The Austrian Wood Industries
Report 2002/2003

Production

In 2002 sales by the Austrian wood industries amounted to € 5.15 billion. This was a 5.5% decrease compared to last year's figure. Still, the production value of this industry remains at a very high level (see charts on page 6).

Enterprises, Employees

The wood industries comprise about 1,750 enterprises of which 1,400 are sawmills. Most of these enterprises are medium-sized. It is remarkable that they are almost entirely privately owned.

The Austrian wood industries are known as important and reliable employers. Despite having 30.878 employed people, the workforce decreased slightly in 2002. The wood industries are one of the few industries where the number of employed people has remained reasonably stable.

Foreign Trade

The wood industries are highly export oriented with an export share of almost 60%. Sawn softwood, wood-based panels and skis are the most exported articles. In 2002, the total export volume was € 4,08 billion, which represents an increase of 8% over 2001. With 65.6% (€ 2.68 billion), the European Union is the most important buyer of Austrian timber products. The two main export destinations are Germany and Italy. Imports of timber products decreased in 2002. In all, products amounting € 2.32 billion were imported. This is a decrease of 9% when compared to 2001 (see table on page 7).

The foreign trade surplus in 2002 grew by a remarkable 36% to € 1.77 billion.

Branches

The wood industries are an extremely wide ranging economic sector. Of greatest importance in terms of production are the sawmilling industry, the furniture industry, the construction sector, the board industry and the ski industry.

Construction Elements Industry

In 2002, sales by the construction elements industry amounted to € 1.51 billion. The various branches of this sector, which are dependent on the construction industry, show a mostly downward tendency.

The production of windows, the most important branch, decreased to € 340.9 million in 2002 while the production of prefabricated wooden houses increased. The production value of € 333 million corresponds to an increase of 7.8%. Regarding doors, production decreased by 3.1% to € 231.5 million. The growth in the field of wood floorings (parquet and strip floorings) continued in 2002, especially as regards strip floorings, with a production increase of 9.4% to € 134 million. The production of glued laminated timber elements showed a slightly negative development, it decreased by 3.7% to € 159.4 million in 2002.

Foreign Trade

In 2002, the export of **windows** developed positively, it increased by 51.9% in quantity and by 47.1% in value to € 31.42 million. In contrast thereto, imports dropped rather sharply by 26.3% in quantity and 20.8% in value to € 18.85 million. See table on page 16.

As regards **doors**, the year 2002 was characterised by a marked decrease of imports by 19.6% in volume and 14.9% in value. In total, doors amounting to € 27.97 million were imported. Exports, however, remained almost the same. The increase in exports amounted to 0.2% in volume and 1.3% in quantity. In total, exports amounted to almost € 24 million (€ 23.97 million). See table on page 16.

Regarding **wood floorings**, exports developed very positively in 2002. In the field of parquet floorings, they increased both in value (+ 16.5%) to € 110.58 million and in volume (+ 27.3%). Imports, however, decreased by 11.7% in value to € 72.51 million and by 10.8% in volume. See table on page 16.

Regarding **laminated timber**, exports showed a marked increase of 67.2% in volume and 47.8% in value to € 122.95 million. Imports also increased considerably in volume but only slightly in value. See table on page 17.

Furniture Industry

In 2002, the Austrian furniture industry produced furniture in the value of € 1.33 billion (- 2.5% as compared to 2001), of which € 380.6 million (23.6%) could be sold abroad. The volume of the Austrian domestic market in 2001 amounted to € 1.612 billion (- 4.3% as compared to the previous year).

Imports contributed a total of € 668 million Euro (41,4%) to the domestic market in 2002. Compared to the year 2001, imports decreased by 9.9%.

The massive drop in sales in the first half of 2002 also continued in the second half. The market for office furniture declined by 9.9% to € 184 million and the market for chairs and settees by 7.8% as compared to the previous year. The sharply declining market for shop furniture recovered to some extent in the second half of the year and decreased by 11.8% as compared to 2001. The slightly positive trend in the field of chairs and settees for homes also continued in the second half of the year. A production increase of 4.5% over last year's figure was recorded. The slight market decline of 1.1% was due to fewer imports.

The only increase was on the market for kitchen and bathroom furniture which rose by 0.8% over the figures of 2001. This was mainly due to higher production (+ 3.4%). Compared to the previous years, imports dropped by 9.9% and exports by 8.5%, which is indicative of a favourable development of the exports in the furniture sector.

Wood-based Panels Industry

The year 2002 proved to be a mixed one for the Austrian particle, MDF and fibreboard producers. They had to strive very hard to sell their production in an extremely difficult economic environment. The growth rates in all areas were the result of the investment activities of the past years. In 2002, the value of the particle and fibreboard produced amounted to € 668.4 million (2001: € 595.4 million) while the production of MDF board amounted to € 105.6 million. In total, turnover amounted to € 774 million.

This almost 15 per cent increase was due to the enormous investment activity of the Austrian producers of wood-based panels. These investments, amounting to some € 440 million, were not only made in the particle board sector but also in 2 new MDF plants and in the fibreboard industry.

The highest share of production came from particle board production of € 608.4 million as compared to € 550.4 million in 2001, an increase of 10.5%. The value of fibreboard produced amounted to approximately € 60 million Euro. Production of MDF board amounted to € 105.6 million (2001: € 84.3 million), an astonishing 25 % increase in output! Both plants started producing about three years ago.

In quantitative terms overall production of particle board rose from 2.17 million m^3 to 2.38 million m^3. This is an increase of 10 %. Overall production of MDF board amounted to 480,000 m^3 (2001: 383.000 m^3).

Foreign Trade

In 2002, the foreign trade surplus was further increased. While exports amounted to € 559.4 million in 2001, they rose to € 638.7 in 2002. Thus domestic producers increased their exports by 15 %. During the same period, imports fell from € 115.3 million to € 94.3 million. As a consequence, the balance of trade showed a considerable surplus of € 544.4 million in 2002. See page 25.

European-wide Activities

The Austrian particle, MDF and fibreboard producers, which are mainly privately owned, have created for themselves a truly exceptional role given the situation in Austria: They produce at 40 locations in Europe.

Solid Wood Panels

The production value of the three-ply and multiply-layer solid wood panels made of softwood and hardwood totalled somewhat more than € 72 million in 2002, which is an increase of 1.7%. The production value of the one-layer solid wood panels amounted to € 18.6 million in 2002. This is an increase of 3.3% as compared to 2001.

Regarding solid wood panels, the trade surplus in 2002 amounted to almost € 75 million (€ 74.39 million) and thus increased by 6.3%. See table on page 26.

Sawmilling Industry

The production sold by the Austrian sawmilling industry in the previous business year amounted to € 1.84 billion. Compared to 2001, this is an increase of almost 3%. Production of sawn wood increased to 10.46 million m^3 (see table on page 27). The development in the first quarter of 2003 shows a positive trend. The sawmilling industry comprises about 1,400 enterprises of which about 1,200 are small-scale, with a total number of employed people of about 10,000.

Foreign Trade

In 2002, **exports** of sawn softwood reached the record quantity of some 6.3 million m^3. This is an increase of 6% as compared to 2001 (5.93 million m^3). In terms of value, the export volume of the sawmilling industry amounted to slightly more than € 1 billion (in 2001: € 1 billion). See tables on page 28.

Approximately 2/3s of all exports go to Italy, our main export market. In 2002, exports grew by 4.5% to 4.05 million m^3 as compared to 2001 (3.88 million m^3). The US market showed a dynamic development in 2002, exports increased by almost 40% to 333,000 m^3 sawn softwood. The Japanese market, after having decreased slightly in 2001, recovered and grew by 7% (507,000 m^3). Japan is the second most important trading partner of the Austrian sawmilling industry.

Exports of sawn hardwood dropped drastically. In all, 124,197 m^3 were exported in 2002. This is a decrease of 17 % as compared to 2001.

Imports slightly increased in 2002. The total import of sawn softwood amounted to some 1.14 million m^3. This is an almost 1% rise over previous year's figure (in 2001: 1.13 million m^3). Imports amounted to € 179 million (see tables on page 28).

The sawmilling industry contributes essentially to the trade surplus in the Austrian wood industries.

PEFC - Dynamic Implementation

Of particular importance to the Austrian sawmilling industry is the rapid implementation of the certification system according to PEFC. More than 47 million hectares have been certified in Europe. A continuous supply of certified raw material is therefore guaranteed. The certification process in the further-processing chain is progressing rapidly. It is expected that by mid 2003 more than 200 sawmills will have been certified.

Ski Industry

Although the snow situation in some of the important markets was not an optimal one and despite increased competition, the Austrian ski industry further strengthened its dominating position in the 2002 season. More than 60% of the alpine skis produced worldwide came from Austrian factories. When compared to the previous year, the overall market dwindled by some 200,000 to 300,000 pairs of skis. The quantity sold last season is estimated to be some 4.5 to 4.6 million pairs of skis (including the 'short carvers'), of which about 3 million came from Austria. The importance of the markets has clearly shifted: About 60% of the world market is taken by skiers who predominantly ski the slopes in the Alps. America only accounts for about 20% and Japan for 12%.

The U.S./Canada have remained the largest single market where about one million pairs of alpine skis are sold. There the Austrian share of about 30% can still be increased. In Germany and Austria, about 560,000 pairs of skis are sold depending on the snow situation, followed by France with slightly more than 400,000 pairs. In this country, skis made in Austria are the undisputed market leaders. The markets in Italy and Switzerland have dropped to below 300,000 pairs of skis due to the weather conditions. Japan is still suffering from the long-term slump in the economy in general.

In 2001, Austria exported alpine skis to the value of almost € 200 million. Including cross-country skis and snowboards, the benefit to Austrian foreign trade amounted to € 274 million.

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