

CBI MARKET SURVEY

THE CHEMICALS MARKET IN AUSTRIA

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Introduction

This CBI market survey gives exporters in developing countries information on some main developments on the chemicals market in Austria. The information is complementary to the information provided in the CBI market survey covering the EU chemicals market. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used, as well as information on other available documents for this sector. It can be downloaded from <http://www.cbi.eu/marketinfo>.

1. Market description: industrial demand and production

Industrial demand

- Austria is a relatively small consumer of chemicals, accounting for 1.5% of the total EU market.
- According to the European Chemical Industry Council (CEFIC), industrial demand for chemicals in Austria amounted to € 8.7 billion, signifying an increase of 0.5% between 2001 and 2005.
- According to industry sources, the chemicals market in Austria is very diverse and includes sectors such as petrochemicals, pharmaceutical intermediates, plastics, and paints and varnishes.

Table 1.1 Industrial demand for chemicals in the EU and Austria, 2001-2005, in € million

	2001	2003	2005	Average annual growth
EU25	496,581	507,835	564,598	3.3%
Austria	8,548	8,670	8,735	0.5%

Source: CEFIC (2006)

Trends

- Internal demand for chemicals remained relatively stable in the period under review.
- The Austrian government emphasises the importance of environmentally friendly production more than in other countries. Consumer demand also has a strong focus on environmentally friendly or neutral products. This is of great importance for all products, from detergents to crop protection products.
- Demand for paints and coatings continues in the direction of environmentally friendly, water-based products. A particularly well-performing product group in 2006 was that of products for the exterior. Secondly, there was an increased demand from the Do-It-Yourself market.

Production

- Austria is a relatively small producer of chemicals, accounting for 1.3% of total EU turnover in 2005.
- In 2005, the Austrian chemical industry had a total turnover of € 7.9 billion, representing an annual average increase of 10% during the review period (CEFIC, 2006). In 2006, turnover increased by another 12.7% (FCIO, Association of Austrian Chemical Industries, 2007).
- The chemical sector accounts for 11% of total production and 8% of all workers. Of the 450 chemical companies in Austria, 17 have more than 500 employees.
- Chemical production is tightly clustered. Such clusters of interdependent companies are most importantly Upper Austria and Lower Austria/Vienna.

- Two thirds of Austrian chemical production is exported and several East and Central European headquarters of chemical companies are located in Austria.
- Several companies are located at the 'Chemiepark Linz', including DSM Fine Chemicals Austria, Roche, Nycomed, Borealis, and AgroLinz Melamine.

Table 1.2 Breakdown of industrial production by sector, 2003

Sector	Share in total production
Plastics products	34.1 %
Pharmaceuticals	14.5 %
Plastics	13.6 %
Organics	9.0 %
Rubber products	5.1 %
Fertilizers	4.9 %
Paints, varnishes	4.5 %
Soaps, detergents, cosmetics	3.6 %
Agrochemicals	2.5 %
Inorganics	2.2 %
Industrial gases	1.0 %

Source: FCIO (2004)

Trends

- According to industry sources, the accession of many East-European countries to the EU has had a positive influence on the business climate for chemicals in Austria. The market will continue to do well in the future, but according to industry sources the industry achieved its best time during 2006 and 2007.
- According to industry sources, all sectors in the Austrian chemical industry are doing all right and there is no sector which is doing better than others.
- The paint and coatings industry grew by 9.2% in 2006. Sales of water-based systems increased particularly fast (+20%). The growth was mainly the result of increased exports, notably to the new EU member states.

Opportunities and threats

- Although Austria is a relatively small market for chemicals, it is an interesting market for chemical producers, as the industry is very dependent on imports of raw materials.
- Moreover, industrial demand for chemicals is also increasing.

Useful sources

- For more information on the chemical industry in Austria, the Austrian trade associations mentioned in section 6 of this market survey can be a valuable source. The European Federation CEFIC (<http://www.cefic.org>) is also of interest.
- The Austrian statistics agency (<http://www.statistik.at>) can also be a source of information.
- ChemIndustry.com (<http://chemindustry.com/index.html>) is also of interest, both for chemical information and finding companies in Austria.

2. Trade channels for market entry

- In general, the trade channels in Austria do not differ from the trade channels which have been mentioned in the CBI market survey covering the EU market for chemicals. The traditional approach of contacting traders, intermediate processing companies, agents and wholesalers (either with or without processing capacity, dependent on the chemical) remains the most effective method.
- A very comprehensive listing of companies active in the chemical industry in Austria can be found at the Chamber of Commerce - <http://portal.wko.at/portal.wk?AngID=1&CtxID=6&DstID=7322&subcontentparam=%3fdstid%3d7322>.
- Another listing can be found at the Austrian Chemical Society - <http://www.goech.at/mitgliedsfirmen.php>.

3. Trade: imports and exports

Imports

- Austria is a relatively small importer of chemicals, accounting for 1.4% of EU imports.
- In 2006, Austria imported € 772 million / 516 thousand tonnes of chemicals. During the review period, Austrian imports of chemicals remained stable.
- Austrian imports of chemicals consisted of oleo chemicals (42%), organic chemicals (35%), dyes and pigments (19%) and inorganic chemicals (5%).
- In 2006, developing countries supplied 6% of all Austrian imports, which is about EU average. Imports from developing countries increased by an annual average rate of 15% in the period reviewed, amounting to € 44 million / 13 thousand tonnes in 2006. The most important developing country supplier is China, accounting for 4% of total Austrian imports.
- Germany is, by far, Austria's main supplier of chemicals, accounting for 48% of total Austrian imports.

Exports

- Austria is a small exporter of chemicals, accounting for 1.1% of total EU exports.
- In 2006, Austria exported € 731 million/ 428 thousand tonnes of chemicals, representing an annual average growth rate of 2% during the review period.
- Only its exports of oleo chemicals increased strongly, by 20% annually.

Opportunities and threats

- Austria is an average EU trader in chemicals, with a developing-country import share of 5%. It could therefore be an interesting market for developing country suppliers, also as its imports from developing countries have increased. The future outlook for industrial demand is good. However, according to industry sources, imports from developing countries, apart from China, are not of very much importance in Austria.
- According to industry sources, Austria has little domestic production of raw materials for chemicals, therefore Austria imports these products.
- Organic chemicals could be especially interesting for developing countries' suppliers, as Austria's imports of this product group are large compared to other EU countries and developing countries contribute a considerable import share (11%). This share has increased continuously, whilst total organic imports decreased during the four year period.

Useful sources

- EU Expanding Exports Helpdesk - <http://export-help.cec.eu.int>
- Eurostat, the official statistical office of the EU - <http://epp.eurostat.cec.eu.int>

4. Price developments

- The CBI market survey, which covers the EU market for chemicals, presents general information on prices. These price indications do not differ from those in Austria.
- The prices of most commodity chemicals can be found relatively easily. Useful sources are <http://www.cnionline.com> (subscription site with information on companies, markets, products, strategies, mergers, acquisitions, capacity expansions, forecasts and trends in the chemical industry) and <http://www.icislors.com> (subscription site for prices on the petrochemical and oil markets).
- However, the prices of fine and specialty chemicals are more difficult to obtain. They are not published and can vary widely from one application area to another. Obtaining reliable price information in these segments often requires asking a distributor, or asking a producer for a quotation.

5. Market access requirements

- Manufacturers in developing countries should be aware of the market access requirements of their trading partners and the country's government. Requirements are demanded through legislation and through labels, codes and management systems. These requirements are based on environmental, consumer health and safety and social concerns.
- For more information, go to 'Search CBI database' at <http://www.cbi.eu/marketinfo>.

6. Business practices

Information on doing business like approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) and cultural differences can be found in CBI's export manuals 'Export Planner', 'Your image builder' and 'Exporting to the EU'. These can be downloaded from <http://www.cbi.eu/marketinfo> - go to search publications. For more information on doing business in Austria, visit the following websites:

Trade associations

- Fachverband der chemischen Industrie Österreichs (Trade organization for the Austrian Chemical Industry) - <http://www.fcio.at>.
- Bundesgremium des Handels mit Arzneimitteln, Drogerie- und Parfümeriewaren sowie Chemikalien und Farben (National Committee on trade in Pharmaceutical, Cosmetics, Toiletries products, Chemicals and Colorants) - <http://wko.at/h3>.
- Gesellschaft Österreichischer Chemiker (Austrian Chemical Society) - <http://www.goech.at>.

Trade fairs

- No trade fairs of significance were encountered in Austria.

Trade press

- Chemie Report (Monatshefte für Chemie) - <http://www.goech.at>
- Apo Net - <http://www.aponet.de/>
- Osterreichische Apotheker-Zeitung <http://www.oeaz.at/zeitung.html>

This survey was compiled for CBI by ProFound – Advisers in Development in collaboration with Jan Ramakers Fine Chemical Consulting Group.
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