

The Austrian Wood Industries

Report 2013 / 2014

Production

According to business statistics, the Austrian Wood Industry achieved a total production volume of 7.38 b. EUR in the past financial year which is a decrease in value of 2.1%.

Companies

The Austrian Wood Industry consists of 1,402 active companies, 1,000 of these enterprises are sawmills. The Austrian Wood Industry is a multi-faceted economic sector, comprising the saw milling industry, the construction sector, the furniture industry, the wood products industry as well as the ski industry. Most of the companies of the wood industry are small and medium sized enterprises. Remarkably, almost all of these companies are privately owned.

Employees

The Austrian Wood Industry is a significant and steady employer: 27,571 people were working in the wood industry in 2013 (2012: 28,539) – 833 of them were apprentices. The Austrian Wood Industry is one of the largest employers of all 17 Austrian branches of industry and, at the same time, one of the few industries with a traditionally steady number of employees throughout the last decades.

Foreign Trade

The Austrian Wood Industry is a highly export-oriented sector with an export quota of about 66% in 2013; the total export volume amounted to 4.8 b. EUR. This constitutes a decrease of 0.6% in comparison to the previous year. Sawn wood, glued-laminated wood, wooden materials (wood-based panels) and skis contribute to this result with an exceedingly large percentage. The countries of the European Union (especially Germany and Italy) were the most important buyers of Austrian wood products with a share of 72.7% (3.5 b. EUR). The remaining 27.3% were split between the other European countries (13.4%), developing countries (2.9%) and other markets like the USA and Japan (10.9%).

Imports

Imports of wood products showed a slight increase in 2013. The total import value was 3.7 b. EUR, resulting in a 0.8% decrease in comparison to the previous year. Concerning the imports, the European Union with a total share of 87.6% is the most important trade partner.

Trade Balance

Foreign trade is a substantial cornerstone of the Austrian Wood Industry. The Austrian Wood Industry is one of the

few branches of industry with a consistently positive trade balance over the past years. In 2010 the peak level was reached - because an increase of 19% was produced in 2010. The downward trend of the last years could be nearly stopped: after a decline of 27.6% in 2012, only a decline of 0.1% was reported in 2013 (1.12 b. EUR).

Construction Industry

2013's sold production in the construction sector amounted to 2.41 b. EUR. This is a decline of 2.4% compared to the previous year. The individual sectors of the construction-related sector show mainly a negative trend.

The production of windows, which is the most important sector, reports a negative result for 2013 and decreased to 450 m. EUR (-1.5%). The production of prefabricated wooden houses also decreased slightly. The production value amounts to 512.1 m. EUR (-8.9%). Production of doors grew slightly (+1.1%, 241 m. EUR). Production of glued structural components also rose by 0.1% in 2013 (600.7 m. EUR).

Foreign Trade

- **Windows:** exports: 68.8 m. EUR (-7.2%), imports: 42.3 m. EUR (+43.9%). This resulted in a trade balance surplus of 26.5 m. EUR (-68.9%). Germany is the biggest buyer of Austrian windows with an export quota of 47.2%. The second largest export market is Switzerland with 17.3%, followed by Italy with 14.4%.
- **Doors:** exports: 32.02 m. EUR (+7.5%), imports: 42.2 m. EUR (+3.9%). The result is a negative foreign trade balance. In 2013, Switzerland was the most important buyer of Austrian doors with a share of 43.1%. The second largest export market was Germany.
- **Wooden floors:** exports: 217.6 m. EUR (-1.0%), imports: 84.70 m. EUR (+2.0%). The foreign trade balance decreased compared to the year before which results in a surplus of 132.7 m. EUR. The most important export markets are Germany (market share: 55.9%) and Switzerland (market share: 21%).
- **Laminated wood:** exports: 473.17 m. EUR (+7.6%), imports: 30.67 Mio. EUR (+21.2%). The laminated wood sector is one of the few segments of the construction industry with a continuously significant trade balance surplus of more than 442.5 m. EUR (+6.8%). Most of the Austrian laminated wood is exported to Italy (market share: 50.2%). Japan is the second largest export market with 18.9%, followed by Germany with 13.2%.

Furniture Industry

For the Austrian Furniture Industry (furniture-making industry excluding suppliers) the year ended with a slight fall in production of 0.9% to around 1.93 b EUR. Exports fell by 7.9%, even more sharply than last year, to 788.7 m. EUR.

With production growth of 4.7% (380.6 m. EUR), the household furnishing sector (wooden furniture for the bedroom, dining room and living room) showed significant improvement and manufacturers of mattresses recorded significant growth of 9.9% (118.3 m. EUR), although both of these sectors were still affected by declines in the previous year. Bathroom furniture (made of wood) was up again, as in the previous year, this time by 7.0% (27.2 m. EUR). The remaining sectors, which were mostly still on the winning side in 2012, saw a decline. This was especially true for shopfitters, down by 12.3% (188.1 m. EUR). The seating furniture sector (and component parts for this sector) and office furniture sector experienced falls of 6.2% (211.7 m. EUR) and 4.9% (270.8 m. EUR) respectively, whilst production amongst kitchen manufacturers was down by 6.5% (263.2 m. EUR). For the second time in a row, the (wooden) garden furniture sector had to absorb a decline (-7.3%; 2.8 m. EUR).

Exports

Exports fell by 7.9% to 788.7 m. EUR. Negative export rates reaching double figures were recorded in the seating furniture sector (and parts thereof) with -14.3% (289.5 m. EUR), and in the office furniture sector with -13.7% (85.1 m. EUR). Declines were suffered in both the home furnishing sector (-5.1%; 187.1 m. EUR) and kitchen furniture sector (-2.3%, around 50 m. EUR). Those doing well, however, include mattresses, the figures for which rose by 6.7% to a total of 72.9 m. EUR, and shop furniture, which saw an increase in exports of 0.6% (104.1 m. EUR) compared to the previous year.

The Austrian Furniture Industry's largest decline in exports was for exports to Germany with a fall of 11.3% (333.5 m. EUR). Declines were suffered here across the seating furniture sector (-23.1%; 111.7 m. EUR), home furnishing sector (-8.3%; 87.3 m. EUR), office furniture sector (-6.6%; 35.5 m. EUR) and kitchens (-13.0%; 16.3 m. EUR). Only shopfitters (1.4%; 42.6 m. EUR) and mattress manufacturers (8.8%; 40.3 m. EUR) were able to increase their exports to Germany.

Imports

Furniture imports into Austria were slightly up (by 1.4%) in the previous year; however, manufacturers from abroad suffered a significant decline of 3.3% in 2013. The home furnishing sector (-5.3%; 513.4 m. EUR), seating furniture sector (-4.6%; 572.2 m. EUR), mattresses (-4.5%; 84.6 m. EUR) and shop furniture sector (-3.2%; 236.7 m. EUR) benefited from reduced import pressure. Manufacturers of kitchen furniture and office furniture recorded an increase in imports of 5.2% (173.3 m. EUR) and 4.7% (65.3 m. EUR) respectively. Given the extremely high level of import pressure, overall this result is very good news. Continued successful market cultivation both in Austria and abroad together with more market transparency (proof of origin) can contribute to further improving the trade balance in the future. Most furniture was imported from Germany (851 m. EUR). That figure gave it the number one spot; however, it did see a significant fall of 5.5%. German kitchen manufacturers, however, were able to increase their exports again (6.2%; 162.8 m. EUR).

Wood-based Panel Industry

Noticeable economic downturn in 2013 – set to stay at same level in 2014

Based on the available, yet only preliminary, foreign trade data, exports suffered a slight decline in 2013. This applied, above all, to chipboards but, according to available data, not to fibreboards. However, the foreign trade balance is still comparatively positive.

The economic downturn in the main customer sectors, mentioned in the last report, continued in 2013 right through to the first quarter of 2014. There were declines in volumes both in the furniture sector and the construction sector, and particularly here in the flooring segment.

The measures adopted in the crisis years, which also led to the removal of capacities, nevertheless kept Austria's Wood-based Panel Industry highly competitive.

The financial market turmoil and various international debt crises also affected the real economy, as demonstrated perfectly by the Austrian Wood-based Panel Industry.

The export quota of up to 80% is clear proof of Austria's positive performance. However, there is growing criticism from businesses regarding Austria's increasing location problems.

The enormous cost increases in terms of raw materials and precursor materials were not covered sufficiently by product prices. This puts a tight squeeze on profits. For a plant and capital-intensive industry such as this one, in the medium term this has negative effects on the investments, which are constantly required.

Austrian Wood-based Panel factories have achieved consolidation from the crisis years on account of the exceptional joint efforts of employees and management and of course the on-going improvement of production processes, marketing and sales, and cost structures, etc. The industry must also make the same demands in terms of policy.

Current estimates are that the 2013 level will be maintained.

Foreign trade balance

According to current foreign trade figures available, there is an extremely healthy foreign trade surplus despite a slight decline in exports. According to statistical figures to date, the surplus, based on chipboards, MDF and other fibreboards should be set at around 700 m. EUR.

Raw materials market

As already mentioned, securing the long-term supply of wood as a raw material is a key issue for the Austrian Wood-based Panel Industry but of course also for the entire wood industry as a whole. The politically driven development of the use of wood for energy at the start of the value-added chain severely impacts future prospects not only for the wood products industry but also for the entire wood industry.

Saw Milling Industry

The Austrian Saw Milling Industry is a large and very successful sector with approximately 1,000 companies and close to 10,000 employees. The Austrian Saw Milling Industry is the biggest processor of wood in the entire wood industry. It handles 80% of all processed solid biomass. Two thirds of its production is designated for export. Austria is the world's sixth-largest exporter and the seventh-largest producer of sawn softwood. The saw milling industry contributes substantially to Austria's foreign trade balance and consists almost exclusively of small and medium sized enterprises. However, the ten

biggest sawmills generate approximately 50% of the total production volume; its 40 biggest companies produce approximately 85%.

In 2013, the production of sawn wood amounted to 9 m. m³ which was approximately the same amount as in 2012. The production value raised from 1.9 b. EUR in 2012 to 2 b. EUR in 2013. In 2013, approximately 15 m. m³ of round logs were cut, of which 5.3 m. m³ were imported.

Decrease of sawn softwood exports

As two thirds of the production is exported, the development of exports is very important. In 2013, approximately 4.9 m. m³ of sawn softwood were exported. This is a decrease of about 3% compared to 2012. In terms of value, the export volume has a value of 1 b. EUR.

48% of all sawn softwood exports went to Italy, Austria's long-standing key export market. With an overall sawn softwood export of 2.4 m. m³ the Italian market declined sharply by 14% (2012: 2.7 m. m³).

Exports to Germany increased by 21% (2013: 650,618 m³). The export volumes to the Czech Republic (2013: 136,611 m³) increased significantly by 28%.

Also the Japanese and Asian market could increase its export volume by approximately 30.5% from 342,302 m³ (2012) to 446,654 m³ (2013).

However, exports to the countries in the Near and Middle East as well as Africa decreased significantly by more than 5% (2013: 895,712 m³).

The production of the saw mills specialised in hardwood decreased to 153,000 m³ in 2013 (2012: 159,000 m³). Exports of sawn hardwood showed a decrease of 13% in 2013. More than 115,000 m³ of sawn hardwood were exported. In terms of value, the export volume amounted to 64 m. EUR (2012: 73.1 m. EUR).

Imports of sawn softwood increased slightly

In 2013, imports of sawn softwood increased slightly compared to the previous year. The total imports amounted to approximately 1.7 m. m³. In terms of value, the volume of imports amounted to 351 m. EUR.

Sawn softwood imports from Germany, which is the largest import country, decreased by approximately 3% to 868,619 m³ (2012: 898,650 m³).

Imports from the Czech Republic, the second largest import country, increased by 19.1% to 247,052 m³ and those from Russia by 9.3% (2013: 81,867 m³). Those from Romania remained nearly stable with 122,459 m³ (2012: 122,480 m³).

Imports of softwood logs increased

In 2013, approximately 5.1 m. m³ of softwood logs were imported to Austria, which results in an increase of 14%. However, softwood logs imported from the Czech Republic – which is the biggest Austrian supplier increased by 19.8% (2.2 m. m³). On the contrary, imports from Germany decreased by 7.4% (2013: 1.0 m. m³). Imports from Slovakia increased by approximately 34% (2013: 388,604 m³).

Softwood logs imported from the Czech Republic account for 43% of the total import volume, from Germany for 21%, from Slovenia for 9%, from Slovakia 8%, from Switzerland for 4% and from Italy for 5%. These countries cover approximately 95% of all imported softwood logs. France had the biggest increase with 4,774% to 118,586 m³.

The Ski Industry

Optimism from spring 2013 confirmed; prospects for the next season are realistic and cautious

The optimism expressed by the skiing companies in spring 2013 for the sales season was warranted.

As predicted, market development stabilised compared to previous years, but positive results, i.e. slight increases, were also achieved in parts. This applies equally to the product segments Alpine, Skis, Cross-Country and Ski Boots.

After the disappointing 2012/13 season, this last sales period represented an important recovery period.

Initial estimates for 2014/15 are once again considerably more conservative. Even if declines on the scale of those seen in 2007 and 2012 are not anticipated, single-figure declines are still expected. This applies to both the Central European and East European markets. Both Alpine Skiing and, to a greater extent, the Cross-Country sector could be affected by this.

Forecasts for the North American markets are considerably more positive. Not only are these markets expected to stabilise but they should also see slight growth.

Naturally, capacity utilisation in the skiing regions has suffered due to the poor snow conditions.

Currency parities, for example with the Rouble, are further deflating expectations.

Figures for winter tourism were kept relatively stable on account of the high level of infrastructure in Austria's skiing regions.

Internationally renowned brands and a high export quota

The Austrian Ski Industry plays an important role in the winter sports business. There are few brands from Austria that are as well-known all around the world as Atomic, Blizzard, Fischer, Head and Kneissl. The export quota of over 80% is also achieved by only a handful of sectors in Austria.

Alongside these Austrian brands, the skiing industry's investment in international ski racing is promoting an overall package for Austria as a winter sports location. The Austrian ski brands are therefore continuing to play an important ambassador role in promoting Austrian expertise in winter sports.

Project China

The market potential for winter sports is estimated to be very high by the Foreign Trade Centre of the Austrian Economic Chamber (WKÖ) in Beijing and other experts. In addition to the activities carried out so far, market opportunities should now be significantly improved through the organisation of a platform and thanks to a 'model region', also on the initiative of the skiing industry. The first steps are to be taken in the context of access to learning to ski professionally (ski schools) but also in terms of the right choice of material.

The Winter Network or Winter Alliance is also being used here to pool strengths and interests.