year.** ■

