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## Taiwan CSC Production & Sales Meeting for Q2 2024 with the Fastener Industry -

# High Season is Approaching and the Economy is Expected to Recover Slowly

In order to enhance the interaction and communication with Taiwan fastener industry and to regularly understand the current situation of the industry's external orders as well as their challenges or dilemmas, Taiwan CSC, the largest wire supplier to Taiwanese fastener manufacturers, held the Production & Sales Meeting for Q2 2024 on March 5 in Gangshan, Kaohsiung. Hundreds of fastener companies participated in this event, hoping to maintain a good and smooth communication channel between the supply and demand sides, and more importantly, to gain more favorable conditions for their own development through such exchanges.

TIFI Chairman Tu-Chin Tsai



### TIFI Chairman Tu-Chin Tsai: Hoping Taiwan CSC Won't Increase Wire Prices in the Current Poor Economy and Manufacturers Should Keep Pace with the ESG trend

TIFI Chairman Tu-Chin Tsai put it bluntly in his opening speech that the current overall market situation can be said to be very poor. Many fastener companies around the world are experiencing a squeeze on profits due to regional conflicts such as the war between Israel and Hamas, the war between Russia and Ukraine, and the higher costs caused by the U.S. 25% tariff on certain steel and aluminum products from China. Many orders for small screws initially made out to Taiwan have been taken over by Chinese or Vietnamese companies, making a difficult situation to Taiwanese manufacturers. Under these market conditions, he hopes that when Taiwan CSC announces its prices for next quarter, it will take into account the fact that it is already very difficult for the industry to receive orders and refrain from raising prices if it can.

In addition, in terms of the global industry's most discussed trends of ESG and energy saving & carbon reduction, Chairman Tsai also reminded the industry to keep up with the net-zero carbon reduction trend, and to pay closer attention to the ISO 14064, ISO 14067, and other carbon management standards, and to implement the relevant net-zero carbon emission declarations in accordance with the law and regulations. **He also asked Taiwan CSC to provide strong support to help the industry to save energy and reduce carbon emissions, and to produce more wire products that meet the low-carbon trend for the fastener industry.** Chairman Tsai believes that although compliance with carbon reduction regulations may indirectly increase manufacturers' costs, he believes that Taiwan's serious and hard-working industry can do a good job. Moreover, when more countries start to propose net-zero carbon reduction measures, it may also create more opportunities for Taiwan fastener industry to receive more orders and establish new collaboration.





Taiwan CSC Commercial Division Vice President Ming-Yuan Chen (middle)

It is understood that Taiwan CSC does not have any annual renovation plan at present. Its current capacity can fully meet the subsequent demand of the industry and the lead times are also expected to be advanced. In addition, in response to the trend of energy saving & carbon reduction, Taiwan CSC has provided the carbon emission data of Q4 last year to manufacturers for subsequent CBAM reporting, and will provide the data of the previous quarter to the industry on a regular basis in the first month of each quarter thereafter. If the industry has any needs or questions about carbon reduction, Taiwan CSC also has a team of industry experts and senior colleagues who can provide relevant info with the industry.

### Taiwan Fastener Export Performance in 2023 and Present Situation and Prospect in 2024

According to Taiwan Customs' import & export data, Taiwan imported 206,000 tons of steel bars in 2023, down 21% from the same period in 2022. The top 5 sources of steel bar imports were China (58%), Japan (25%), South Korea (9%), Vietnam (2%) and Germany (2%). The main import categories were steel bars made of alloy steel (76%), medium carbon steel (14%) and low carbon steel (6%).

In terms of wire rods, Taiwan imported 352,000 tons of wire rods in 2023, a slight decrease of 1% from the same period in 2022. The top 5 import sources were Indonesia (38%), South Korea (22%), Vietnam (13%), China (9%) and Japan (8%). The main import categories were wire rods made of low carbon steel (49%), alloy steel (37%) and high carbon steel (6%).

In terms of fastener export, Taiwan exported 1.275 million tons of fasteners to the world in 2023, a decrease of 23.41% from 2022; the average unit price was US\$3.74 per kilogram, also a decrease of 1.93% from 2022. Among them, the export volume of self-drilling screws and bolts appeared the most significant shrinkage (both by at least 25%), and the export volume of wood screws and nuts also shrank by about 15%. If we look at the main export destinations, the top 5 export trading partners were the United States (591,000 tons), Germany (101,000 tons), the Netherlands (84,000 tons), Japan (52,000 tons), and Canada (40,000 tons), all of which have declined by 10%-25% compared with the 2022 level.

To observe the single-month data of January this year, Taiwan exported about 100,000 tons of fasteners (down 11.3% from the same period last year) and its export to the U.S. reached about 52,000 tons (a decrease of 7.9% from the same period in 2022).



### Taiwan CSC: Assisting the Industry in Reducing Carbon Emissions to Win Over Orders as De-inventorying Will be Over Soon

Mr. Ming-Yuan Chen, Vice President of Taiwan CSC Commercial Division said that he has observed that the orders of some companies are indeed not good. However, he also mentioned that after 2 years of de-inventorying in the global manufacturing industry, reports published by many scholars and experts on the GDP forecasts of most countries have shown an upward sign and the optimistic forecasts about many countries (including Taiwan) are above 3%. Despite the downward trend in the market until Q4 last year, the demand this year should be better than last year as Q2 is traditionally a high season for the industry (statistics also show that the Q2 result has been always the highest of the year for the past decade), and the Q2 industry survey conducted internally by Taiwan CSC also indicates that demand will be 8% higher than Q1 2024. Therefore, even though there is still turbulence in the market, there is no need to be pessimistic as the overall trend is still forecast to "recover gradually". As long as everyone has confidence, works hard, and enhances the company's strengths of all aspects, there'll be lots of opportunities this year.

Despite the recent downward trend in demand for raw materials and fastener exports from Taiwan, many analysts still believe that the global economy will slowly recover from the crisis. Coupled with the continued easing of inflation in various countries, the recovery of consumption of end products, the gradual return of supply chain inventories (e.g., AI, automotive electronics, etc.) to a healthy level which in turn will boost demand, global automobile sales expected to grow by approx. 2.7% in 2024 compared to 2023, and governments expanding public construction budgets, among other incentives, the global economic performance is expected to improve further, indirectly facilitating the demand for fasteners. ■

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