

Production

In Austria the wood industry sales totalled EUR 6.21 billion in 2005, which represents an increase by 3.8% 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 nearly 50% over the past eight years (see diagrams on p. 6 of the German version).

Enterprises, Labour Force

The wood industry comprises 1,320 enterprises, of which 1,008 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 2005, the number of wood industry employees increased slightly, now standing at 29,889. The wood industry is one of the few sectors of industry in which the level of employment has increased during the last year.

Foreign Trade

The wood industry is a strongly export-oriented sector. Its export ratio is continuously rising up to 75%. The most important exports are sawn softwood, wood-based panels and skis. The total volume of exports in 2005 amounted to EUR 4.58 billion, up by 2% from the year before. 75.5% of wood industry exports went to the European Union (EU 24), above all to Germany and Italy. The remaining 24.5% were exported to Eastern Europe (3.8%), the developing countries (1.7%), and other countries, such as the US and Japan (19%). The traditional foreign trade surplus grew by 2.6% to app. EUR 2 billion in 2005. Compared with EUR 1 billion in 2000,

it has more than doubled in recent years (see tables on p. 7/8).

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 manufacture of wood-based panels, and the ski industry.

Construction Elements Industry

Total sales of the construction elements industry in 2005 amounted to EUR 1.83 billion, up by 2.8% 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 2005 to EUR 344.97 million by 6.6%. At the same time, the production of prefabricated wooden houses decreased, its total value now standing at EUR 372.67 million, i.e. down by 5.9%. Production of doors grew by 8.4% to EUR 243.37 million. Demand for wood floorings (parquet and plank floorings) continued to increase in 2005. The total production value of parquet floorings amounting to EUR 165.1 million, i.e. up by 21%. Glued laminated timber elements continued their positive performance, growing by 16.9% to EUR 253.7 million in the year under review.

Foreign Trade

Exports of **windows** remained unsatisfactory also in 2005, declining by 6.2% in terms of volume however increasing by 9.3% in terms of value to EUR 37.04 million. At the same

time, imports decreased strongly by 51.5% in terms of volume and by 44.8% in terms of value, reaching a total of EUR 12.16 million (see table on p. 16).

In the year under review, imports of **doors** increased by 12.2% in volume and by 14.1% in value. However, exports of doors decreased by 18.8% in volume and by 15.5% in value. Overall, doors worth EUR 20 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 195.73 million (+13.1%), with the volume of exports exceeding the previous year's level by 7.3%. Imports rose by 6.9% in terms of value, now standing at EUR 88.54 million, but decreased by 1.0% in terms of volume (see table on p. 16).

Laminated timber exports increased by 30.4% in volume and by 28.5% in value to EUR 227.02 million in 2005. Imports decreased by 1.1% in volume and by 13.6% in value. Laminated timber worth EUR 17.08 million was imported in the year under review (see table on p. 17).

Furniture Industry

In 2005 Austrian furniture production reached a total value of EUR 2.63 billion down by 1.9% from the year before (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 427

million by 5.6%. As regards other furniture, the positive trend continued with a 5.5% rate of growth.

Foreign Trade

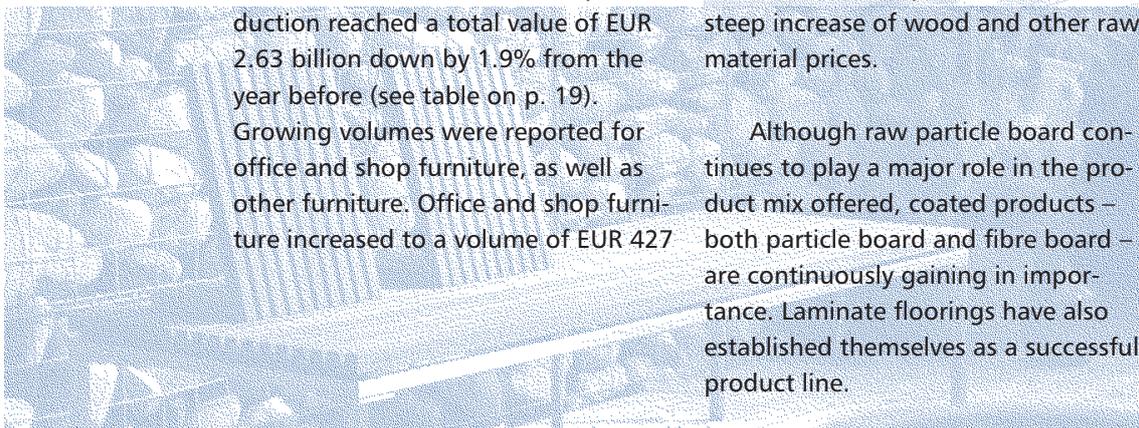
Compared with 2004, exports by the Austrian furniture industry decreased by 6% (EUR 1.19 billion). Goods worth EUR 933 million were sold to other countries of the European Union. Germany and Italy continue to be the most important markets for Austrian exporters. The volume of exports to Italy have been growing by 17.8% over the full year while the exports to Germany decreased by 16.1%. Imports of furniture to Austria also decreased by 4.7%, their total value standing at EUR 1.14 billion (see diagrams on p. 20 and 21).

Wood-Based Panel Industry

Regardless of unfavorable developments in the first quarter, 2005 turned out to be quite satisfactory on a full-year basis. Once again, the companies of the Austrian particle, MDF and fibre board industry were able to hold their own against international competition. In terms of quantities, 2005 largely met their positive expectations.

The volume of sales increased by about 3% to approx. EUR 882 million. At the same time, earnings came under substantial pressure from a steep increase of wood and other raw material prices.

Although raw particle board continues to play a major role in the product mix offered, coated products – both particle board and fibre board – are continuously gaining in importance. Laminate floorings have also established themselves as a successful product line.



Activities in 2006 are expected, at least, to match the previous year's level. Assuming an upturn in economic activity in the most important export markets, a slight increase of sales in all three product groups may be achieved in 2006.

The industry's most important export markets are within the European Union (Germany, Italy). At the same time, Eastern European markets are playing an ever increasing role. Satisfactory growth rates have also been reported in overseas markets.

Foreign Trade

The companies of the particle and fibre board industry are making a substantial and positive contribution to the Austrian balance of trade. According to the preliminary foreign trade figures published by Statistics Austria, a further increase of the foreign trade surplus is to be expected. For 2005, a surplus of EUR 567 million has been reported (see table on p. 24).

The companies of the Austrian particle, MDF and fibre board industry are mostly family-owned. A high export ratio and a large volume of investments in international locations testify to the success story of the Austrian particle and fibre board industry.

Solid-Wood Panels

In the year under review the production of solid wood panels has decreased by 0.9% compared to the year 2004 and is now worth EUR 147.9 million. Imports however have increased by 0.5% amounting to EUR 71.1 million (see table on p. 26).

Saw Milling Industry

In the year under review, sales by the Austrian saw milling industry continued to exceed the EUR 2 billion marks (EUR 2.03 billion). Sawn wood production amounted to 11.1 million m³ (see table on p. 28). Over the past decade, the production of sawn wood in Austria has grown by more than 40%. The annual volume of timber delivered to Austrian sawmills totalled 16.8 million m³ of round wood, including 6.58 million m³ of imported timber. The 40 biggest sawmills account for approx. 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 showed a slight decrease of approx. 7.13 million m³ in 2005 (2004: 7.25 million m³). In terms of value, exports amounted to approx. EUR 1.12 billion (see tables on p. 28/29). The most important market is Italy, accounting for about 62% of Austrian exports. In the year under review, 4.38 million m³ of sawn softwood were exported to Italy (2004: 4.45 million m³). 644,741 m³ of sawn softwood were exported to Germany (a slight decrease compared to the year before). Imports of sawn softwood decreased slightly in 2005. Total imports of sawn softwood amounted to approx. 1.27 million m³ (-0.7% compared to the year before). In terms of value, imports totalled EUR 209 million.

Exports of sawn hardwood increased to a total of 163,138 in 2005, which represents a 17% rise from the 2004 level. Imports of sawn hardwood declined by 3% to 190,656 m³ (2004: 197,090 m³).

PEFC

The Austrian saw milling industry is committed to implementing the PEFC system of forest certification. A total of 187 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 increased from 40 in 2001 to more than 300 (including app. 160 sawmills) in the year under review. On a world-wide basis, the total number of certified enterprises is close to 2,500.

Ski Industry

Overall, ski (for downhill and snow board) of a value amounting to EUR 330 million and cross country ski amounting to a value of EUR 35 million were delivered and sold in the year under review.

While the market prognostics for downhill ski and snow board's sales were mostly restraining until November 2005, there has been a significant increase of sales during the season. This is especially valid for downhill ski where sales increased noticeably at the beginning of 2006.

Remarkable is that the Japanese market has obviously got over its low mark – shown by an increase of volume by 6%. The amount of youth ski has also increased remarkably.

Concerning the snow boards, the situation has also improved; nevertheless, the market development is still difficult. A special remark has to be put on the Eastern European markets where the market volumes are continuously increasing. Especially cross-country skis rates are growing at the Russian market.

Foreign Trade

The Austrian ski industry exports over 85% of its production. Given this extraordinarily high export ratio, Austrian ski brands are represented in all world markets. This is all the more remarkable, as only a few branded articles from Austria have succeeded in establishing a strong presence at the international level. Besides its macro-economic impact, the ski industry has been making a positive contribution to the Austrian foreign trade balance for many years. A surplus of EUR 220 million was generated during the past marketing season (2004). All product groups, i.e. downhill, mono and cross-country skis, contributed to this surplus.

