INTERVIEW WITH EIFI PRESIDENT PAOLO POZZI

Question 01

Since early this year, President Trump's tariff measures have dealt a heavy blow to the global economy, throwing global industrial supply chains including the fastener industry into disarray. The repercussions brought by the tariffs continue to reverberate among the industry. How do you assess the actual impact of the U.S. uncertain tariff policies on EU fastener manufacturers selling products to the U.S.?

A The recent U.S. tariff measures (25% and now 50%) have certainly introduced a high level of uncertainty into the global trade environment, affecting industrial supply chains across many sectors, including fasteners. For European manufacturers exporting to the United States, these measures have created some challenges, particularly in terms of cost competitiveness and long-term business planning. Nevertheless, European manufacturers are renowned worldwide for their commitment to innovation, and reliability — values that continue to be appreciated by customers in the United States and across the globe. That said, the U.S. is not among the main export markets for EU fastener manufacturers. In the first eight months of 2025 (Source Eurostat), we observed a 2% decrease of EU27 exports of Fasteners (CN 7318) to USA vs the same period in 2024 (49.4 KTons to 48.3 KTons) showing the first signs of the impact of the U.S. tariffs in force. EU27 imports of fasteners from the United States also declined by 9% (from 8.2 K tons in January–August 2024 to 7.4 K tons in the same period of 2025).

We believe that open and fair trade remains the best foundation for sustainable industrial growth, and we hope that dialogue and mutual understanding will guide future policy decisions on both sides of the Atlantic

Question 02

Amid the disruption caused by steel and aluminum tariffs, many manufacturers who previously focused their exports on the U.S. have shifted their business to other countries (particularly the EU) to avoid tariff impacts. Has this trend had any impact on the domestic sales market for EU manufacturers?

A The redirection of exports toward the European market has created some additional competitive pressure for EU fastener manufacturers. As products originally intended for the U.S. market entered Europe, certain segments experienced higher supply levels and tighter margins.

However, **the overall impact for the first eight months in 2025 on domestic sales has remained limited even if the first three import countries, China, Taiwan and Vietnam, increased relatively of 25,5%, 18,5%, 49% vs 2024. The European fastener market is serving industries such as automotive, construction, and machinery that rely on certified, high-performance products.** This strong focus on compliance continues to protect European manufacturers from purely price-based competition. Moreover, many companies have successfully adapted by diversifying their export destinations and reinforcing their presence in the European market through innovation and service excellence. In this context, EIFI continues to work closely with European institutions to ensure fair competition and maintain a balanced market environment for all EU producers.

Question 03

(Following Q2) Are local EU manufacturers taking any countermeasures or implementing strategies in response to increased market expansion efforts by overseas competitors in Europe?

A European fastener manufacturers have reacted to the growing presence of overseas competitors by strengthening their strategic focus and enhancing their distinctive advantages. Rather than competing on price, many companies are investing in innovation, automation, and digitalization to improve efficiency and flexibility across their operations. At the same time, there is a clear shift toward specialization — developing advanced, high-performance, and customized fasteners that meet the strict technical and regulatory requirements of European industries. Sustainability has also become a defining priority, with manufacturers increasingly adopting low-carbon materials and circular production models to align with the EU's Green Deal objectives.

Question 04

Which industrial sectors currently represent the largest fastener demand market share and are of the greatest concern to EU manufacturers?

A Within the European market, the largest share of fastener demand continues to come from the automotive, construction, and industrial machinery sectors, which together represent a substantial portion of total consumption. These industries are currently undergoing major transformations — from the electrification of vehicles and new mobility concepts to the push for energy-efficient buildings and advanced manufacturing technologies — all of which have a direct impact on fastener requirements. The energy transition is also creating new opportunities and challenges, particularly in renewable energy projects such as wind, solar, and hydrogen infrastructure, where fasteners must meet extremely demanding technical and safety standards. Additionally, aerospace and rail remain strategically important markets, requiring high-precision and certified components.

Question 05

Earlier reports indicated that the EU may consider adjusting the scope of entities required to report carbon emissions under the CBAM to target "only upstream major emitters (e.g., raw material suppliers)", exempting downstream fastener processing plants with negligible carbon emissions from reporting obligations. Such an adjustment (if proved to be true) is expected to significantly reduce the burden of collecting carbon emission data for downstream processing facilities. Regarding this matter, do you have any recent official updates from the EU? What is EIFI's perspective and stance on this matter?

A The latest revision of the Carbon Border Adjustment Mechanism (CBAM), aimed primarily at simplifying reporting and compliance obligations - particularly for small and medium-sized enterprises - is generally a positive step. However, it also risks creating a double standard within the European Union. While the European fastener industry continues to invest heavily in meeting the sustainability objectives set by legislators, the revised framework may allow the importation of products that do not adhere to equivalent environmental standards. Although the new regulation classifies the carbon footprint of fastener manufacturing as "negligible," CO_2 emissions from fasteners produced using electric arc furnace steel can account for 30-40% of total emissions when considering the full production process - from annealing and cold forging to quenching, tempering, and coating. As one of the first downstream products integrated into CBAM, fasteners - comprising up to 99% steel - were rightly included in the mechanism given their essential role across numerous strategic sectors, including construction, automotive, mechanical engineering, energy, and defense. Maintaining CBAM coverage for downstream products in general, and for CN code 7318 (fasteners) in particular, would incentivize European manufacturers to further enhance the sustainability of their production processes and reduce emissions throughout the value chain. The European Industrial Fasteners Institute (EIFI) maintains that retaining the original inclusion of downstream products, as initially decided by the European Commission, is crucial to achieving EU climate objectives. Only through comprehensive and consistent regulation can the Commission ensure fair competition, strengthen European industrial production, and effectively advance the Union's climate goals.

Question 06

Beyond tariffs and CBAM, what other market factors do you believe are challenging the supply and demand of fasteners in the EU?

A Beyond tariffs and the CBAM mechanism, several structural factors are currently influencing the balance of supply and demand in the European fastener market.

First, volatility in raw material and energy costs continues to affect production planning and pricing stability. Although conditions have improved compared to the peak of the energy crisis, uncertainty remains a concern for many manufacturers. Second, logistics and supply chain disruptions, partly linked to geopolitical tensions and transportation bottlenecks, have highlighted the importance of local sourcing, inventory flexibility, and stronger supplier networks within Europe. Third, the shortage of skilled labor and the need for continuous investment in digitalization and automation are shaping the competitiveness of the sector. Companies must balance efficiency gains with the ongoing need to train and retain qualified personnel.

Finally, sustainability and regulatory compliance are becoming central to every aspect of industrial operations. Meeting environmental targets while maintaining cost efficiency and global competitiveness is one of the defining challenges for the years ahead.

Question 07

The "Fastener Poland" this year has just concluded, with many international exhibitors expressing optimism about the outlook for the European fastener demand market (particularly in Central and Eastern Europe). Do EU manufacturers or EIFI share the same view? Why?

A Optimism surrounding the European fastener demand market in Central and Eastern Europe is driven by several key factors. These include significant government and EU investments in infrastructure projects (such as express roads, motorways, and strategic air bases), as well as a construction sector rebound supported by both national and EU-level programs like the NRRP and REPowerEU grants. Additionally, the expansion of major industries such as automotive and renewable energy continues to stimulate demand.

The region also benefits from its strategic geopolitical position and the EU's focus on "strategic autonomy" and supply chain resilience, which have led to increased investments in domestic production capacity, local sourcing, and processing. These developments strengthen regional supply chains and bolster local manufacturing. Moreover, the ongoing adoption of advanced technologies - including IOT solutions and artificial intelligence - further enhances industrial efficiency and underpins the sustained growth in fastener demand across the region. At the most recent EIFI meeting in September, member confidence rose from 4.84 in September 2024 to 5.52 in the same month of 2025.

Question 08

In what areas do you anticipate EIFI will engage in closer exchanges and cooperation with Taiwanese fastener industry in the future?

A Both Europe and Taiwan are recognized for their innovation-driven fastener industries and their commitment to maintaining a reliable and transparent supply chain. The two regions have long fostered a fair and balanced partnership within the fastener sector and remain dedicated to upholding these principles in the future. In addition to its strong relations with Taiwanese fastener associations, the European Industrial Fasteners Institute (EIFI) has actively collaborated with the Taiwan Institute of Economic Research (TIER) to enhance mutual understanding of the EU's Carbon Border Adjustment Mechanism (CBAM). This cooperation aims to support companies in both regions in effectively addressing the regulatory and operational implications of the CBAM framework.

Question 09

EIFI just held its membership conference in Spain this past May. What other significant membership or international exchange events are scheduled next?

A EIFI is preparing for its 2026 General Assembly, to be held in London, UK, from 21 to 23 May. This flagship in-person event represents the most significant gathering of the year. As in all previous editions, invitations will be extended to Fastener Associations worldwide. Over the past two years, the format of the open session of the Assembly has been structured to include a brief insight or update from each participating Organization, followed by a keynote focusing on a current and highly relevant topic for the fastener industry. Distinguished experts in fields such as geopolitics, automotive, construction, and economics will be invited to share their perspectives, providing valuable guidance to industry leaders and entrepreneurs in shaping their future strategic business decisions.

During 2026, EIFI will be hosting exclusive Members-only meetings for the Automotive and General Industry & Distribution Market Groups, along with dedicated events addressing key topics such as US tariffs, TDI, CBAM, and PFAS.

Question 10

What is your outlook for the EU fastener market in 2026?

A Looking ahead to 2026, we expect the European fastener market to demonstrate moderate but steady growth, driven by ongoing industrial modernization and the transition toward sustainable technologies. Sectors such as construction, renewable energy, and aerospace are likely to continue generating strong demand for fasteners that meet evolving technical and environmental standards. We anticipate that innovation, digitalization, and sustainability will remain key drivers of competitiveness. Companies that can combine efficiency with advanced engineering, environmental responsibility, and supply chain resilience are best positioned to succeed. While challenges such as material price volatility, regulatory pressures, and global competition will persist, the European fastener industry has repeatedly proven its adaptability and long-term resilience. Through collaborative initiatives, investment in new technologies, and a continued focus on quality and service, we are confident that the EU fastener sector will maintain its global leadership.

INTERVIEW WITH EFDA PRESIDENT ANDREAS BERTAGGIA

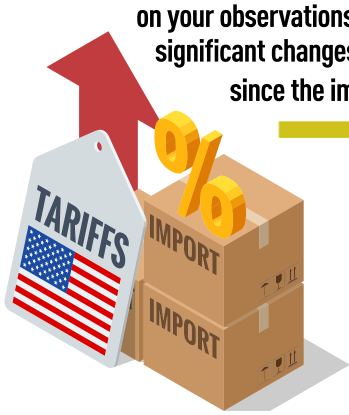
Question 01

Since early this year, President Trump's tariff measures have dealt a heavy blow to the global economy, throwing global industrial supply chains including the fastener industry into disarray. The repercussions brought by the tariffs continue to reverberate among the industry. How do you assess the actual impact of the U.S. uncertain tariff policies on EU fastener distributors?

A According to my calculations, the US imported around 13% of its total imports from the EU. I assume that the bigger portion comes from EU fastener manufacturers and a smaller portion of EU distributors. From this perspective, there is an impact on direct exports especially for the manufacturer. On the other hand the alternative for US importers to buy domestically are also somehow small. However, from an indirect perspective, where EU distributors sell to local OEM producers, the impact of tariffs is significant because those OEM producers may have a larger share of their turnover in US exports. Therefore, it will affect EU distributors as well in demand and price pressure as well.

Question 02

Amid the disruption caused by steel and aluminum tariffs, many manufacturers who previously focused their exports on the U.S. have shifted their business to other countries (particularly the EU) to avoid tariff impacts. Based on your observations and available data, have there been any significant changes in the EU's fastener imports and exports since the implementation of these tariffs?



A Currently, demand in the EU market is stable for the time being. The main sources are established, and prices generally remain at lower levels. If the economic outlook strengthens and demand rises, this may lead to increased sourcing opportunities, capacities, and competition. Ongoing changes in the supply market may influence future developments.

Question 03

"Construction" and "automotive" have always been the major applications for fasteners globally. Could you briefly share the current demand status in the EU market for these two industry sectors?

A The construction and automotive segments account for 40% of the EU fastener market in 2024. The construction sector appears to be stable, whereas the automotive sector is currently experiencing challenges due to various factors.

Question 05

Beyond tariffs and CBAM, what other market factors do you believe are challenging the supply and demand of fasteners in the EU or creating additional business opportunities that everyone should start paying attention to?

A Given current uncertainties, adaptability is crucial. With unpredictable geopolitical and economic shifts, regionalising suppliers and adopting multi-sourcing can help minimise supply chain risks. Meanwhile, some market segments continue to drive strong demand for fasteners, making agility, openness, and a positive mindset essential.

Question 06

At the writing of this interview outline, the trade show dedicated to fastener technology, Fastener Poland, was about to commence. Compared to the already mature fastener markets in Western Europe, what are your observations on the future prospects of the fastener markets in Central and Eastern Europe?

A You are correct; compared to the mature and saturated market of Western Europe, Eastern Europe still has significant potential for increased fastener demand. Additionally, many factories continue to relocate production from Western to Eastern Europe.

Question 07

Over the past few years, we have observed several major European fastener distributors enhancing their competitiveness by continuously expanding their market footprint across different sectors. This has been achieved through acquisitions of European peers or establishing operational bases in overseas markets such as Southeast Asia. What are your thoughts on this trend?

A I completely agree—expansion is a natural strategy for market participants in any industry. Growth can be achieved through gaining market share, mergers and acquisitions, or both, and some even pursue vertical integration of their supply chain.

Question 04

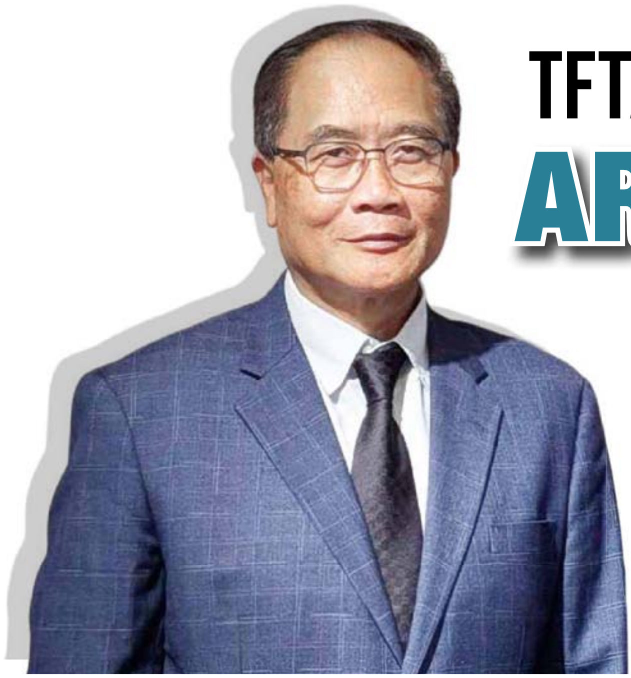
Earlier reports indicated that the EU may consider adjusting the scope of entities required to report carbon emissions under the CBAM to target "only upstream major emitters (e.g., raw material suppliers)", exempting downstream fastener processing plants with negligible carbon emissions from reporting obligations. Such an adjustment (if proved to be true) is expected to significantly reduce the burden of collecting carbon emission data for downstream processing facilities. Regarding this matter, do you have any recent official updates or responses from the EU?

A EFDA succeeded in persuading EU legislators to reduce the emissions relevant to CBAM to those emissions released during the production of precursors for fasteners. This means that emissions released during the production of the fastener itself will no longer be taken into account. This significantly reduces the administrative burden on fastener manufacturers outside the EU and should make CBAM somewhat easier to apply overall. The EU legislator has already made the fundamental decision in favour of this change. However, an implementing regulation from the European Commission is still required to specify the details.

Question 08

Besides the General Assembly that just concluded in Brussels at the end of September, what other significant membership or international exchange events has EFDA scheduled?

A Following a highly successful 8th European Fastener Distribution Conference on 25–26 September 2025 in Brussels, attended by 120 guests, the focus will now shift to internal EFDA meetings. These include regular meetings of the EFDA Task Force, which primarily deals with ongoing anti-dumping measures such as the current antidumping investigation of the European Commission regarding imports of screws without head, including threaded rods, originating in the People's Republic of China, and other issues of international trade policy and the regulation of the supply chain. In addition, the EFDA CBAM Working Group meets very regularly to assist European fastener distributors with the implementation of CBAM, e.g. through the EFDA Template for Suppliers. The EFDA Assembly of Delegates is expected to meet in Amsterdam in autumn 2026. The 9th EFDA Conference is scheduled to take place in 2028 as this is a triennial conference. We will announce more details about this event at a later date.



TFTA CHAIRMAN ARTHUR CHIANG :

ONLY THROUGH LONG-TERM INDUSTRIAL STRATEGIES CAN THE GOVERNMENT SOLIDIFY TAIWAN'S COMPETITIVE EDGE

In 2025, Taiwan's fastener industry faces significant external challenges including U.S. tariffs, exchange rate fluctuations, rising raw material and energy costs, customer order cancellations, and the Carbon Border Adjustment Mechanism (CBAM). Internally, it grapples with a shortage of young workers, who are flocking to high-tech industries while showing little interest in basic precision industries like fasteners. This trend has led to labor shortages and a gap in the succession of skilled technical personnel. Businesses with weaker financial foundations have suffered significant setbacks amid these waves of shocks, and are reportedly resorting to measures like "working 4 days and taking 3 days off" to navigate the current difficulties. This situation has also raised concerns among many fastener manufacturers if Taiwan's fastener industry can weather these challenges and maintain its competitive edge in the future. Accordingly, TFTA Chairman Arthur Chiang shared his observations and insights on the industry's current state. He urged the government and relevant agencies to address the competitive challenges facing Taiwan's fastener industry and formulate more long-term, concrete industrial development policies to serve as the strongest backing for businesses. He noted, **"Government officials must shift their mindset, for without fasteners, smartphones cannot be assembled, cars cannot hit the road, planes cannot take flight, skyscrapers cannot rise, and future humanoid robots certainly cannot be built! All these rely on Taiwan's robust technology and talent to develop and realize. We urge the government not to pour all resources into TSMC, for the fastener industry is the very root of sustainable industrial development."**

Three Key Factors Affecting the Competitiveness of Taiwan's Fastener Industry

High Tariffs///

At the beginning of the year, U.S. tariffs unleashed a heavy blow on the global economy, throwing industries worldwide including the fastener sector into turmoil. The repercussions continue to reverberate to this day. Chairman Chiang believes, "Under Trump's tariffs, although Taiwanese manufacturers haven't raised their quotes, U.S. customers are being forced to increase their selling prices. This may appear to boost manufacturers' profits, but whether consumers will accept the costs being transferred to them remains uncertain. Trump's tariffs were originally intended to encourage manufacturing to return to the U.S., but at this stage, the U.S. lacks sufficient skilled workers to meet the demand. Ultimately, it still needs to rely on foreign supply chains." **In the short term, orders from the U.S. to Taiwan have decreased. However, with the Thanksgiving shopping season arriving in Nov./Dec. and the outcome of U.S.-China trade negotiations expected to be largely finalized by then, the market is projected to become clearer after January 2026.** Furthermore, U.S. clients must maintain sufficient inventory to meet future production demands. Potential interest rate cuts by the Federal Reserve could stimulate consumer spending on automobiles and housing, indirectly boosting demand for fasteners. Taiwanese manufacturers need not be overly pessimistic." However, Chairman Chiang cautioned that many European and U.S. businesses have recently gone bankrupt due to the ripple effects of tariffs, emphasizing the need for heightened vigilance regarding customer creditworthiness.

Sharp Exchange Rate Surge///

Regarding exchange rates, the New Taiwan Dollar (NTD)'s sharp appreciation earlier caused significant hidden losses for fastener manufacturers. Chairman Chiang noted, "Exporters generally quote prices based on contracts, with many orders shipping months later. If the currency appreciates rapidly in a short period, it inevitably inflicts heavy losses on businesses." Although the exchange rate has stabilized now, the recent surge where the NTD climbed from 31 to 29 against the USD within days has eroded the meager profits many manufacturers had left. Currently, Taiwanese businesses are not only relying on clients reducing orders to minimize foreign exchange losses, but are also actively implementing measures such as rotating shifts, adopting a four-day workweek with three days off, or scaling back production line operations to cut operational costs." In the long run, Chairman Chiang believes, **"As long as manufacturers can mitigate the impact through flexible production line adjustments, development in 2026 will remain promising. Beyond providing financial support to manufacturers, the government must also delve into the root causes of why companies are failing to secure orders** and devise truly fundamental solutions."

Uncompetitive Raw Material Costs

Taiwanese manufacturers have long sought to enhance their competitiveness, yet persistently high raw material costs compared to competitors remain an unresolved challenge. The persistently elevated wire prices from Taiwan CSC consistently place manufacturers at a disadvantage from the outset in terms of production costs. Chairman Chiang stated, "Carbon steel raw materials are estimated to account for 45-50% of manufacturers' production costs, with stainless steel representing an even higher proportion. Currently, wire rod costs in Taiwan are 20-30% higher than in China. Coupled with official subsidies for Chinese steel mills, Taiwanese manufacturers simply cannot compete. We do not wish to see Taiwan CSC sustain long-term losses due to price reductions, however, if Taiwan Power Company can receive government subsidies, why shouldn't it be possible for Taiwan CSC to receive similar support? The government often encourages businesses to explore new markets, but if manufacturers are significantly disadvantaged in raw material and labor costs, where is their competitive edge? Not to mention that during economic downturns, customers may switch to other suppliers to reduce costs."

While Quality and Technology Have been in Place, the Talent Must be Brought in as Well

Taiwan's fastener industry has long dominated the global market with its superior quality, outstanding technology, and comprehensive customer service. Many product technologies have undergone decades of refinement and development, achieving significant advancements. In his keynote address at this year's EIFI and EFDA member conferences in Europe, Chairman Chiang specifically highlighted several advantages of sourcing fasteners from Taiwan, including consistently superior product quality that avoids "troublesome" issues, FedEx-like delivery efficiency, and fully accountable customer service. This reflects the mutual trust and collaborative synergy cultivated over many years between Taiwanese suppliers and their global clients. Chairman Chiang also highlighted a looming concern regarding the succession of industrial technology in Taiwan. He noted that "under the government's vigorous promotion of high-tech industries, basic precision industries like fasteners have been neglected. The expertise in these basic precision industries requires long-term cultivation and accumulation. Once the current generation of master craftsmen in their 40s and 50s, who possess mature skills, retire, a talent gap may emerge." As high-tech professionals constitute only a minority among Taiwan's workforce, if the government can guide the majority of non-high-tech workers toward basic precision industries, these sectors will avoid facing a shortage of successors."

Traders Serve as the Driving Force for Manufacturers to Expand Globally

Manufacturers aiming to expand exports must understand that securing orders is only the beginning. They must also grasp their customers' true needs and priorities- an area where trading companies can provide invaluable support. Chairman Chiang stated, "Beyond possessing extensive knowledge of product technology and industry trends, traders must also have the communication skills and experience to engage with clients effectively. This enables them to help manufacturers uncover new market opportunities. Currently, TFTA is actively engaging with agencies such as the Industrial Development Bureau (IDB). We hope to leverage official resources such as regularly produced market reports to assist businesses in identifying expansion targets and broadening the marketing reach of Taiwanese fasteners beyond traditional markets like Europe and the U.S. to emerging markets." Chairman Chiang believes that for Taiwan to survive amid fierce competition from numerous rivals, it must take more proactive and forward-looking actions; otherwise, it will merely amount to empty sloganeering.

CBAM to Take Effect in 2027; Businesses with Carbon Reduction Plans Will Gain Competitive Edge

The current issue with CBAM is that no clear information has been released regarding which entity will handle reporting and certification. It remains undecided whether the EU will designate a specific body or authorize other certification bodies. Previously, EFDA proposed to the EU that reporting requirements should be limited to upstream raw material suppliers of major emitters, but this matter also remains unresolved and awaits further announcement from the EU. Chairman Chiang believes, "Although supporting details remain to be announced, carbon reduction is an inevitable path for the industry's future. Manufacturers can pursue various green certifications such as ISO 14000 or 14064 to achieve cost reduction objectives. On the other hand, this also grants them priority when clients select partners, creating a competitive edge for themselves. Additionally, with ample time remaining before the CBAM formally imposes taxes in 2027, businesses can leverage government resources to proactively prepare for automation upgrades and transformation. We also encourage second-generation successors with innovative perspectives to engage in dialogue with government agencies and academic institutions, working together toward shared industrial development goals."

(＊ To promote networking among association members, TFTA will hold its members meeting at Queena Plaza Hotel in Tainan on December 12, 2025.) ■