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Production

Austrian wood industry sales totalled EUR 7.47 billion in 2007, which represents an increase by 6.2% in terms of value over the previous year. The total value of sales by the sector, currently at its all-time high, has grown by 77% over the past 10 years (See tables on p. 5 of the German version).

Enterprises, Labour Force

The Austrian wood industry comprises 1,485 enterprises, of which 1,200 are active sawmills. The majority of wood-industry enterprises are medium-sized businesses, almost all of them privately owned. As an employer, the wood industry is appreciated for the security of the jobs offered. In the course of 2007, the number of wood-industry employees increased slightly, now standing at 30,799 – still remaining one of the biggest and stable industrial employers in Austria.

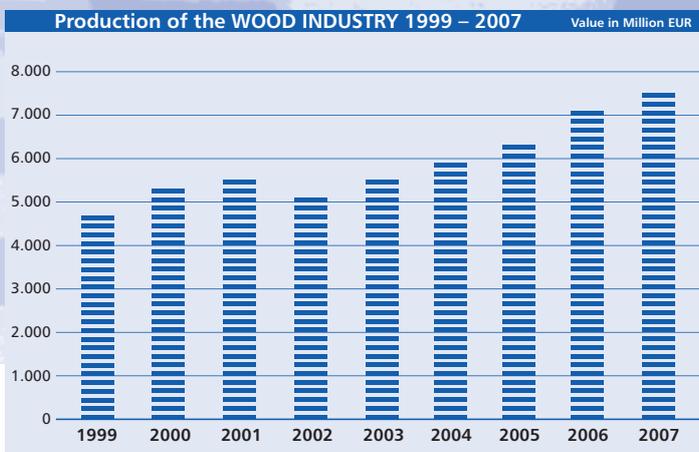
Foreign Trade

The wood industry is a strongly export-oriented sector. Its export ratio is continuously rising up to 75%. The most important export goods are sawn softwood, wood-based panels and skis. The total volume of exports in 2007 amounted to EUR 5.55 billion, up by 12.5% from the year before. 76.5% of Austrian wood-industry exports went to the European Union, above all to Germany and Italy. The remaining 23.5% were exported to other European countries (8.3%), the developing countries (4.9%), and other countries, such as the US and Japan (10.3%) (See tables on p.6/7). The traditional foreign trade surplus grew by 17.5% to app. EUR 2.54 billion in 2007. Compared with EUR 1 billion in 2000, it has more than doubled in recent years.

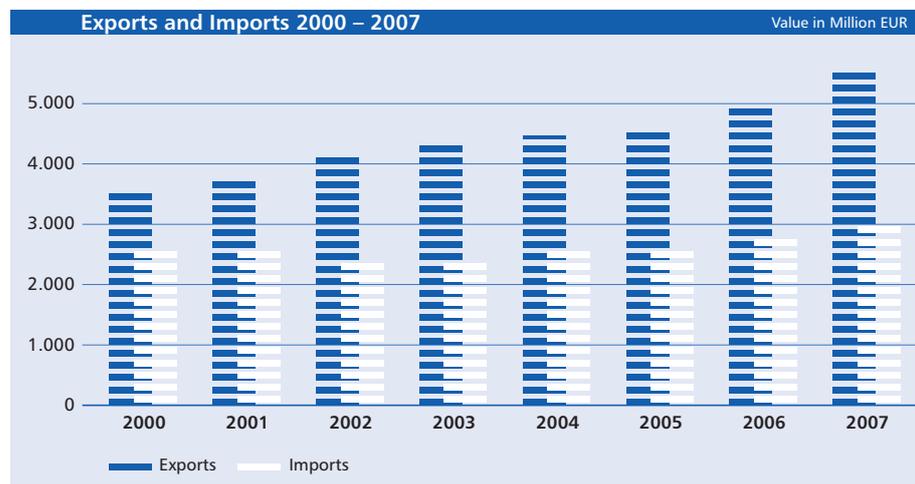
Lines of Business

The wood industry is an extremely varied sector. In terms of production

volumes, it's most important lines of business are the saw milling industry, the construction elements industry, the furniture industry, the wood-based panels industry and the ski industry.



Source: Statistik Austria, 2007: preliminary figures



Source: Statistik Austria, 2007: preliminary figures

Construction Elements Industry

Total sales of the construction elements industry in 2007 amounted to EUR 2.5 billion, up by 6.63% from the year before. Within the construction-related sector, most of the individual lines of business have been performing well. The production of windows, the most important line of business, increased in 2007 to EUR 384.55 million by 4.3%. At the same time, the production of prefabricated wooden houses also increased, its total value now standing at EUR 478.07 million, i.e. up by 2.7%. Production of doors grew by 2.7% to EUR 242.38 million. Demand for wood floorings (parquet and plank floorings) continued to increase in 2007. Glued laminated timber elements continued their positive performance, growing by 5.4% to EUR 470.79 million in the year under review.

Foreign Trade

Exports of **windows** developed remarkably also in 2007, increasing by 17.4% in terms of volume and by 26.9% in terms of value to EUR 61.36 million. At the same time, imports increased strongly by 7.2% in terms of volume and by 21.6% in terms of value, reaching a total of EUR 23.15 million (See table on p. 16).

In the year under review, imports of **doors** increased by 11.4% in volume and by 8.2% in value. Exports of doors increased by 34.6% in volume and by 30% in value. Overall, doors worth EUR 28.88 million were exported. (See table on p. 16).

Exports of **wood floorings** continued to take a highly positive development. Parquet flooring exports reached a value of EUR 253.5 million (+7.5%), with the volume of exports exceeding the previous year's level by 4%. Imports decreased by 5.7% in terms of value, now standing at EUR 88.34 million and by 12.0% in terms of volume (See table on p. 16).

Laminated timber exports increased by 4% in volume and by 14.1% in value to EUR 331.39 million in 2007.

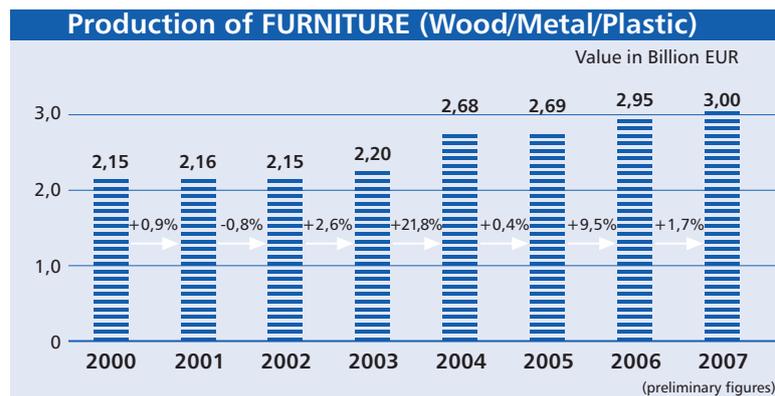
Laminated timber worth over EUR 22.00 million was imported in the year under review (See table on p. 17).

Furniture Industry

In 2007 Austrian furniture production reached a total value of EUR 3 billion by 1.7% compared to 2006 (See table on p. 19). Growing volumes were reported for office and shop furniture, as well as other furniture. Office and shop furniture increased to a volume of EUR 503 million by 9.3%. Living furniture increased by 9.6% to a value of EUR 290 million. However, seating furniture decreased by 7.8% to a total value of EUR 673 million and kitchen furniture by 1.8% to EUR 255 million. As regards other furniture, the positive trend continued with a 4.7% rate of growth.

Foreign Trade

Compared to 2006, exports by the Austrian furniture industry increased by 11.7% (EUR 1.28 billion). Goods worth EUR 996 million were sold to other countries of the European Union. Germany and Italy continue to be the most important markets for Austrian exporters. The volume of exports to Germany (+29%) has been growing over the full year while the exports to Italy decreased by 1%. Imports of furniture to Austria increased by 17.5%, their total value standing at EUR 1.29 billion (See tables on p. 20 and 21).



Wood-Based Panel Industry

International markets developments were extremely positive for the derived timber products sector and hence for Austria's chipboard, MDF board and fibreboard manufacturers. Nor were sales markets with growth potential just limited to the EU countries: markets in the Far East such as Japan and Taiwan also performed well. The basis for this positive development over the course of the year was an upbeat economic mood, felt throughout the world and reflected in the main sales sectors of construction and furniture. This trend continued into the fourth quarter of 2007. Hence board manufacturers were able to pass on some of the enormous increases in costs over the past two years in their prices. As mentioned previously, however, this positive trend was interrupted around the turn of 2007/08.

Foreign Trade

The extremely healthy annual foreign trade balance further improved thanks to overall solid performance in 2007. Given that the preliminary data available from the Austrian statistical office points to inordinately high increases which are unlikely to prove realistic as they stand, we can assume that 2007 will reveal a considerable – possibly two-digit – growth in the balance of trade surplus (based on around EUR 600 million for 2006). Hence our estimates point to an initial chipboard export volume of about 2.1 million m³ for example. If we include imports and Austrian output we eventually arrive at a realistic domestic supply of about 660,000 m³.

Saw Milling Industry

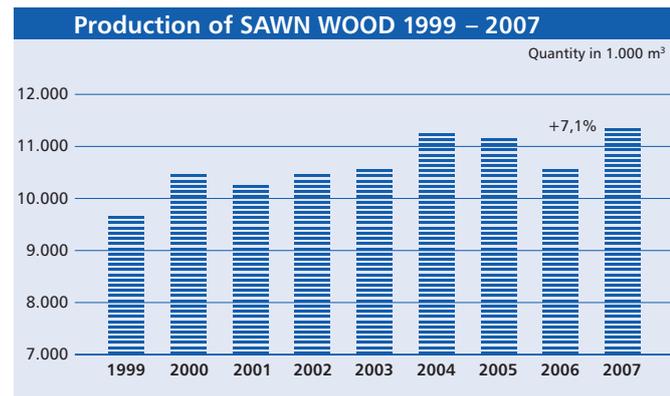
In the year under review, sales by the Austrian saw milling industry rose up to EUR 2.31 billion. The production of sawn wood reached 11.3 million m³ (See table on p. 27). The annual volume of timber delivered to Austrian sawmills amounted to 18.5 million m³ of round wood, inclu-

ding 6.3 million m³ of imported timber. The 40 biggest sawmills account for approximately 90% of the total production. 65% of the total amount of sawn wood is produced by the 10 largest mills.

Foreign Trade

Sawn softwood exports increased to approximately 7.64 million m³ in the first 6 months 2007, especially due to the increased production of sawn softwood. In terms of value, exports amounted to approximately EUR 1.45 billion (See tables on p. 28/29). The most important export market is Italy, accounting for about 60% of Austrian sawn softwood exports. In 2007, 4.5 million m³ of sawn softwood were exported to Italy (2006: 4.41 Million m³). Exports to the USA (including exports via Canada and the Czech Republic) decreased by 50% to 120,000 m³. The Japanese and Asian markets with exports of 383,591 m³ were stable compared to the year before; and exports of sawn softwood to Germany continued at a firm level (627,639 m³).

Total imports of sawn softwood decreased in 2007 by 12% to 1.45 million m³ amounting to a value of EUR 291 million.



Source: Statistik Austria, 2007: preliminary figures

Exports of sawn hardwood increased to 189,486 m³ in 2007, which represents a 4% rise compared to 2006. Imports of sawn hardwood increased by 3.5% to 219,259 m³ (2006: 211,662 m³).

PEFC

The Austrian saw milling industry is committed to implementing the PEFC system of forest certification. A total of 196 million hectares of forests have already been certified according to PEFC, the world's leading forest certification system, in Europe and other parts of the world. Since 2002, all Austrian forests have been certified according to PEFC. Thus, a continuous supply of certified raw material is guaranteed. The number of certified enterprises has been increasing from 40 in 2001 to more than 270 (of which are 160 sawmills) in 2007. On a world-wide basis, the total number of certified enterprises is close to 3.733.

Ski Industry

Large amounts of last season's unsold stock at retail outlets and a noticeable reluctance on the consumer side to invest in new equipment has led to the fall in ski sales which has already been the subject of many reports. The ski industry has responded by taking necessary precautions and adjusting its output. Nonetheless, the decline was keenly felt in the cross-country sector. Even so, winter sports remain a highly popular pastime to judge by the figures of the most recent season. Hence a certain amount of optimism also seems justified for the manufacturers of winter sports equipment: skiing, after all, is an activity taken up by all age groups. Hence the ski slopes were able to welcome older winter sports enthusiasts alongside the group of younger skiers. The family skiing holiday remains of pivotal importance. In other words, and to a greater

extent than previously, the ski industry has to adjust to longer cycles with regard to the procurement of new equipment and get used to the growing trend towards hire skis. This is equally true of European as well as overseas markets. For the medium term we can assume that the global ski market will continue to consolidate while undergoing stable development. The dependency on the effects of the weather – such as winters with low snowfall – is set to remain an unalterable fact.

Foreign Trade

Despite the changes in market conditions indicators for the skiing industry remain positive with regard to foreign trade. An export share of about 85% is only achieved by few sectors of Austrian industry. Consequently, Austrian ski brands are among the market leaders across the world, both in terms of market share and for their position in racing. Statistics for foreign trade indicate a two-digit decline in exports. This is in line with prevailing market conditions. Even so, the balance of trade surplus is still remarkable as it amounts to some EUR 200 million.

