EFDA
European Fastener
Distributor Association

IMPACT OF CBAM AND STRATEGIES FOR THE TAIWANESE FASTENER TRADE

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GLOBAL FASTENER FORUM 2024
KAOHSIUNG, 5 JUNE 2024

EFDA 2024

A huge business – active in every part of Europe.

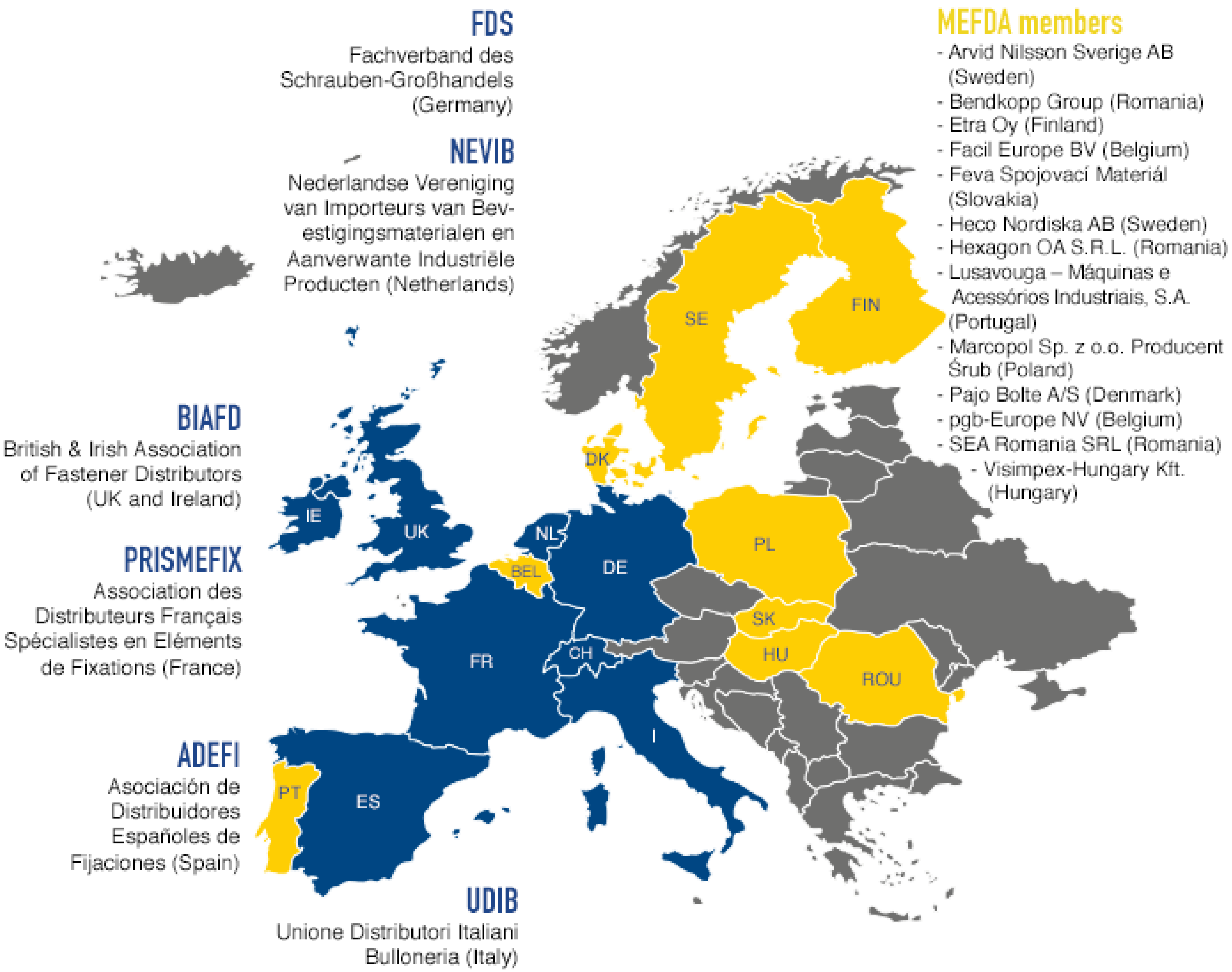
- 2,500 major distribution companies across Europe
- 44,000 skilled people
- 15 billion Euros of total turnover

EFDA
European Fastener Distributor Association

EFDA 2024

A growing membership.

- Founded in 2000 by national federations
- Represents the interests of European fastener distributors at European and gloabl level
- Members: 6 national member assocations and 13 member companies across Europe



EFDA 2024

Our objectives.

- Representing the distribution sector at European and global level
- Promoting the value of fastener distributors as integrated logistics partners for European industry
- Bringing together the European fastener distribution sector
- Maintaining a global network with international partner organizations
- Promoting free and fair trade in an open marketplace

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Agenda.

Impact of CBAM and strategies for the Taiwananese fastener trade:

1. during the CBAM transitional period: October 2023 - end of 2025
2. during the full implementation of CBAM: from 2026
3. conclusions and outlook

THE CBAM TRANSITIONAL PERIOD

IMPACT AND STRATEGIES

CBAM TRANSITIONAL PERIOD

Fastener manufacuters as key players.

Carbon emissions

From October 2023 EU importers must report to the CBAM Register of the European Commission on a quarterly basis extensive data regarding the imported fasteners (CN code 7318).

The data to be reported by EU fastener importers include:

- the comodity codes of the imported fasteners,
- the name and address of the manufacturer‘s company („operator“),
- the name of the production plant („installation“) and,
- most importantly, the direct and indirect CO2-emissions released.

All this data must be aggregated and provided by the fastener manufacturing company in the exporting country.

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CBAM TRANSITIONAL PERIOD

Actual emission data required.

EU importers of fasteners must report to the European Commission the data of the direct and indirect CO_2 emissions.

Significant changes apply for imports from the 3rd quarter of 2024:

- The data of the actual emissions must be provided.
- The exlusive use of default values is no longer permitted.

100 % compliant

CBAM TRANSITIONAL PERIOD

No data no fasteners.

EU importers who do not report to the European Commission the data for the imported fasteners act unlawfully and risk being sanctioned.

If a supplier cannot provide the actual emission data for the fasteners sold, the EU importer will not place new orders with that supplier.

CBAM TRANSITIONAL PERIOD

All players involved must contribute.

All players involved in the fastener supply chain are required to share the data:

- the manufacturers of fasteners,
- the manufacturers of the precurors/raw materials used, e.g. steel mills,
- the sub-contractors involved, e.g. heat treatment of plating factories, and
- intermediaries/trading companies involved.

CBAM TRANSITIONAL PERIOD

Transparency is gaining ground.

Modern legislation in many parts of the word, including the EU, requires more transparency in the supply chain.

With regard to CBAM this means that:

- disclosing supply sources is unavoidable and
- we can only master this task together!

100 %
compliant

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CBAM TRANSITIONAL PERIOD

Get prepared and seek advice!

compliance

CBAM demands everything from us. In order to survive on the market, everyone has to prepare.

Taiwanese suppliers can get help from EFDA‘s partner organizations in Taiwan:

- the Taiwanese fastener associations TFTA and TIFI,
- the Taiwan Institute of Economic Research (TIER), and
- other consultants.

CBAM TRANSITIONAL PERIOD

EFDA assists Taiwanese suppliers.

EFDA helps the EU importers and their suppliers in coping with CBAM.

We have set up an EFDA CBAM Working Group with experts from fastener distributor companies all over Europe.

These are the guidance and tools produced by EFDA:

- a CBAM briefing paper for suppliers (manufacturers and intermediaries),
- a template for suppliers (to report the data to EU imorters),
- guidance for manufacturers helping them to calculate the emission data (to be published soon).

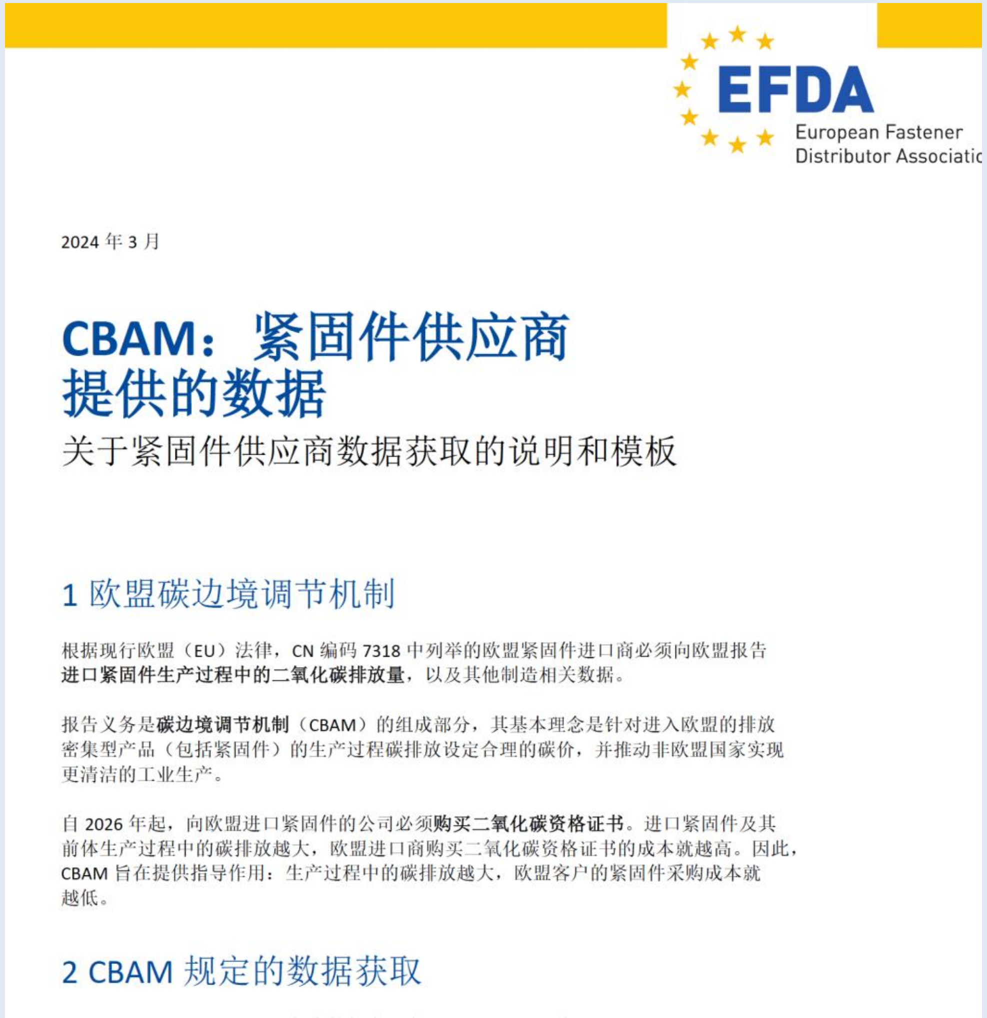
100 %
compliant

CBAM TRANSITIONAL PERIOD

The CBAM briefing paper for suppliers.

A special briefing paper created by EFDA:

- addresses fastener manufacturers and intermediaries
- available in English and Mandarin



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2024 年 3 月

CBAM：紧固件供应商提供的数据

关于紧固件供应商数据获取的说明和模板

1 欧盟碳边境调节机制

根据现行欧盟（EU）法律，CN 编码 7318 中列举的欧盟紧固件进口商必须向欧盟报告**进口紧固件生产过程中的二氧化碳排放量**，以及其他制造相关数据。

报告义务是**碳边境调节机制**（CBAM）的组成部分，其基本理念是针对进入欧盟的排放密集型产品（包括紧固件）的生产过程碳排放设定合理的碳价，并推动非欧盟国家实现更清洁的工业生产。

自 2026 年起，向欧盟进口紧固件的公司必须**购买二氧化碳资格证书**。进口紧固件及其前体生产过程中的碳排放越大，欧盟进口商购买二氧化碳资格证书的成本就越高。因此，CBAM 旨在提供指导作用：生产过程中的碳排放越大，欧盟客户的紧固件采购成本就越低。

2 CBAM 规定的数据获取

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CBAM TRANSITIONAL PERIOD

The EFDA template for suppliers.

The template for suppliers created by the EFDA CBAM Working Group:

- helps fastener manufacturers and intermediaries to report the required CBAM data to EU importers
- includes a brief guidance
- is extremely relevant for suppliers to comply with CBAM

C REPORT

C.01	Relevant year and quarter:		Example: 2024 Q 1
C.02	Date of report:		

D PRODUCT INFORMATION

D.01 Line number	D.02 CN code (8-digit)	D.03 Name of the goods (cn name)	D.04 Country of origin (universal code)	D.05 Name of installation	D.06 Specific embedded direct emissions of goods (tCO2e/t)	D.07 Specific embedded indirect emissions of goods (tCO2e/t)	D.08 Share of emission default values in %	D.09 Source of electricity
Example	73181100	coach screws	TH	Thailand Screws Ltd. - plant A	1,89	0,32	20	SOE03: Received from the
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CBAM TRANSITIONAL PHASE

Impact and strategies.

- All parties involed in the fastener supply chain must work together to supply the data:
  - the manufacturers of fasteners
  - the manufacturers of the precursors/raw materials used to produce the fasteners
  - subcontractors involved
  - intermediaries/trading companies involved
- To get advice and be prepared, suppliers should:
  - use the EFDA guidance and tools
  - contact their fastener associations and organizations involved
  - get help from consultants
- EU importers will not be able to buy from a supplier who does not provide the CBAM data.

THE FULL IMPLEMENTATION PHASE OF CBAM

IMPACT AND STRATEGIES

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FULL IMPLEMENTATION PHASE

CBAM as a competitive factor.

From 2026, EU importers will have to pay a price for each ton of CO2-emissions released during the production of the imported fasteners and its precursors / raw materials.

These additional costs will be considerable and have a significant impact on the competitiveness of a fastener manufacturing comany.

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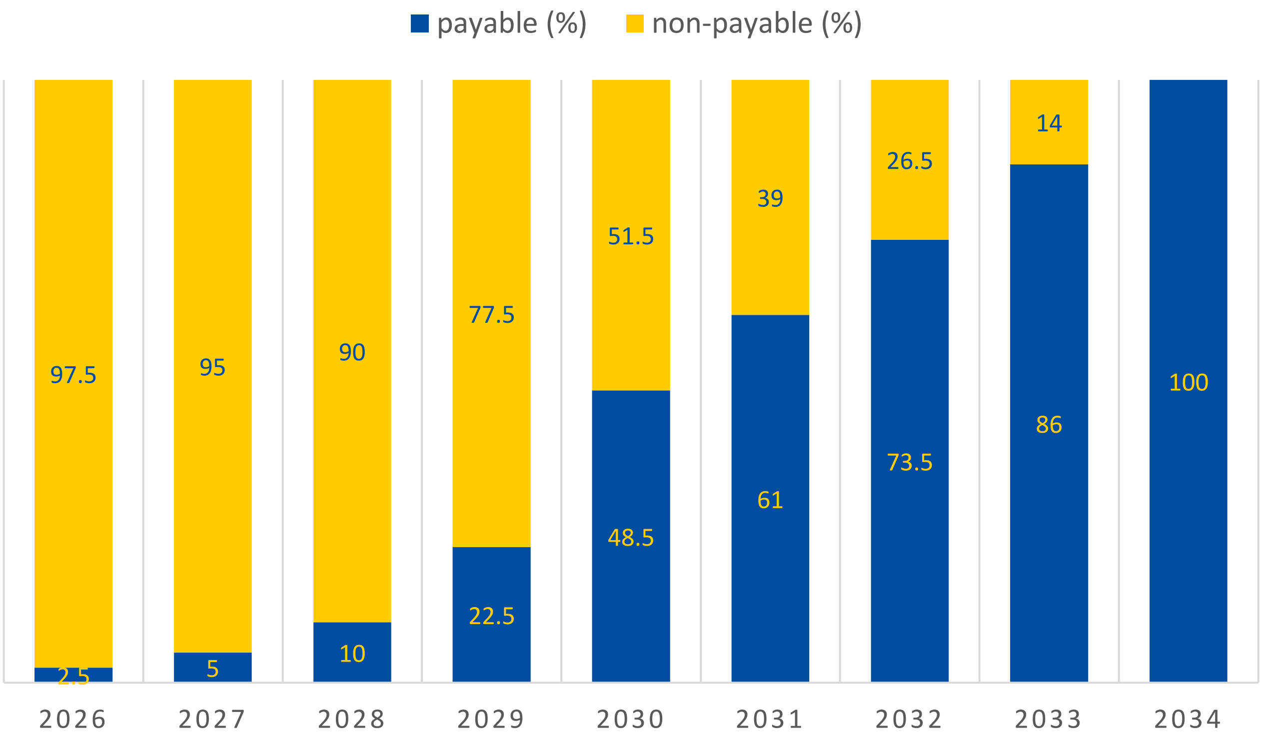
FULL IMPLEMENTATION PHASE

Increasing costs from 2026.



- EU importers do not initially have to pay the full costs for emissions.
- In 2026, the price is 2.5 % of the full costs.
- But this discount will be gradually reduced until 2034 when 100 % of the costs will apply.
- Costs will increase significantly as early as 2029/2030.

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FULL IMPLEMENTATION PHASE

Business opportunities with CBAM.

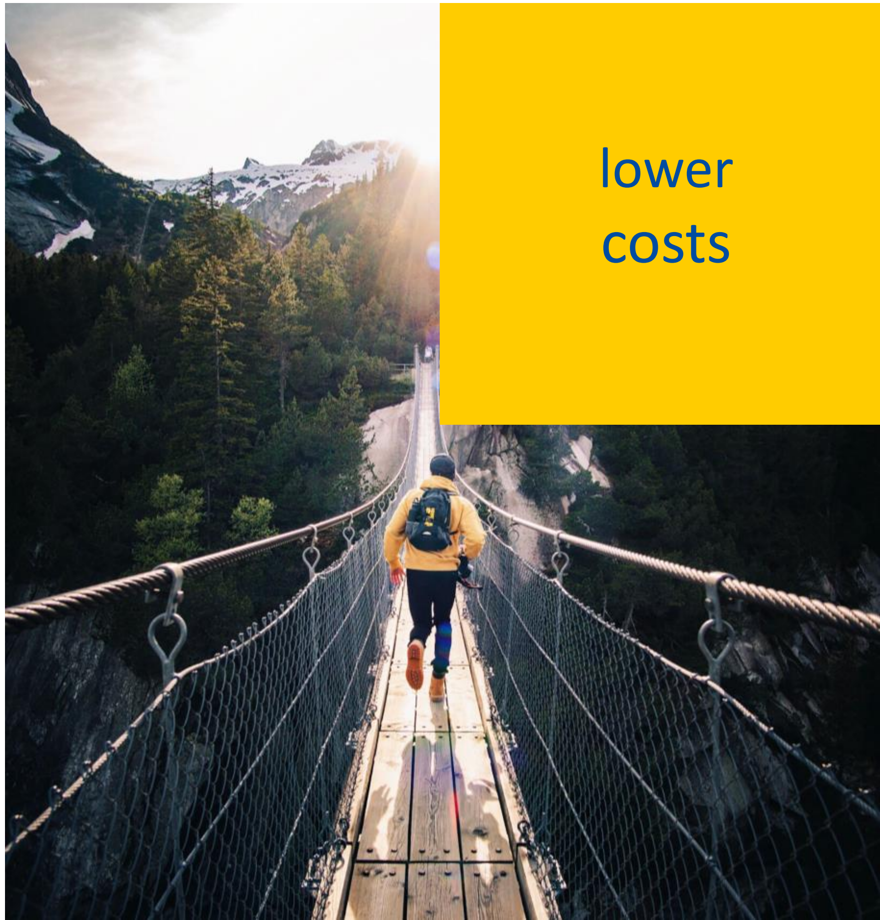
The ‚greener' the steel, the lower the emission values, the lower the CBAM costs for EU fasteners.

From 2026, the reduction of CO_2 emissions released during the production of fasteners will be a competitive advantage for

- individual companies and
- entire exporting countries

But note: the data for the previous year (2025) is relevant for imports from 2026!

lower emissions



lower costs

FULL IMPLEMENATION PHASE

Impact and strategies.

- From 2026, CBAM will have a strong impact on the fastener industry with:
  - a heavy administrative burden on importers and suppliers and
  - an increasing financial burden which strongly increases from 2029
- CBAM costs will account for a significant proportion of the total cost of fasteners.
- The parties involved can gain a competitive advantage:
  - manufacturers of fasteners which use green energy
  - manufacturers of raw materials, such as steel mills, using green energy
  - Taiwan as a whole if it becomes even greener than it is today

Summary and outlook.

For companies and countries to remain competitive, it all depends of their activities to comply with CBAM.

This means, above all, to:

- collaborate with the partners in the supply chain to deliver valid data and
- use green energy to remain competitive

Taiwanese suppliers can rely on EFDA assisting them to cope with CBAM.

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