

MADE IN GERMANY

A FOCUS ON THE GERMAN FASTENER MANUFACTURING SECTOR



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An insight into the German fastener market

Here Hans Führlbeck, general manager at Deutscher Schraubenverband – the independent industry association for German fastener manufacturers – discusses the latest developments within the German fastener market and how the association looks to support its members through information, working groups and networking opportunities.



The magazine last focused on the German fastener market in 2021, what have been the key developments at DSV and within German fastener manufacturing in this time?

“Of course, there was the Covid-19 pandemic, which was certainly challenging, but fortunately over the last twelve months, more or less, companies and the market have started to get over the impact. Businesses are looking to try and get back to normal and there are definitely more face-to-face meetings now happening rather than the web meetings we had all become accustomed to and I think were becoming rather burdensome.

Looking at the fastener industry, there was a strong increase in the material costs over the last 1.5 years, which is something we had not seen before. A lot of companies struggled with this rise in costs, alongside the impacts of growing inflation. This resulted in businesses needing to look at how to deal with that development without losing substance in profit and the balance sheet, which is big effort and is not always that easy.

Whilst these costs have reduced, there are still further challenges – with the economy in Germany currently struggling – especially since Q3 of 2023, although it has not been strong since the last quarter of 2022. The automotive industry is still not reaching the old production numbers of 2018 or 2019 and the construction sector and housing markets are currently both down in Germany.

Within Germany there is also the political environment that is coming up with a huge number of regulations and laws, which is making it very difficult for companies, especially SMEs, to cope with these new requirements. There seems to be a new law every week that needs to be understood and managed. This is all additional administration that is putting a burden on companies without them selling any more fastener. Businesses are having to increase costs with additional staff members without it helping them drive more business or sales.

Also, we are currently going through a transition phase, within the whole industry, towards sustainability and green products. This means there are a lot of question marks because things are changing and again there are a lot of requirements and legislation being introduced that is going to require extra work for the fastener industry.

For instance, there is the introduction of the Carbon Border Adjustment Mechanism (CBAM), which on the one side will hopefully lead to some fair competition regarding sustainability and related cost. However, on the other side companies are having to make big reports and fill in forms, which again is a lot of administrative work.

There is also the European Union’s initiative towards PFAS (Per and polyfluoroalkyl substances), which again will involve the fastener



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sector as it relates for example to the surface treatments that are applied to fasteners. The big coating companies will be aware of this challenge, and I am sure OEMs will start asking fastener companies to guarantee that the fastener coating is free of PFAS materials.

Of course, there are also the sanctions on Russian steel that have recently been introduced by the EU. Companies now have to prove the material they are using is not from Russia. Again, it is how you prove this and what information is required that is going to take a lot of working time to manage and ensure each company is in compliance.

All these things are not even particular fastener related, these are general topics that every company in Germany and most of the EU will need to handle.”

The DSV looks to support its members from a technical, scientific and economical aspect. Within these areas what has DSV been working on?

“In general, as an association we look to provide support to our members through information and different working groups. These groups focus on general topic areas, such as materials, quality, surface treatments, cold forming, thread rolling, environmental, health and safety, logistics – typical subjects you will find around the production of fasteners.

In partnerships with German Universities, the working groups look to concentrate on common research in a pre-competitive environment, so that we are in adherence to anti-trust regulations. For instance, a general question we would use is ‘what are the effects of green steel to wire rod and what impact does this have on fasteners?’. The working group would then meet two or three times a year and discuss the subjects and the results that have been investigated – with the information then being passed onto members.

Another area in which we support members is with the DSV information that we publish, which are like standards or technical proposals that customers may follow when it comes to the fastener industry. They have been around for several years and are a good way to support members and the industry for a technical point of view. Both customers and manufacturers are aware of the DSV information, and we find that when customers agree contracts with manufacturers they agree they will follow certain DSV information standards. >>

» As an association we want to create a platform and network that our members can exchange information and work on precompetitive technical solutions within the industry, always whilst following the rules of anti-trust. We want to be a platform for our members and offer services that will help them with their day-to-day business. However, how much a member gets out of the association is dependent on how much a member participates within the association. Those members that come to the meetings, participate in discussions, and provide input will get a lot out of what we can offer. It is only by engaging that members can maximise the benefits of the association.”

During the last interview you mentioned a key focus for DSV would be its fastener education academy. How has this developed?

“The fastener education academy (Schraubfachakademie DSV®) has been developing very well for the association and in fact we have set up some new courses and seminars. We have seen a lot of people attending the courses, which is very positive.

I think the reason it has been successful is because we are not a profit driven organisation. We are an association that’s sole aim is to offer seminars the industry is requiring, find the right teachers and give the best education. We are able to do this because we are getting teachers who have come out of the fastener industry. These people do this to support the whole industry, they are coming from different companies and they do the work voluntarily and try to educate new people for the fastener industry.

Another added advantage for those who attend the courses is that the people who attend the seminars often create their own networks. Within a certain course or seminar there are people from fastener manufacturers, as well as from OEMs and tier 1 and tier 2 companies. They all sit together and learning about fasteners and make connections among themselves. This means that the next time the OEM or tier 1 companies have a question about fasteners they can talk directly to a fastener manufacturer. In fact, for our fastener engineering programme and technician programme the alumni tend to meet every two years to network and discuss fasteners, which is a huge positive for the academy, for the fastener industry and for the end user markets.”

Sustainability continues to grow in importance within markets. What is DSV’s position on sustainability? What steps has the association and its members taken in this area?

“At DSV we support sustainability in general and believe that as an industry we need to find our own way. First of all, we need green steel long term to produce reliable products. If you look at a fastener, I would say 70% – 80% of the CO₂ footprint is coming from the steel side, as a fastener is almost 99% steel apart from the surface coating. We therefore cannot rely on the old way of producing steel. We need green steel with less CO₂ emissions packed in. Our industry is working with the steel industry to help develop this green steel, but this will take many years and will require huge investments from the steel producer side.

There is already green steel on the market, but is the quality the same and can it be consistently produced at the required amounts? Also, what type of developments can be done to further improve it? There are still a lot of questions.



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The other two elements that have a high impact regarding CO₂ emissions is the hardening process and the coating process, because you have to heat up furnaces for the hardening and also for the coating. Again, these areas need to be looked into and analysed.

These are all big areas and there will be a lot of costs involved and at the end of the day the national economy has to cover these huge investments. However, the whole thing of sustainability is a good thing, so it needs to be done but at the correct speed. Companies are not going to be in a position to do everything straight away. We have to carry out the transition in a reasonable time frame, so the companies and the manufacturers can follow.”



When the Covid-19 pandemic disrupted global supply chains there was a lot of talk of reshoring/nearshoring. Has this started to happen and does it provide opportunities to German and European fastener manufacturers?

“During the pandemic it was a big thing that a lot of customers and OEMs suggested was essential going forward, but that has not so far turned out to be the case. In the end, it seems profit is important and so they will always look for offshore purchasing to keep costs down as much as possible. I do think to some extent they are looking towards that element of near shoring part of the production, especially as it is another aspect of sustainability – but it will be a very gradual process, at least for the moment.

I don’t think there is one solution that will encourage customers to change their supply chain and buy solely from European manufacturers. I think it will be a multitude of factors that will shift the pattern, things such as anti-dumping, the CBAM regulation, sustainability commitments, etc. The more time consuming and administrative tasks required, and the less flexible importing is, the better chance of people rethinking their purchasing strategies.

Overall, we want to keep industry in Europe as we need it over here, and we hope that customers do start to look at reshoring or nearshoring as part of this process. When you look at the fastener market, a huge portion is imported, but we do have the capabilities and capacities within Europe to change this if the price structure is more competitive and on a level playing field.” +

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