



# Hardware Industry

An Overview of  
Taiwan Excellence Products  
(2019)



## The Household Equipment, Hardware, and Hand Tool Industry in Taiwan

Taiwan's hand tools are the world's unsung champions! Every year, Taiwan's tool industry earns US\$4 billion from exports of OEM wrenches and pliers. Globally reputed as the "Kingdom of Hand Tools," Taiwan is one of the world's top three export countries in this sector, which is one of the island's most prominent industries. Nearly 70% of enterprises in the hand tool industry are concentrated in the Taichung and Changhua areas.

### Ongoing Growth for Two Years Running

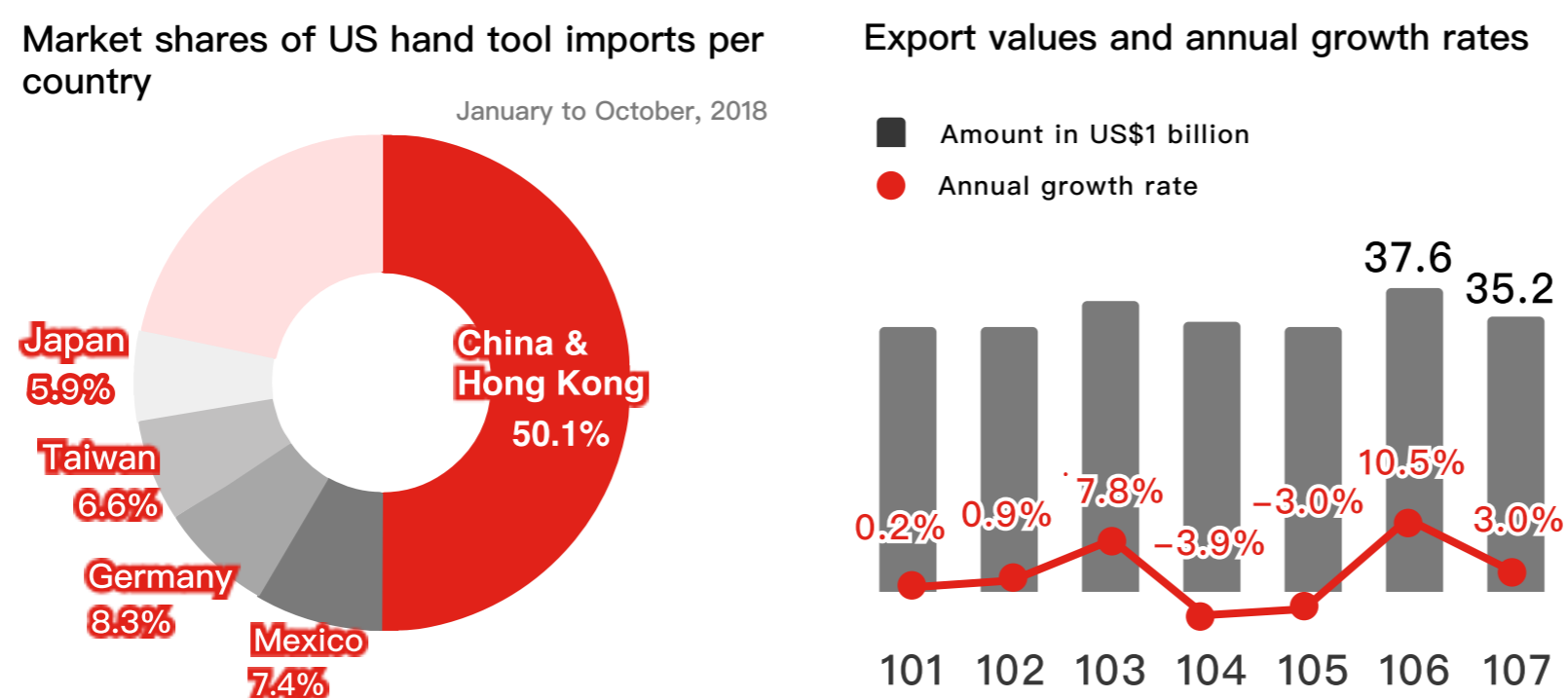


Figure (1.1) – Hand tool industry export data and annual growth rates of different countries  
Source: Information Knowledge (iKnow)

According to Taiwan's Department of Statistics, the number of plants and workers in the hand tool industry is steadily increasing year by year. As of 2017, there were 2,166 factories and about 48,000 workers. The majority of manufacturers are SMEs, and over 70% have fewer than 20 employees. With 70% of the factories centered in Taichung and Changhua, Taiwan's hand tool industry has a complete upstream, midstream and downstream supply chain. Taiwan's hand tool industry has evolved from an initial stage of imitation through a series of process technology breakthroughs, amassing independent technology to enter the stage of automation and computerization. Taiwan's hand tool makers have received extensive exposure at Taiwan Excellence and international design awards such as Good Design and Red Dot. Taiwan's refined hand tool designs reveal excellent market competitiveness in both quality and quantity, validating its leading status in global markets.



Taiwan's mid-range and high-end hand tool OEM ranks No. 1 in the world.

– Huang Hsin-Te, Vice Chairman of Taiwan Hand Tool Manufacturers' Association and Chairman of AllProfessional Manufacturing Co., Ltd.



## More than 50% of well-known international mid-range and high-end hand tool brands are purchased from Taiwan.

One out of three nail guns sold worldwide is made in Taiwan, and the Taiwanese have applied 3,000 patents for ratchet wrenches with fewer than 10 parts. An ordinary torque wrench costs less than NT\$1,000, but the price can be 20 times higher if they are “Made in Taiwan.”



### Export growth

One out of three nail guns is from Taiwan.



### Patent application

3,000 ratchet wrenches with more than 10 parts.



### Price advantage

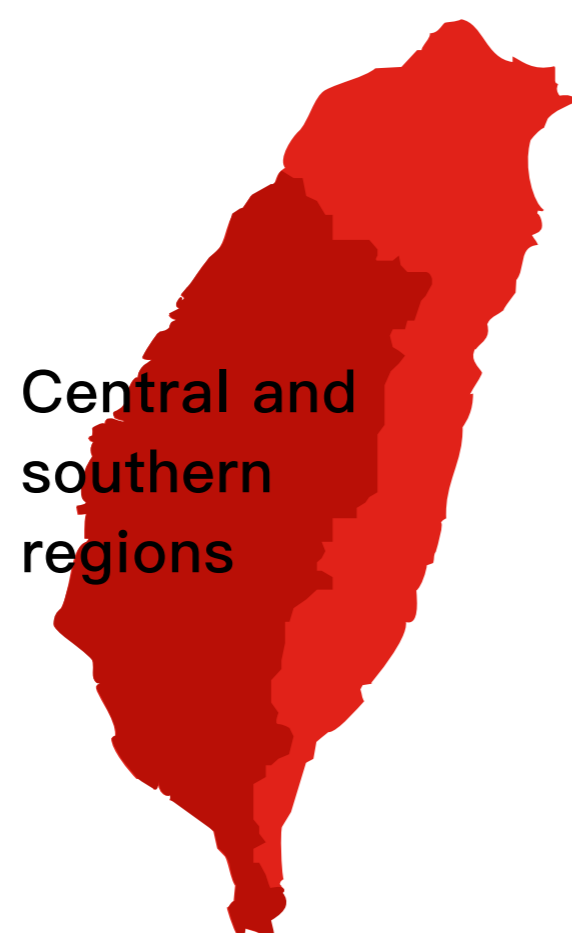
Made in Taiwan wrenches are 20 times more costly.

## Taichung's Golden Valley: The World's No. 1 Machine Tool Industry Cluster

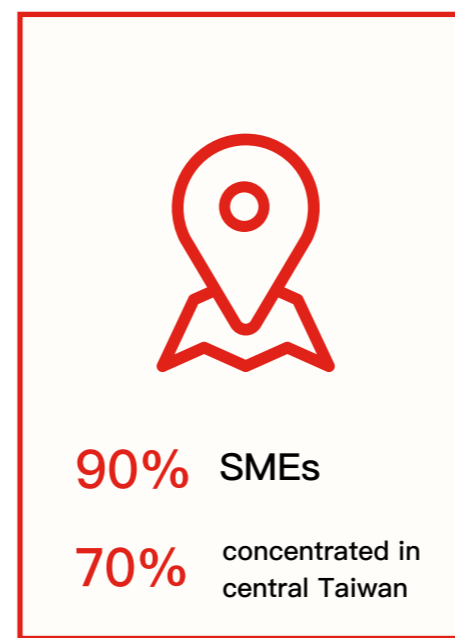
At the foot of Mt. Dadu in Taichung City is Taiwan's “Golden Valley” of precision machinery, with over 300,000 employees and an annual output value of NT\$900 billion. It is the world's number one precision machinery cluster in terms of density and per unit area output value, hosting six industries: machine tools and machinery parts, photovoltaic panels, bicycles and parts, woodworking machinery, hand tools, and aerospace.

Nearly 70% of Taiwan's hand tool industry is concentrated around the cities of Taichung and Changhua. It boasts a complete upstream, midstream, and downstream industry supply chain that is oriented toward exports. In fact, direct exports account for about 70%, with the United States the major import market, accounting for 32.3%, followed by China, accounting for 13.2%. Export values in the last two years have continued to increase.

## Key Applications of Taiwan's Hardware Industry Cluster



- Plumbing
- Metal Products
- Molds
- Fasteners



## Global Hardware Industry Trends

According to technical research consulting firm TechNavio, the global hand tool market will have reached US\$125.5 billion in scale by 2022. Over 50% of this is taken up by the North American and Europe markets, home of the world's largest hand tool import and export countries, with vibrant DIY cultures.

Germany is an important export expansion market for Taiwan's hardware hand tools and DIY applications. According to the Taiwan External Trade Development Council's iTrade platform, Germany is Taiwan's third largest export market in this sector. In 2017, the output value of Taiwan's exports to Germany reached US\$218 million, an increase of 4.8%, second only to the United States and China. In addition, Germany is also Taiwan's second largest export market of fasteners. In 2017, fasteners exported to Germany accounted for about 9.5% of the island's total export value, amounting to nearly US\$400 million, or US\$2.6 per kilogram, and a 10.5% increase in average unit price compared to the previous year. German products with Taiwanese fasteners have long held leading positions in the global automotive, healthcare, and machinery and equipment manufacturing industries, an indication of Taiwan's importance in Germany's fastener market.

## Estimated global hand tool market scale by 2020

Total tool market estimated



**US\$22 billion**

Average tool export unit price growth



**10.5%**

Hand tool compound annual growth rate



**4.3%**

## Sources

- Department of Statistics, Ministry of Economic Affairs, "Taiwan's hand tool exports have continued to achieve growth in the recent two years." – 2019
- TechOrange, "Taiwan's hand tools are hidden champions! Wrench and plier OEM generates annual revenues of US\$ 110 billion for Taiwan." – 2019
- TechNavio, "Global Hand Tool Market, 2018–2022" – 2018
- Taitra iTrade, "A comparison of Taiwan's hand tool industry exports to Europe in 2017" – 2017

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