Editorial-
The Era of Diverse Competition Has Arrived: Finding Your Strengths Amid Challenges

The "China and Taiwan+1", drastic supply chain changes, corporate upgrade and transformation, the EU's CBAM and PPWR regulations, U.S. steel and aluminum tariffs, market competition, the business environment, and int'l marketing have been the key factors in recent years that have determined whether fastener manufacturers can overcome challenges and secure a competitive edge in this era of intense competition. Many manufacturers have devised various strategies to address these challenges. However, since each fastener manufacturer differs in terms of capital scale, HR, technological capabilities, business models, and competitive conditions, a one-size-fits-all approach is difficult to implement. Blindly following others' lead is by no means a wise strategy. Only by assessing their own circumstances to identify suitable solutions, coupled with the support of government initiatives, can companies build irreplaceable competitive strength.

Taiwan's Fasteners Represent Quality and Good Service

It has become self-evident over time that "China and Taiwan+1" is a false issue that has been grossly exaggerated. According to Taiwan Customs, Taiwan's total exports exceeded US$400 billion in H1 2026, representing a YoY increase of 47.1%. Exports of fasteners also surpassed US$2 billion. The additional US$200 billion in investment in Taiwan by major foreign companies further demonstrates that Taiwan offers a secure investment environment conducive to sustainable business operations. Int'l buyers should have confidence in Taiwan's supply chain. Over 90% of the products supplied by Taiwan can be found in other markets; however, **Taiwanese fastener industry's irreplaceable value lies in its decades-long reputation for quality, its market share recognized by customers, and its ability to serve global buyers.** Of course, this does not rule out the possibility of manufacturers expanding overseas to seek more opportunities; investing in and establishing factories in regions such as Southeast Asia is by no means out of the question. However, this must be considered holistically in light of each manufacturer's own cash flow and long-term business strategy. If a company has the capacity and its clients are willing to form a JV or place long-term orders spanning 3–5 years, this is certainly a way to strengthen cooperative relationships.

Affordable & Practical Solutions, AI, and Green Energy Trends Take Shape

This year, Fastener World participated in numerous trade shows in Southeast Asia and observed that many automotive **supply chains are rapidly shifting toward a trend of "affordable and functional" products. Meanwhile, advancements in AI and a growing focus on green sustainability are also driving accelerated changes in the supply chain.** To survive, manufacturers must adopt new-era approaches. One approach is to leverage AI management, for example, by integrating AI into process and cost control. In particular, pricing is the first challenge manufacturers face when competing on the front lines. If AI management can be used to reduce costs driven up by factors such as materials, electricity, and labor, it will undoubtedly enhance global competitiveness. On the other hand, manufacturers can also explore AI applications in fields such as military defense, aerospace, and drones to elevate the industry's development level. If they can secure government support and funding, Taiwanese manufacturers will undoubtedly have great potential. Expanding into new areas does not mean manufacturers must abandon their existing markets; if they can continue to refine their expertise and create niche markets in familiar fields, they will have twice the opportunities. Japan's YKK, which insisted on developing new materials to consolidate its existing market share, is a prime example.

PPWR Has Come into Force Since August

The new regulation applies to almost all packaging and requires non-EU companies to appoint one authorized rep in each member state where "packaging is delivered to the end user." This rep is responsible for handling the registration of packaging producers, reporting the weight of packaging, and paying Extended Producer Responsibility (EPR) fees. PPWR also require online platforms to verify the compliance of non-EU companies exporting products to the EU. **PPWR requirements include: 1. Minimizing packaging while maintaining product safety, hygiene, transportability, and functionality; 2. Design for recyclability; 3. Certain plastic packaging must contain a minimum percentage of post-consumer recycled (PCR) plastic; 4. The EU will establish a uniform system for packaging material and classification labeling; 5. Setting limit values for hazardous substances; and 6. Reusability and Extended Producer Responsibility (EPR). It is recommended that businesses establish bills of materials (BOMs) by SKU ASAP, request compliance data from packaging suppliers, avoid high-risk packaging, and convert shipping data into the EPR reporting format.**

The Unfriendly Business Environment Still Needs to be Addressed

The cumulative costs of raw materials, labor, utilities, and CBAM remain a source of concern for Taiwanese manufacturers' int'l competitiveness. As a key pillar supporting the fastener industry, nearly 90% of which is export-oriented, Taiwan **CSC should perhaps consider the market situation and open imports for steel products that are no longer competitive, while developing other high-end steel products to create room for industry players to compete.** After all, amid the labor shortage, companies can only attract talent by increasing the proportion of foreign workers or offering higher wages. The question of whether CBAM-related costs should be borne by customers or manufacturers, along with concerns that U.S. tariffs on steel and aluminum may rise further, also increase the difficulty of sustaining business operations. Coupled with continuously rising costs for green energy, hydropower, and overseas labor, these adverse conditions have placed immense pressure on Taiwanese manufacturers.

Is Fastener Manufacturing Still Profitable in Taiwan? It Depends.

An industry player once asked, "Is it still profitable to manufacture fasteners in Taiwan?" Well, there is no standard answer, as production equipment and target markets vary depending on the type of fastener. Looking at Taiwan's OTC fastener companies in H1 this year and taking small screws as an example, the avg. unit price of China was USD 1.96/kg, while Taiwan was USD 3.64/kg. Combined with the fact that the NTD has remained ~32 to the USD in recent years, most companies have generally been profitable. Of course, as market demand has shrunk, the days when overtime of 2-4 hours was necessary are long gone. Upstream parent companies have taken back orders to produce by themselves, and downstream associate factories have been significantly impacted by order cuts. Some traders have opted to source directly from overseas factories in Southeast Asia and export, thereby reducing cost pressures. **Looking back over the past 20-30 years, Taiwanese fastener manufacturers have generally remained profitable; success depends on whether companies are committed to their operations and maintain competitiveness by passing down technical expertise and experience.** If U.S. tariffs on steel and aluminum are reduced in two years, profit margins for Taiwanese products should increase.

Thanks to TIFI's and Government's Support, IFE 2026 is Expected to Yield Positive Results

International Fastener Expo

With strong support from Taiwan's ITA, TIFI, EDB of Kaohsiung, and MIRDC, **this year's IFE will feature 100+ Taiwanese exhibitors. With the U.S. dollar exchange rate currently at its best, the U.S. being Taiwan's largest export market, and the U.S. economy booming, the show organizers have gone to great lengths to promote the exhibition in hopes of attracting more buyers from the Americas. We are confident that the Taiwanese delegation's performance at this event will once again be a resounding success.** In this era of diverse competition, we hope manufacturers will not give up due to short-term market pressures. Traditional industries play a vital role in the development of all sectors, affecting the livelihoods of tens of thousands of people and serving as a crucial foundation for national strength. We look forward to the government's continued support in helping these industries maintain their competitiveness. ■