The Austrian Wood Industries
Report 2010/2011

10/11

Production

The sold production of the Austrian wood industry in the past fiscal year amounted to 6.87 b. EUR. This is an increase in terms of value of 10.6% in comparison to the previous year. Massive decreases were reported over the previous two years due to the global economic crisis. This negative trend was stopped in 2010.

Companies

The wood industry consists of 1,513 active companies, 1,200 of these enterprises are saw mills. 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 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 known as a significant and steady employer: 27,413 people were working in the wood industry in 2010 (2009: 28,346) – 749 of them were apprentices. It 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

One of the wood industry's key segments is foreign trade. Its export quota has already been over 70% throughout several years; sawn wood, glued-laminated wood, wooden materials (wood-based panels) and skis contribute to this result with an exceedingly large percentage. 2010's total volume amounted to 5.04 b. EUR (73% export quota). This constitutes an increase of 11.1% in comparison to the previous year. The countries of the European Union (especially Germany and Italy) were the most important buyers of Austrian wood products with 74.7% (3.77 b. EUR).

Imports

Imports of wood products increased as well in 2010. The total import value was 3.38 b. EUR, resulting in a 7.7% increase in comparison to the previous year. These imports originate predominantly from the European Union, with a total share of 86.9%.

Trade Balance

Foreign trade is a substantial corner stone of the Austrian wood industry. The wood industry is one of the few branches of industry with a steadily positive trade balance throughout the past years. In 2010 an increase of approximately 19% (1.67 b. EUR) was achieved in comparison to the previous year. Together with other sectors of the wood and forestry industries' supply chain the foreign trade surplus is approximately at the same level as the Austrian tourism industry's.

Construction Industry

2010's sold production in the construction sector amounted to 2.51 b. EUR. This constitutes a surplus of 9.8% in comparison to the previous year. The individual sectors of the construction-related sector report a predominantly positive trend.

Production

- Windows: this is the most import sector, reporting a positive result for 2010 and an increase to 445.7 m. EUR (+6.6%).
- Prefabricated wooden houses: production increase to 483.3 m. EUR (+6.2%).
- Doors: slight increase of 1.79% to 242 m. EUR.
- Glued structural components: relatively constant development with an increase of +14.5% to 560.9 m. EUR.

Foreign Trade

Windows: exports increased 6.07% to 70.1 m. EUR. Imports increased 5.14% to 26 m. EUR. This resulted in a trade balance surplus of 44.1 m. EUR (+6.63%). Germany is the biggest buyer of Austrian windows with an export quota of 43.7% (+4.8%). The second largest export market is Italy with 23.8% (+42.8%), followed by Switzerland with 10.3% (-7.2%).

Doors: the development in this sector is less satisfactory in comparison to the previous year. Exports decreased by 20.7% to 25.6 m. EUR. Imports increased by 1.5% to a total amount of 34.6 m. EUR.

Wooden floors: exports increased by 10.3% to 207.6 m. EUR. Imports decreased by 6.7% to 67.2 m. EUR.

Laminated wood: positive export development, exports increased by 19.3% to over 357.2 m. EUR. Imports increased by 39.9% to 33.1 m. EUR. Therefore the laminated wood sector is one of the few segments with a continuing and significant trade balance surplus of more than 300 m. EUR (324 m. EUR) which constitutes an increase of approximately 18%.

*all percentage figures refer to value

Furniture Industry

Austria's furniture production remains at a stable level in 2010

Austrian furniture production was slightly increased by 0.9% in comparison to the previous year, with a total value of 2.35 b. EUR. The 'winners' are manufacturers of household furniture due to strong private demand: wooden garden furniture increased by 6.1% (3.2 m. EUR), bathroom furniture +5% (22.5 m. EUR), bedroom, dining and living room furniture +4.5% (364 m. EUR). Kitchen furniture decreased slightly by 0.1% (252 m. EUR). Mattress manufactures could not continue their positive trend (-3.2%, 119 m. EUR). The office furniture industry's difficult situation continued in the past year: seating furniture and its components decreased by 8.8% (243 million EUR), office furniture by 7.3% (235 m. EUR), shopfittings by 4.3% (170 m. EUR).

Decline in exports slowed down, export hits are seating and kitchen furniture

2009's considerable decline in exports reached -16% (1.3 b. EUR). Export levels were stabilized in 2010, the decline of previous years slowed down, but increases only amounted to 0.2% resulting in total value of 1.31 b. EUR.

It was a particularly good export year for seating and kitchen furniture manufacturers: seating furniture exports increased by 8.5% (328 million EUR). Positive trends were also reported kitchen furniture industry with export increases of 6.8% (43 m. EUR). There was also a strong demand for mattresses and bedsteads (+5.9%, 82 m. EUR). Living room furniture exports declined by 7.5% (189 m. EUR) shop furniture exports declined by 10.4% (111 m. EUR). However, the steepest decline in exports was reported by the office furniture industry (-21.2%, 74 m. EUR).

Total exports to the EU 26

Slight decline of 1.3% (971 m. EUR). Germany remains the most important export market with a total volume of 527 m. EUR (+1.5%). The second place goes to Italy with 81 m. EUR and its remarkable -20.5%. Poland is next in line with 61 m. EUR (+17.1%), followed by the United Kingdom (42 m. EUR, +0.3%). Outside the EU, Switzerland remains the second-largest partner next to Germany with 156 m. EUR (+13.3%). The largest export share comes from household furniture with a total share of 20.7% (32 m. EUR, +6.9%).

Total imports of furniture in 2010 increased by 1.6%, with the strongest demand for mattresses

In 2010 furniture imports increased by 1.6% and achieved a total value of 1.65 b. EUR. Mattresses/bedsteads (+10%, 78 m. EUR) and seating furniture (+7.1%, 543 m. EUR) were in high demand. Import declines were reported for kitchen furniture (-11.1%, 120 m. EUR). In terms of percentage, seating furniture had the largest import share followed by household furniture (28.9%) and shop furniture (14.4%). Office furniture had the smallest import share with 3.3%.

EU 26 in total:

Imports from EU countries increased by 1.7% with a total value of 1.4 b. EUR. Germany remains the main importer with 850 m. EUR (+1.8%), 32.6% of which are household furniture and 26% are seating furniture. As in the years before, Italy remains at the second position (-5%, 134 m. EUR). Poland continues to get closer to Italy's position with an import value of 130 m. EUR (+12.3%) due to a strong demand for Polish seating, household and shop furniture.

Asia:

China increased its exports to Austria by 4.1% (111 m. EUR). Other important Asian furniture exporters are Taiwan (+26.6%, 10 m. EUR) as well as Vietnam (-15.8%, 8 m. EUR).

Wood-Based Panel Industry

Profits under pressure despite good sales volumes

2009 was a difficult year defined by market collapses which forced companies of the wood-based panel industry to implement a bundle of adaption measures. These measures affected company locations at home and abroad. They already proved effective by the end of 2009, resulting in a more positive atmosphere within the affected companies, generated by an actual increase in volume. This positive, volumerelated trend was carried into the first quarter of 2011.

Despite these positive trends, the necessary earnings performance was not achieved. The cost pressure caused by enormous price increases for raw materials could not be passed on sufficiently. Not only wood (see below) but also all other raw materials became significantly more expensive. These price hikes particularly affected prices for chemical products and paper. This caused an enormous price hike for coatings.

Especially the laminate flooring sector showed an unsatisfactory price development, whereas the buyers' situation in the DIY sector amplified this development due to its strong demand structures.

In the case of melamine, one has to consider the regrettable development in connection with an anti-dumping case in the EU. This legal suit could result in price hikes amounting to approximately 70 m. EUR for Austrian manufacturers. This anti-dumping case is still pending and will not only affect the wood-based panel industry but the entire wood industry. The Austrian Ministry of Economy represents Austria in this EU procedure and we urged them several times to weigh the thousands of jobs in the wood processing industry – led by predominantly Austrian company owners – against the less than 100 jobs in the Austrian laminate production sector.

Foreign Trade Balance

According to the currently available foreign trade figures, 2010 resulted in a very welcome foreign trade surplus. Statistik Austria's currently available figures project a surplus of more than 600 m. EUR in the chip board MDF sector as well as the fibreboards sector.

The high standard in production technology and decades of experience in product marketing are the basis for this success of the parent plants of these mainly internationally operating industry sectors.

Commodities Market

Besides cost pressures on raw materials from the chemical industry, the availability of wood is particularly troubling for the wood-based panel industry. Massive price leaps for wood had to be expected since 2003 due to interventions in the market caused by subsidies, but the question whether enough wood will be available in the future is of great concern.

This no longer an issue that concerns only the wood-based panel and paper industry. The sawmill industry and the processing sector have to seriously address the increasing political pressure regarding the energetical use of wood. Energy policy's goal to tackle this issue is strongly connected to the increasing political influence of energy companies.

Joint efforts and the utmost attention are necessary to avoid a possibly dramatic development for the wood industry in time. Even though one can understand that extreme price increases are very much welcomed, one has to see the subsequent results on the wood market. Therefore the wood-based panel industry is looking for long-term partnerships and maintains a constructive dialogue with everybody who is willing to agree to these partnerships.

Saw Milling Industry

Slight production increase in 2010

The Austrian saw milling industry is a large and very successful sector with approximately 1,200 companies and close to 10,000 employees. The saw milling industry is the biggest processor of wood in the entire wood industry because it handles 83% of the processed wood. 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 it consists almost exclusively of small and medium sized companies. The 8 largest companies generate approximately 65% of the total production volume, the 40 largest companies produce approximately 90%. The production value amounts to 2 b. EUR (+21.7). The annual average in 2010 was approximately 16 m. cubic metres of round wood. The sawn wood production increased from 8.5 m. cubic metres to 9.6 m. cubic metres (+13.9%).

Increase of sawn softwood exports

Sawn softwood exports in 2010 amounted to approximately 6 m. cubic metres, generating a 6% increase in comparison to the previous year (2009: 5.7 m. cubic metres). In terms of value, the export volume amounts to 1.1 b. EUR (2009: 927 m. EUR).

More than 58% of all sawn softwood exports were shipped to Italy, our longstanding key export market. The amount of 3.5 m. EUR results in a 4% increase (2009: 3.4 m. cubic metres)

Exports to Germany increased by over 30% (2010: 578,000 m^3), to Switzerland by approximately 10% (116,000 m^3) and to the Czech Republic by 23% (107,000 m^3). Exports to the Levante remain roughly on the same level with 1 million m^3 in 2010. Exports to Asian markets increased by more than 40%, for example to Japan (+63%).

The production of saw mills specialized in hardwood decreased slightly to 158,000 m^3 in 2010. Sleeper production (beech & oak) was held on a good level in 2010 due to substantially higher efforts than in 2009.

Exports of sawn hardwood increased in 2010 by 8% (130,000 m^3); value : 70.5 m. EUR (2009: 56 m. EUR).

Sawn softwood imports remained stable

Imports of sawn softwood remained approximately on the same level as in 2009 (+0.6%). Total imports: approx. 1.6 m. m^3 with a value of approx. 305 m. EUR. The Austrian saw milling industry increased its market share at home due to a 13% production increase of sawn wood.

Sawn softwood imports from Germany increased by approx. 2% to 813,000 m^3. Imports from Finland increased by 46% to 93,000 m^3, from Russia by more than 47% to 87,000 m^3, from Switzerland by 3% to 74,000 m^3 and from Slowenia by 111% to 33,000 m^3. Imports from the Czech Republic declined by 7.6% to 245,000 m^3 and from Slovakia by 37% to 53,000 m^3.

Sawn hardwood imports increased in 2010 by 19% to 189,000 m^3 (2009: 159,000 m^3).

Softwood imports decreased slightly

In the full fiscal year of 2010 approximately 5 million cubic metres of softwood were imported to Austria (-2%) even though the production of sawn wood increased by 13%. Supply from the Czech Republic, the biggest importer, increased by 5.2% to 2 m. cubic metres, imports from Germany increased by 3.6% (2010: 1.7 m. cubic metres) and from Slovakia by 2.3% to 627,000 m^3. Softwood imports from the Czech Repbulic account for 40% of the total volume, 33.5% come from Germany, 12% from Slovakia, 5% from Slovenia and 4% from Poland. These countries cover approximately 95% of all softwood imports. The Ukraine had the biggest import increase with more than 82% to 85,000 m^3.

Ski Industry

Predominantly positive market developments

Austrian ski manufacturers reported thoroughly positive results for the 2010/2011 season. Initial orders were off to a good start, showing that sports shops restocked their supplies. The positive trend, which started in autumn 2010, continued in January. Expectations were mostly met and only started to fall below expectations with reorders in early 2011. The early ending of the winter season may have been a potential factor in this development.

Despite generally satisfactory results, the strong decline of the 2006/2007 season could not be balanced entirely. One of the key factors is that ski manufacturers flexibly adapt their production volumes to the demands of the market; consequent cash management leaves no more room for made-to-stock production.

The Austrian ski industry has an extraordinarily high export quota of more than 80% with internationally popular ski brands. There are only very few Austrian brands from other industries that achieve this level of brand recognition. The share of Austrian brands in the entire winter sports segment remains at remarkable 50%.

Domestic manufacturers prove their worldwide competence not only in the Alpine ski segment – where the free ski and women's ski segments are also doing well. Our providers are also very successful in the cross-country ski segment, with particularly positive market developments in Scandinavia and Russia.

In general, manufacturers of the entire winter sports product line are very successful and surpass their competition. The respective brands already provide bindings, boots, helmets, goggles etc., besides their snowboard, alpine and cross-country ski product lines.

One of the particularly positive aspects of profit developments in individual markets is the increasingly returning demand for products of higher quality.

Ski brands support the campaign to broaden Austria's appeal as a centre for all winter sports by investing in international ski racing. Therefore they play an essential role as ambassadors of Austria's competence in winter sports.

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