The Austrian Wood Industries
Report 2006/2007

Production

Austrian wood industry sales totalled EUR 7.02 billion in 2006, which represents an increase by 13.0% 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 over 60% over the past nine years.

Enterprises, Labour Force

The Austrian wood industry comprises 1,351 enterprises, of which 1,000 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 2006, the number of wood-industry employees increased slightly, now standing at 30,422. The wood industry is one of the few sectors of industry in which the level of employment has remained stable during the last year.

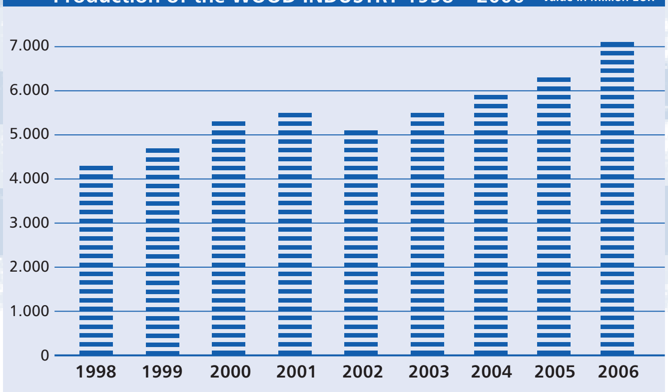
Foreign Trade

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 2006 amounted to EUR 4.92 billion, up by 7.5% from the year before. 76.1 % of Austrian wood-industry exports went to the European Union (EU 24), above all to Germany and Italy. The remaining 23.9% were exported to Eastern Europe (4.5%), the developing countries (1.9%), and other countries, such as the US and Japan (17.5%). The traditional foreign trade surplus grew by 9% to app. EUR 2.2 billion in 2006. Compared with EUR 1 billion in 2000, it has more than doubled in recent years (See tables on p. 6/7 of the German version).

Lines of Business

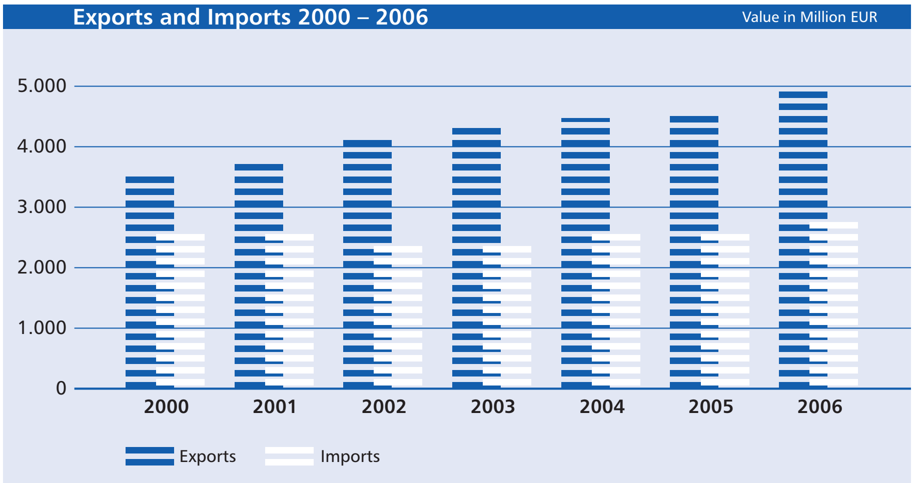
The wood industry is an extremely varied sector. In terms of production volumes, it's most important lines of business are saw milling, the construction elements industry, the furniture industry, the manufacture of wood-based panels, and the ski industry.

Production of the WOOD INDUSTRY 1998 – 2006 Value in Million EUR



Source: Statistik Austria, 2006: preliminary figures

Exports and Imports 2000 – 2006 Value in Million EUR



Source: Statistik Austria, 2006: preliminary figures

Construction Elements Industry

Total sales of the construction elements industry in 2006 amounted to EUR 2 billion, up by 20.3% 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 2006 to EUR 365.37 million by 17.2%. At the same time, the production of prefabricated wooden houses also increased, its total value now standing at EUR 461.72 million, i.e. up by 23.9%. Production of doors grew by 8.4% to EUR 243.37 million. Demand for wood floorings (parquet and plank floorings) continued to increase in 2006, the total production value 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** developed remarkably also in 2006, increasing by 28.7% in terms of volume and by 27.9% in terms of value to EUR 46.85 million. At the same time, imports increased strongly by 21.0% in terms of volume and by 30.8% in terms of value, reaching a total of EUR 15.56 million (see Table on p. 16).

In the year under review, imports of **doors** increased by 1.86% in volume and decreased by 6.3% in value. However, exports of doors increased by 13.7% in volume and by 6.4% in value. Overall, doors worth EUR 22.19 million were exported. (see table on p. 16).

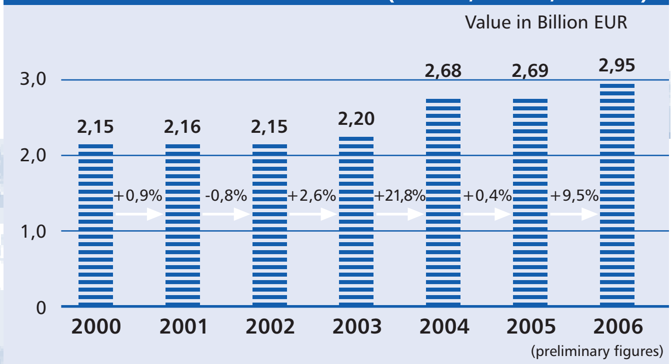
Exports of **wood floorings** continued to take a highly positive development. Parquet flooring exports reached a value of EUR 233.92 million (+19.8%), with the volume of exports exceeding the previous year's level by 22.3%. Imports rose by 4.7% in terms of value, now standing at EUR 93.41 million, but decreased by 7.0% in terms of volume (see table on p. 16).

Laminated timber exports increased by 20.1% in volume and by 25.7% in value to EUR 287.94 million in 2006. Laminated timber worth over EUR 20.00 million was imported in the year under review (see Table on p. 17).

Furniture Industry

In 2006 Austrian furniture production reached a total value of EUR 2.95 billion (up by 9.5% to 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 459 million by 6.1%. Living furniture increased by 39.6% to a value of EUR 263 million. However, seating furniture decreased by 0.6% to a total value of EUR 728 million and kitchen furniture by 1.3% to EUR 259 million. As regards other furniture, the positive trend continued with a 18.7% rate of growth.

Production of FURNITURE (Wood/Metal/Plastic)



Foreign Trade

Compared with 2005, exports by the Austrian furniture industry decreased by 2.4% (EUR 1.14 billion). Goods worth EUR 846 million were sold to other countries of the European Union (EU 24). Germany and Italy continue to be the most important markets for Austrian exporters. The volume of exports to Italy have been growing by 8.5% over the full year while the exports to Germany decreased by 25.4%. Imports of furniture to Austria also decreased by 3.6%, their total value standing at EUR 1.10 billion (see diagrams on p. 20 and 21).

Wood-Based Panel Industry

The signs back in 2005 that business volumes would pick up in the following year turned out to be correct. However, the well developed drive and competitiveness of the Austrian panel industry were severely tested in 2006 by developments on the timber markets. Even so, the Austrian panel industry saw total sales of chipboard, MDF and fibreboard climb still further to about EUR 903 million. As in previous years, an important factor in this was further growth in processing and refining operations.
According to the preliminary figures for foreign trade 2006 was once again a successful year for exports, with the good news being that quantitative growth was clearly outstripped by qualitative gains – a further indication of the trend towards high quality product ranges. An evaluation of the export markets continues to point to healthy developments in those of the new EU member states and Eastern Europe as a whole. Overseas exports remain considerable. The bulk of exported goods continue to go to the EU – with Germany and Italy heading the markets there.

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 2006, a surplus of more than EUR 600 million has been reported.

International

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 export of solid wood panels has increased by 8.0% compared to the year 2005 and is now worth EUR 157.9 million. Imports have increased by 12.6% amounting to EUR 82.8 million (see table on page 26).

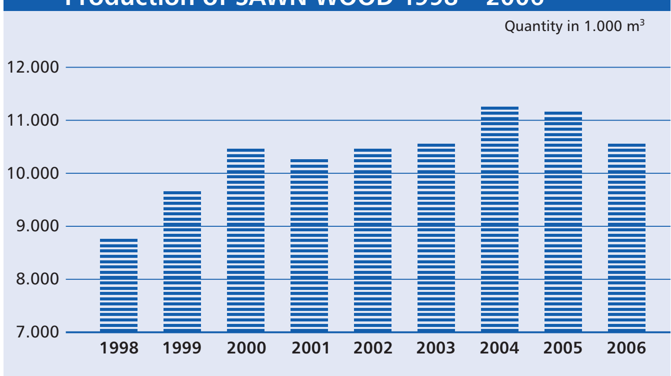
Saw Milling Industry

In the year under review, sales by the Austrian saw milling industry continued to exceed the EUR 2 billion marks (EUR 2.08 billion). Sawn wood production amounted to 10.5 million m^3 due to a lack in the round wood supply (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 17.2 million m^3 of round wood, including 6.03 million m^3 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 decreased to approx. 6.64 Million m^3 in 2006 (2005: 7.11 Million m^3). In terms of value, exports amounted to approx. EUR 1.2 billion (see Tables on p. 28/29). The most important market is Italy, accounting for about 66 % of Austrian exports. In the year under review, 4.39 million m^3 of sawn softwood were exported to Italy

Production of SAWN WOOD 1998 – 2006



Source: Statistik Austria, 2006: preliminary figures

(2005: 4.37 million m^3). Exports to the USA (including exports via Canada and the Czech Republic) decreased by 56% to 339,000 m^3. The Japanese market with exports of 379,461 m^3 was stable compared to the year before. 639,146 m^3 of softwood sawn were exported to Germany. Approximately 750,000 m^3 were exported to the oversee markets. Imports of sawn softwood increased in 2006. Total imports of sawn softwood amounted to approx. 1.62 million m^3 (26% compared to the year before). In terms of value, imports totalled EUR 83.46 million.

Exports of sawn hardwood increased to a total of 182,176 in 2006, which represents a 14% rise from the 2005 level. Imports of sawn hardwood increased by 20% to 227,845 m^3 (2005: 189,482 m^3).

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 increased from 40 in 2001 to more than 260 (including app. 160 sawmills) in the year under review. On a world-wide basis, the total number of certified enterprises is close to 3.115.

Ski Industry

Companies in the Austrian ski industry posted fundamentally positive results for the latest business year of 2006/07. The figures document the healthy state of retail sales achieved over the past sales season. Nonetheless, performance in the European sports items sector and in the overseas markets was impeded by the lesser snowfall of the past winter. Sales of Alpine and cross-country skis as well as snowboards were extremely sluggish. Hence the outlook for retail orders in the ski industry is correspondingly low-key over the coming 2007/08 sales season. At present there is every sign that orders will fall by a double-digit percentage. This is particularly true of the cross-country sector.

Despite current changes in market conditions the Austrian ski industry now exports over 85% of its products. The extraordinarily high export share means that Austrian ski brands are present throughout the world. This is also remarkable given that only a few brand articles from Austria have managed to establish a global presence. Thanks to heavy investments in racing these well known brands are also becoming global 'ambassadors' of Austria as a winter sports country. For the fact is that the investments of ski sports in ski racing and the medals that have showered down on Austrian products convey Austrian 'winter sports expertise' in the most important markets targeted by the Austrian winter tourism sector. As a result, the ski industry is an important location factor for other areas of the economy which conduct their business around winter sports in Austria.

Foreign Trade

Once again in 2006 the ski industry contributed positively to the Austrian balance of trade. In fact preliminary returns from national statistics agency Statistik Austria indicate that the most recent surplus balance of EUR 230 million for foreign trade is even set to rise to just under EUR 240 million.

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