

## Press release

24 February 2021

### **German tool industry with dampened growth expectations for 2021 – Unsafe market situation and supply chain problems remain**

**The Fachverband Werkzeugindustrie e.V. (FWI) expects only a moderate recovery in the economic situation in the traditional industry for the current financial year 2021. After a 5.3 % decline in sales last year 2020, the growth prospects for the current year are subject to the continued development of the Covid pandemic and already existing supply chain problems.**

Stefan Horst, Managing Director of the German Tool Industry Association, comments on the results of the survey conducted in February among the members of the association: “The tool industry has experienced the effects of the crisis directly last year. Many of our members were confronted with sharp drops in sales in 2020, in addition to the particular challenges of the pandemic for the manufacturing industry.”

Overall, 62 % of companies recorded declines in sales in the past financial year, more than half of which lost more than 10 %. Only 38 % of the companies closed the 2020 financial year without loss of turnover. The different sales development is attributable to the different target branches of the tool industry. For example, the construction industry was significantly less affected by the Corona crisis than the car industry. In addition, there were ongoing difficulties in supplying businesses with inputs and subcontracting, which increased particularly in the last months of the year.

For the current financial year 2021, the industry expects only moderate sales growth. 64 % of companies expect sales growth in their businesses, but in many cases this is not expected to compensate for the decline in turnover in the past year. 18 % of companies expect stagnating sales in the current year. In addition, 72 % of companies are currently reporting on existing problems in their supply chain, which could further affect production during the course of the year.

“The situation remains tense for the companies in our industry this year,” said the Managing Director of the FWI. A large majority of our members do not expect any improvement in the economic performance

in the tool sector in the next 6 months. We therefore expect a partial recovery in the market environment only in the second half of 2021.

***Around 110 tool and dowel manufacturers with production in Germany are organised at the FWI. The tool industry generated sales of 5.0 billion euros in 2019 and employed around 32,400 people. Maintaining the wide variety of German manufacturers, designing fair competition and strengthening Germany's production location are the main objectives of the association. In addition, there are 50 extraordinary members of the FWI. These are industrial companies close to the tool and its distribution channels as well as service providers and foreign companies.***

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