

# The Austrian Wood Industries Report 2018/19



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## Production

According to business statistics, the Austrian wood industry achieved a total production volume of EUR 8.33 billion in the past financial year, which represents an increase in value of 5.4%.

## Companies

The wood industry is made up of 1224 active companies, 1000 of which are sawmills. The wood industry is a multi-faceted economic sector, comprising the sawmill industry, the construction sector, the furniture industry, the wood products industry and the ski industry. The majority of businesses in 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. It employed 26,382 people in 2018 (2017: 26,224), 810 of whom were apprentices. The Austrian wood industry is one of the largest employers among the 16 branches of industry in Austria and, at the same time, it is one of the few industries that has maintained a relatively stable workforce in recent decades. However, this number has tailed off somewhat in the past few years.

## Foreign Trade

The wood industry is a highly export-orientated sector with an export ratio of about 70% in 2018, representing a total volume of EUR 6.03 billion. This constitutes an increase of 6.6% when compared to the previous year. EU member states (Germany and Italy, in particular) were the biggest buyers of Austrian wood products, with a share of 76.2% (EUR 4.6 billion). The remaining 23.8% was split between other European countries (11.7%), developing countries (2.7%) and other markets such as the USA and Japan (9.4%).

## Imports

Imports of wood products also increased in 2018. The total import value was EUR 4.73 billion, a 1.5% increase on the previous year. With a total share of 86.2%, the EU is the industry's most significant trading partner for imports.

## Trade Balance

Foreign trade is a substantial cornerstone of the Austrian wood industry – it is one of the few branches of industry that has had a consistently positive trade balance. The trade balance increased significantly on the previous year in 2018, rising 30.1% to EUR 1.3 billion.

## TIMBER CONSTRUCTION AND CONSTRUCTION ELEMENT INDUSTRY

In 2018, production in the construction sector totalled EUR 2.69 billion. This represents an increase of 2.5% on the previous year.

Window production is the most important sector, and reported a positive result for 2018, with production rising to EUR 437.8 million (+5.1%). The production of prefabricated houses, on the other hand, fell significantly, dropping to EUR 422.3 million. Production of doors rose by 4% in 2018 to EUR 244 million, while production of glued structural components rose by 6.6% to EUR 848.7 million.

## Foreign Trade

- **Windows:** exports – EUR 73.7 million (0%), imports – EUR 37.1 million (-18.8%). Germany was the largest market for Austrian windows, accounting for 45% of exports. The second largest export market was Switzerland with 18.7%, followed by Italy with 10.9%.
- **Doors:** exports – EUR 42.6 million (+1.5%), imports – EUR 49.9 million (+7.5%). In 2018, Switzerland was the largest market for Austrian doors, with a share of 41.3%. The second largest export market was Germany.
- **Wooden floors and parquet:** exports – EUR 218 million (+2.2%), imports – EUR 82 million (-3.5%). The key export markets were Germany (market share: 63%) and Switzerland (market share: 10.3%).
- **Laminated wood:** exports – EUR 467.3 million (-1.9%), imports – EUR 28.1 million (+4.9%). The largest export market for laminated wood by volume was Italy (market share: 36.5%). Germany was the second largest with 20.7%, followed by Japan with 11.5%.

## FURNITURE INDUSTRY

The Austrian Furniture Industry significantly increased its production volume in the last year, and in 2018 the value actually increased by a pleasing 4.9% to EUR 2.09 billion. This meant that the industry was able to hold up well. However, there were varying developments in the sectors. As was also the case in 2017, shop furniture once again recorded double-digit growth figures. Positive figures were also reported for bathroom furniture (made of wood) at 7.0% and kitchen furniture with an increase of 5.2% to EUR 296.0 million.

In spite of a 2.5% decrease, the strongest sales for 2018 were again achieved for wooden bedroom, dining room and living room furniture. While it was not possible to continue the boom of 2017 (+3.6%), with furniture generating to a value of EUR 364.7 million this area represented the lion's share of the total production volume in the Austrian Furniture Industry. "Seating furniture and necessary parts" was also forced to accept a decline of 2.1% and reported a result of EUR 208.4 million.

However, the "office furniture" division was able to recover. Following a slump in 2017, the division almost stabilised with growth of 2.3%. The past year was also good for mattresses (+1.7%).

## Exports

Exports once again showed pleasing developments over the last year. Following moderate growth of 2.4% in 2017, the Austrian Furniture Industry reported an increase in exports of 3.9%, valued at a total of EUR 937.7 million in 2018. The biggest rate of increase was achieved by manufacturers in shopfitting with a growth of 22.0%. Living room furniture, which is very popular abroad, is one of the front runners in terms of exports with growth of 8.7% and revenues of EUR 274.7 million. Kitchen furniture manufacturers also achieved an increase of 1.3% to a total of EUR 72.2 million. However, seating furniture (and necessary parts) recorded the highest earnings out of all products sold abroad. In spite of a 2.5% decrease, in terms of value it is at the top of the export balance sheet with EUR 292.6 million. Office furniture (-2.0%, EUR 84.8 million) and the mattresses/sprung frames sector (-5.2%, EUR 73.2 million) bring up the rear.

The EU is by far the most important trading area for the Austrian Furniture Industry. The sector achieved export growth of 2.5% (EUR 664.0 million) here. In this case, exports to Germany, the most important trading partner, grew by 2.9% to EUR 390.2 million and are an indication of the positive development of the industry in Austria. In parallel to this, exports to Italy grew by 3.9% to EUR 42.6 million.

## Imports

There was a marked decline in imports to Austria in the last year, and 2018 saw imports of furniture to the value of EUR 1.76 billion. This equates to a decline of 4.9%. Imports of mattresses increased by 14.4%, while seating furniture decreased by -3.3%, office furniture by -9.7%, shop furniture by -7.5%, living room furniture by -7.1% and kitchen furniture by -5.9%.

At EUR 811.2 million, Germany still remains the front runner in terms of imports, but fell by 7.2%. Poland, the second strongest import country among EU member states, also saw a decrease of 4.8%.

## WOOD-BASED PANEL INDUSTRY

### A great review and still a positive forecast

From the perspective of the Austrian wood panel industry, 2018 saw an economic boom and was a very successful financial year. With full utilisation of the production capacities, it was even possible to increase the production volume slightly further for particleboard. Sales in Austria in 2018 grew slightly in comparison with the previous year, which was due in particular to the positive development of the Austrian job market with falling unemployment figures and growing incomes for consumer spending in private households. The development in the sales figures was also pleasing. In terms of sales and to some extent also volume, exports were at a similarly high level to that of 2017. The forecast for 2019 will be more challenging, but the mood remains confident.

## Exports

The export figures have essentially been stable at a high level for years with a ratio of approx. 80% with only minor fluctuations. In Europe, and as a whole, the most important trading partner is Austria's neighbour Germany, followed by Italy, however here development is viewed in a negative manner, as well as the Czech Republic and Poland. Europe is by far the most important export market with an export share of just under 90% in terms of total volume.

### Reliable employer in rural areas

The Austrian wood-based panel industry, with its particleboard, fibreboard and MDF products, offers secure and coveted jobs for 3000 employees in the structurally weak regions outside of major population centres. The family ownership structure offers security and is a guarantee that companies will remain in Austria. Investments in measures working towards digitalisation, increasing efficiency and product innovations are future expenses for the ongoing further development of all Austrian and international sites.

### Continuous raw material supply as a challenge

In principle, the raw material supply is currently very good in all segments. The challenge for the future will be to achieve a continuous supply of raw materials throughout the entire year. Progressive climate change will play a decisive role in this. We are no longer having to deal with more or less predictable fluctuations in raw material supply due to the time of year. Extreme weather situations, such as drought periods with associated bark beetle infestation, flooding, windthrow or snow load, result in an unplanned and/or unpredictable supply, which cannot be managed in the short-term alongside existing commitments. It is this unpredictability in terms of supply due to force majeure incidents of this kind that requires the industry to be very flexible and well prepared. The cooperative interaction of the wood-based panel industry and forestry needs to work in order to achieve continuous acceptance and delivery, and trusting relationships are needed. Further efforts will be required from everyone involved throughout the value-added chain, including those in politics.

## SAWMILL INDUSTRY

The Austrian sawmill industry is a large and very successful sector, with approximately 1000 companies and close to 6000 employees. The sawmill industry is the largest processor of wood in the entire wood industry, handling 70% of all processed solid biomass. The industry contributes significantly to Austria's foreign trade balance and is predominantly made up of small and medium-sized enterprises.

The 40 biggest sawmills generate approximately 90% of the total production volume; the remaining 10% of production is carried out by 960 small and medium-sized enterprises which are important for the regional value creation and play a major role in rural regions.



2018 was again a record-breaking year for the Austrian sawmill industry. Production increased for the fourth year in a row and, for the first time since 2007, more than 10 million cubic metres of sawn timber were produced. The Austrian sawmills benefited from the positive economic situation and improvements in almost all sales markets. The sawmills were able to expand their international market shares. Compared to 2017, there was another increase in exports of around 8.6% in 2018.

The summer of 2018 caused significant damage to numerous forests throughout Central Europe. In Austria, the large quantities of damaged wood increased supply pressures on local sawmills. Large Austrian sawmills were able to deal with the increased supply of logs thanks to the positive sales situation, the well-developed Timber Industries (GLT, CLT,...) and the productivity possibilities in and around the sawmills.

### Sawn Softwood

As 60% of production is exported, the development of world markets is very important. In 2018, approximately 5.9 million cubic metres of sawn softwood was exported. This represents an increase of around 8.6% (2017: 5.5 million cubic metres). The total value of products exported was EUR 1.4 billion.

Unfortunately, the Italian has not developed as positively as expected. Around 45% of sawn softwood exports go to Italy, which is our long-standing key export market. With overall sawn softwood exports of 2.6 million cubic meters, the Italian market was stagnant, growing by just +0.2%. All other key markets showed high growth rates. Exports to Germany rose by 7.4% to 1.0 million cubic metres and exports to all other European countries rose by 10.9% (2018: 0.7 million cubic metres).

After a difficult year in 2017, exports to the MENA (Levante) increased significantly by 16% in 2018, which meant the export level of 2016 could, once again, be reached.

Once again, the hardwood industry in Austria developed very positively. Production increased to a total of 176,000 cubic metres. The Austrian hardwood sawmills are satisfied with the rising demand in 2018 and in the first part of 2019. Joint research and development projects should help to focus on the area of "living with wood" and the use of wood in interiors.

## SKI INDUSTRY

### Skiing is in

The sales figures from the last season prove the pleasing development that skiing is in. The range of products on offer from the ski industry is more varied and of a higher quality than ever before, all customer requirements are satisfied, and individuality, comfort, high quality and simplicity are the focus and are implemented in equal measure. These top products from the ski industry are required in order to be able to offer winter sport as a total experience for all the senses at

the highest level. There also needs to be optimum interaction between tourism, the cable car industry, rental companies and ski schools as well as the intelligent use of new technologies for greater convenience.

### Skiing with Austrian brands – our ambassadors

With numerous podium places at the skiing world championships in Åre, the Austrian skiing industry impressively demonstrated what this country has to offer in terms of economic and cultural potential. With the top Austrian brands Atomic, Fischer, Head and Blizzard, in international terms Austria is definitely in the top division and a stable export ratio of over 80% is proof of this success. Constant investment and innovations from the Austrian ski industry are key factors behind the perception of Austria as a skiing nation. It is no coincidence that skis made in Austria are popular gifts for foreign visitors, because as ambassadors they represent top quality and Austrian culture in equal measure.

### China as a promising market

There is a shared understanding in the Austrian ski industry that China, as the only emerging market in the world, is vital and consistent work is being done to achieve the target of getting people in China skiing, because the ski industry needs skiers on location! The only way to achieve this is by using trained professional skiing instructors from Austria. The focus is therefore on training skiing instructors. And an Austria House in one of the Olympic regions needs to represent Austria as a nation of skiing and culture.

### Winter network – new challenges

One of the challenges for winter sports tourism is progressive global warming. However, the basis of the business, snow, is secure as artificial snow technology will allow snow to be guaranteed in the long term. In order to confront critical voices about engagement in the alpine area adequately and on equal terms, the cross-regional association VITALPIN has been established as a platform which, as an NGO, is an equal counterpart to the environmental organisations and covers the German speaking regions including South Tirol.

A further challenge is provided by the numerous alternatives available in the form of long-haul travel, cruises and uncoordinated regional individual measures with a negative reciprocal effect. In this area, it is also necessary to pursue a uniform approach and to implement coordinated measures.

### World market volume

The world market volume for the ski industry is divided into alpine skis (Europe EUR 2.17 million; Asia/Pacific EUR 0.33 million/ North America EUR 0.8 million) and alpine bindings with EUR 3.3 million and alpine boots with EUR 3.4 million respectively. Cross-country skis and cross-country boots have an international volume of EUR 1.9 million, snowboards of EUR 0.8 million.