



# The Austrian Wood Industries

## Report 2012/2013

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### Production

According to business statistics, the Austrian wood industry achieved a total production volume of 7.52 b. EUR in the past financial year which is a slight decrease in value of 1.4 %.

### Companies

The wood industry consists of 1,437 active companies, 1,000 of these enterprises are sawmills. The 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 wood industry is a significant and steady employer: 28,523 people were working in the wood industry in 2012 (2011: 28,722) – 827 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 wood industry is a highly export-oriented sector with an export quota of about 64 % in 2012; the total export volume amounted to 4.87 b. EUR. This constitutes a decrease of 7.8 % 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 72.6 % (3.54 b. EUR). The remaining 27.4 % were split between other European countries (14.4 %), developing countries (3.1 %) and other markets like the USA and Japan (9.9 %).

### Imports

Imports of wood products showed a slight increase in 2012. The total import value was 3.74 b. EUR, resulting in a 0.5 % increase in comparison to the previous year.

Concerning the imports, the European Union with a total share of 86.6 % is the most important trade partner.

### Trade Balance

Foreign trade is a substantial cornerstone of the Austrian wood industry. The 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 could be reached - because an increase of 19 % was produced in 2010. After a slight decline of about 4 % in 2011, the downward trend continued also in 2012: a decline of 27.6 % (1.13 b. EUR) in comparison to the previous year was reported. The competitive position of the Austrian Wood Industry is obviously under massive pressure.

### Construction Industry

2012's sold production in the construction sector amounted to 2.46 b. EUR. This is a decline of 2.2 % 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 positive result for 2012 and increased to 460 m. EUR (+2.27 %). The production of prefabricated wooden houses could increase slightly. The production value amounts to 537.1 b. EUR (+0.6 %). Production of doors had to face a strong decline (-2.75 %, 209 m. EUR). Production of glued structural components also showed a decrease in 2012 (-10.3 %, 600.1 m. EUR).

### Foreign Trade

- **Windows:** exports: 74.1 m. EUR (-2.5 %), imports: 29.8 m. EUR (+33.6 %). This resulted in a trade balance surplus of 44.3 m. EUR (-21.2 %). Germany is the biggest buyer of Austrian windows with an export quota of 43.4%. The second largest export market is Switzerland with 19.5 %, followed by Italy with 14.6 %.
- **Doors:** exports: 29.7 m. EUR (+0.4 %), imports: 40.1 m. EUR (+11.5 %). The result is a negative foreign trade balance. In 2012, Switzerland has become the most important buyer of Austrian doors with a share of 38.6 %. The second largest export market is Germany with +4.4 %.





- **Wooden floors:** exports: 220.5 m. EUR (-0.9 %), imports: 83.25 m. EUR (+3.6 %). The foreign trade balance decreased compared to the year before which results in a surplus of 137.2 m. EUR. The most important export markets are Germany (market share: 57.5 %) and Switzerland (market share: 21 %).
- **Laminated wood:** exports: 440.23 m. EUR (+7.8 %), imports: 25.4 Mio. EUR (-10.9 %). The laminated wood sector is one of the few segments of the construction industry with a continuously significant trade balance surplus of more than 172.6 m. EUR (+34.7 %). Most of the Austrian laminated wood is exported to Italy (market share: 51.8 %). Japan is the second largest export market with 20.4 %, followed by Germany with 12.3 %.

mately 37.9 m. EUR (+15.2 %) came from Germany and close to 8.8 m. EUR (+18.9) from exports to Switzerland. The biggest losses in this area result from exports to Germany, which decreased by 9.9 % in total (375.3 m. EUR).

#### Imports:

Imports increased by 1.4% (1.7 b. EUR) in comparison to the previous year. The strongest growth sectors for imports in 2012 were mattresses (9.1 %; 88.5 m. EUR) as well as kitchen furniture (7.4 %; 163 m. EUR) and household furniture (4.5 %; 542 m. EUR). Decreases in imports occurred in the retail furniture sector (-6.9 %; 243.6 m. EUR). The majority of imported furniture came from Germany (899 m. EUR). The German market further expanded its undisputed position with an increase of 2.6 %. The lion's share in percentages can be attributed to the kitchen furniture sector with an increase of 7.9 % (152.7 m. EUR). Furniture imports from Poland, on the other hand, decreased in 2012 by 2.7 % (132.6 m. EUR). Despite this decrease, Poland remains in second place behind Germany and before China. Imports from China continue to increase significantly (+8 %; 128.2 m. EUR), but it remains the third biggest import nation well behind Germany when it comes to total volume. Imports from Italy decreased significantly by 2.4 % (123 m. EUR). Switzerland increased its furniture exports to Austria by 3.3 % in comparison to the previous year (32.3 m. EUR).

## Furniture Industry

Source: Statistik Austria, all figures refer to industry and trade. Suppliers were excluded from these statistics to keep them comparable on an international scale because they are not furniture manufacturers in the strictest sense.

After a good start and a few mediocre months due to Europe's macroeconomic situation, the Austrian furniture industry reports a sound increase in production of 4.4 % to 1.94 b. EUR by the end of 2012. The sections retail furniture (+23.5 %), office furniture (+10.9 %), seating furniture (+6.8 %) and kitchen furniture (+6.7 %) reported the biggest increases for the past year. Manufacturers of garden furniture (-12.1 %), mattresses (-8.4 %) and household furniture were confronted with the highest percentage losses.

#### Exports:

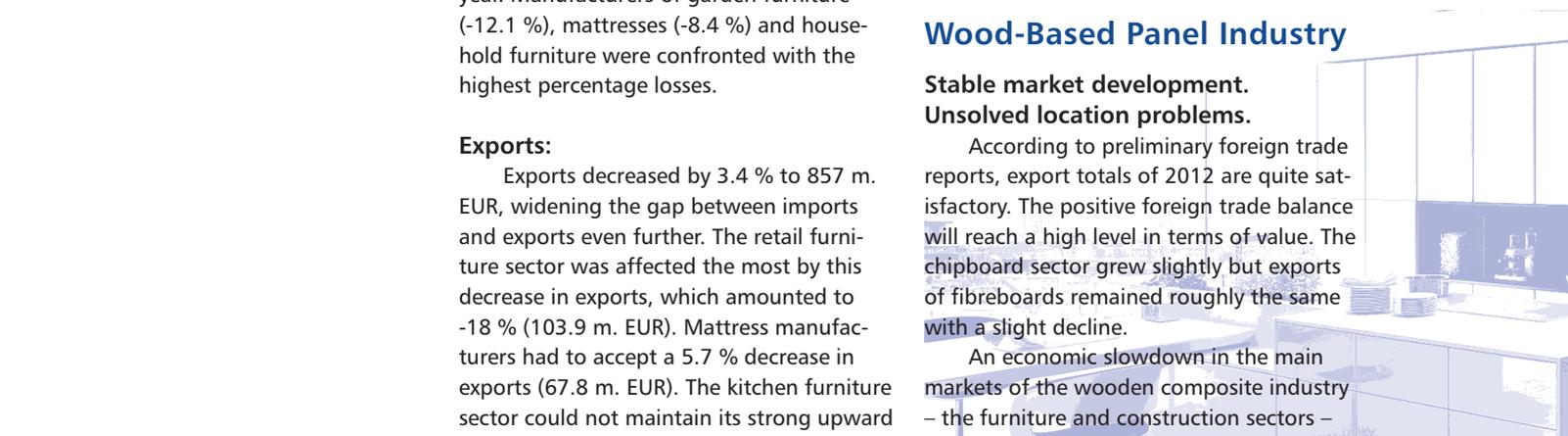
Exports decreased by 3.4 % to 857 m. EUR, widening the gap between imports and exports even further. The retail furniture sector was affected the most by this decrease in exports, which amounted to -18 % (103.9 m. EUR). Mattress manufacturers had to accept a 5.7 % decrease in exports (67.8 m. EUR). The kitchen furniture sector could not maintain its strong upward momentum of 2011 and reported a decrease in exports of 3.2 % (51.2 m. EUR). But also the seating furniture (-2.2 %) and household furniture industries (-2.1 %) sustained losses. The office furniture industry, on the other hand, generated an increase of 11.6 % (98.3 m. EUR), of which approxi-

## Wood-Based Panel Industry

#### Stable market development. Unsolved location problems.

According to preliminary foreign trade reports, export totals of 2012 are quite satisfactory. The positive foreign trade balance will reach a high level in terms of value. The chipboard sector grew slightly but exports of fibreboards remained roughly the same with a slight decline.

An economic slowdown in the main markets of the wooden composite industry – the furniture and construction sectors – began to show by the end of 2012 and in the first quarter of 2013. The European household furniture sector's progress in the recent past experienced its first interruptions. This trend did not affect the panel industry in 2012; therefore further developments in 2013 remain to be seen.





The measures, which were implemented in the crisis years and led to the reduction of capacities held the competitiveness of the Austrian panel industry on a high level.

Turbulences on financial markets and various international debt crises did not have the feared effect on the sector of the real economy as proven by the Austrian panel industry.

Its export quota of up to 80 % is a clear performance indicator for companies located in Austria. However, criticism from entrepreneurs regarding the increasing problems of Austria as a business location is getting louder.

Enormous increases in costs of raw and primary materials could not be fully covered by the products' prices, leading to increased pressure on profits. In the intermediate term, this development will have a negative impact on the constantly necessary investments of a capital-intensive sector like the panel industry. The Austrian panel factories were successfully consolidated due to massive joint efforts of employees and managements. The on-going optimisation of production processes, marketing and sales, cost structure etc. are a matter of course. The industry has to demand the same discipline from politics. It remains to be seen if the developments in the first quarter of 2013 will carry on throughout the rest of the year.

#### Foreign Trade

On the other hand, currently available foreign trade figures indicate a very welcome foreign trade surplus. Current preliminary statistics indicate a surplus of over 700 m. EUR in regards to chipboards MDF and other fibreboards. The high standard of production technology and decades of experience in product marketing are the basis for this success of this predominantly internationally operating industry.

#### Commodity Market

As mentioned before, assuring the long-term supply of wood is a very decisive factor for the Austrian panel industry as well as the entire Austrian wood industry. As things stand at present, however, the saw milling industry has bigger problems with the supply of raw materials than the Austrian wood industry.

## Saw Milling Industry

### Difficult year – production will continue to decline

The Austrian saw milling industry is a large and very successful sector with approximately 1,000 companies and close to 9,500 employees. The 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 fifth-largest exporter and the sixth 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. The ten biggest sawmills generate approximately 50 % of the total production volume; its 40 biggest companies produce approximately 85 %.

In 2012, the production of sawn wood amounted to 8,968 m. m<sup>3</sup> which is a decline by 7 % compared to the year before. The production value declined by 10 % and is now 1.9 b. EUR (2011: 2.1 b. EUR). In 2012, approximately 15 m. m<sup>3</sup> of round logs were cut, of which 4.7 m. m<sup>3</sup> were imported.

### Decrease of sawn softwood exports

As two thirds of the production is exported, the development of exports is very important. In 2012, approximately 5.04 m. m<sup>3</sup> of sawn softwood were exported. This is a decrease of about 10 % (2011: 5.6 m. m<sup>3</sup>) compared to the previous year. In terms of value, the export volume has a value of 1 b. EUR.

More than 54 % of all sawn softwood exports went to Italy, our long-standing key export market. With an overall sawn softwood export of 2.7 m. m<sup>3</sup> the Italian market declined sharply by 19 % (2011: 3.4 m. m<sup>3</sup>).

Exports to Germany increased by 6.3 % (2012: 537,839 m<sup>3</sup>). The export volumes to Switzerland (114,031 m<sup>3</sup>) decreased by 5.7 m<sup>3</sup> and those to the Czech Republic by approximately 22 % (106,658 m<sup>3</sup>). The total exports to European Countries decreased by 11.7%.

However, exports to the Levante increased significantly by more than 20 % (2012: 943,136 m<sup>3</sup>).

Also the Japanese and Asian market could increase its export volume by 7 % from 319,938 m<sup>3</sup> (2011) to 342,574 m<sup>3</sup> (2012).





The production of the saw mills specialised in hardwood increased to 159,000 m<sup>3</sup> in 2012 (2011: 151,000 m<sup>3</sup>). Exports of sawn hardwood showed an increase of 2 % in 2012. More than 132,000 m<sup>3</sup> of sawn hardwood were exported. In terms of value, the export volume amounted to 73 m. EUR (2011: 72.5 m. EUR).

#### Imports of sawn softwood remained stable

In 2012, imports of sawn softwood remained stable compared to the previous year. The total imports amounted to approximately 1.7 m. m<sup>3</sup>. In terms of value, the volume of imports amounted to 342 m. EUR.

Sawn softwood imports from Germany, which is the largest import country, decreased by approximately 8 % to 902,430 m<sup>3</sup> (2011: 977,884 m<sup>3</sup>).

Imports from the Czech Republic, the second largest import country, decreased by 3.6 % to 206,140 m<sup>3</sup>, from Romania (122,568 m<sup>3</sup>) by 2.2 %, from Finland (87,249 m<sup>3</sup>) by 0.4 % and from Switzerland (8,937 m<sup>3</sup>) by 34.2 %.

Imports from Slovenia (+56.7 %, 108,010 m<sup>3</sup>) and Russia (+3.8 %, 75,089 m<sup>3</sup>) increased.

Imports of sawn hardwood increased in 2012 by 2 % to 208,600 m<sup>3</sup> (2011: 203,600 m<sup>3</sup>).

#### Imports of softwood log decreased sharply

In 2012, approximately 4.5 m. m<sup>3</sup> of saw logs were imported to Austria, which result in a decrease by 1 %. However, softwood logs imported from the Czech Republic – which is the biggest Austrian supplier increased by 2.4 % (1.9 m. m<sup>3</sup>). On the contrary, imports from Germany decreased by 16 % (2012: 1.1 m. m<sup>3</sup>). Imports from Slovakia decreased by 21 % (291,000 m<sup>3</sup>).

Softwood logs imported from the Czech Republic account for 42 % of the total volume, from Germany for 26 %, from Slovenia for 10 %, from Slovakia 7 %, from Switzerland for 5 % and from Italy for 5 %. These countries cover approximately 95 % of all imported softwood logs. Italy had the biggest increase with more than 158 % to 212,107 m<sup>3</sup>.

## Ski Industry

### Stabilised market development – cautious optimism for 2013/14

After the disillusioning year of 2012 sales stabilised in the 2012/13 season and lead to the stabilisation of international ski markets. One of the most obvious contributing factors was favourable weather conditions in Europe and Japan where satisfactory results were achieved. The North American market has recovered but its lack of snow did not improve its market volume. The stabilised development of markets made it possible for retailers of sports equipment to reduce their stocks. The cross-country ski segment also reports a positive development: good snow conditions in Eastern Europe and Scandinavia had a positive impact on sales figures in the cross-country skiing sector, with particularly strong developments in Russia where interest in winter sports already started to increase during the preparation phase for the Winter Olympics in Sochi. An increased interest in Austrian products of the winter sport segment is expected. As a result, the ski industry's backlog increases and, from today's point of view, these are quite appropriate reasons for cautious optimism for 2013/14.

### Packed ski slopes and fully booked ski resorts

The trend towards skiing still continues and Austrian ski companies contribute significantly to this trend with constant product innovations and their internationally renowned brands. This diversity of products makes skiing very attractive. Austrian ski companies provide broad product portfolios ranging from skis, bindings and boots to accessories that meet the demands of every target group.

### Internationally renowned brands, high export quota.

The Austrian ski industry is an important player in the winter sports business. There are very few brand-name products from Austria which are as popular around the world as Austrian ski brands like Atomic, Blizzard, Fischer, Head and Kneissl. Very few Austrian industries can compete with the ski industry's export quota of over 80 %.

