

Economic Report Austria 2010

General economic situation in Austria

In 2010, the Austrian economy has recovered from the impact of the economic and financial crisis. Stimulus packages and economic instruments have contributed to revive the Austrian economy and to achieve a growth of the GDP of 2.0%. The main drivers of this growth were the Austrian exports of goods, which increased 12.7% in real terms over the previous year, mainly because of German demand, whereas the gross capital formation went down -1.3%.

The labour market experienced a very positive trend. In 2010, the unemployment rate amounted to 4.4%, making Austria one of the EU-countries with the lowest unemployment rate (together with the Netherlands).

Source: WIFO-Business Forecast March 2011

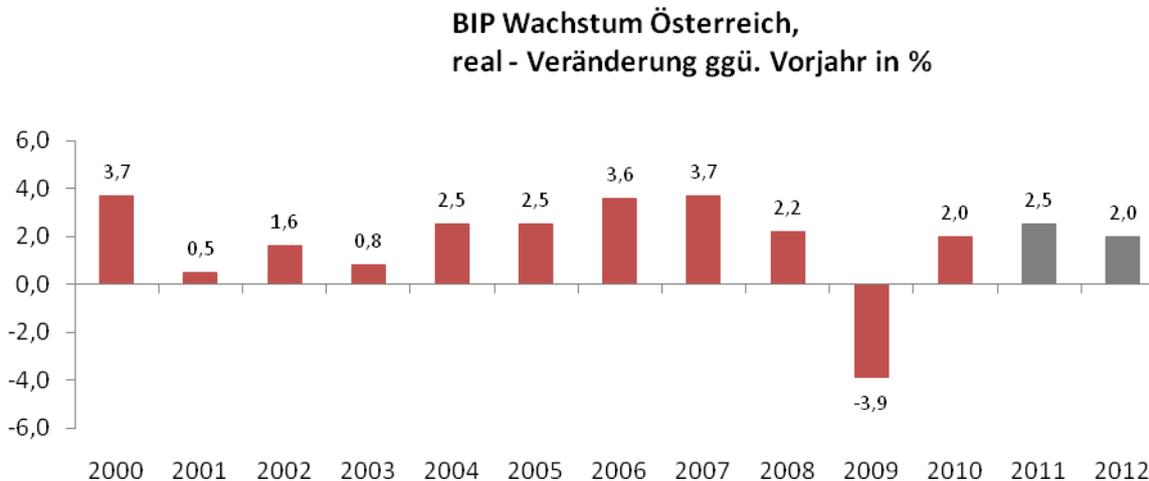
Main results of the WIFO economic forecast of 1st April 2011

Change in % over the previous year

	2010	2011	2012
	April forecast		
Gross domestic product (real terms)	2.0	2.5	2.0
Gross capital formation (real terms)	-3.1	2.6	2.7
Exports of goods (real terms)	12.3	8.8	8.0
Consumer spending (real terms)	1.8	1.1	1.1
Consumer prices	1.8	2.8	2.4
Actively employed persons	1.0	1.6	0.9
Deficit (in % of GDP)	-4.1	-3.4	-3.0

Growth of Austrian GDP, changes in % (real terms) over the previous year

Forecast



Source: Statistics Austria, WIFO forecast April 2011

Situation of the foundry industry

The total production in 2010 amounted to about 305,857 tons, an increase of 25.6% over 2009. The total sales of the branch achieved a growth of 22.7% compared to 2009 and amounted to 1,225 million EUR.

In 2010, the total production of iron castings went up more than 21% to about 167,854 tons, with sales increasing nearly 4.3% to about 424 million EUR.

The production of ductile cast iron achieved a volume of 113,071 tons, i.e. an increase of more than 26% over 2009.

Steel castings dropped by 18.6% with regard to 2009, with a production volume of 16.094 tons.

Grey castings went up 32.3% compared to 2009 and obtained a production volume of 38.689 tons.

Non-iron castings increased their production volume. Light-alloy castings grew 34.2% and heavy-metal castings about 45%.

PRODUCTION OF CASTINGS

2009 : 2010

	tons 2009	tons 2010	growth in %	value in €		growth in %
				2009	2010	
Grey cast iron	29,233	38,689	32.3			
Ductile cast iron (incl. malleable cast iron)	89,741	113,071	26.0			
Steel castings	19,771	16,094	-18.6			
Iron castings	138,745	167,854	21.0	407,324,923	424,837,293	4.3
Zinc die-castings	10,191	14,130	38.7			
total heavy-metal castings	12,394	16,577	33.8			
<u>Light-alloy castings</u>	92,374	121,426	31.5			
whereof:						
Aluminium die-castings	38,385	52,360	36.4			
Permanent mould aluminium castings	47,890	62,018	29.5			
Aluminium sand-castings	1,423	1,683	18.3			
Magnesium castings	4,676	5,365	14.7			
Metal castings	104,768	138,003	31.7	590,946,793	800,413,153	35.4
Total	243,513	305,857	25.6	998,271,716	1,225,250,446	22.7

Incoming orders

From start of 2010, incoming orders have registered a significant recovery. The automotive industry, which was first hit by the crisis, was also the first sector of the branch to reverse the trend. Machine building lagged behind and the energy sector remained weak all through the year. Towards the end of the year, the automotive sector increased its order releases constantly and above the planned order level.

Employment

In 2010, employment increased slightly by 1.5%. Actually, the branch counts with 7,098 employees. There is a very large share of temporary workers, which are not included in these figures. As the existing regulation of working hours allows no flexibility, companies have to resort to temporary employment. Temporary workers take rather long to get included in stable employment schemes.

Investment plans

In 2010, investments stayed on the low level of 2009. According to statistics there were invested about 50-60 million EUR, compared to the usual volume of way over 100 million EUR. This clearly reflects the tense economic and financial environment. Corporate investment plans for 2011, however, show a significant increase over the low level of the two preceding years.

Supply of raw materials and energy

All through 2010, raw material prices remained more or less unchanged. Only towards the end of the year prices increased again. See also enclosed graph.

Personnel cost

After lengthy and difficult negotiations of the collective wage agreement, the parties agreed on an increase of 2.5% in minimum wages according to the collective agreement and 2.3% in actual wages, as of 1st November, 2010.

Collectively agreed allowances and compensations increased an average of 2.3%.

Furthermore, the parties agreed on a profit-related single payment of EUR 150.- for all employees. If the EBIT-rate for the last fiscal year concluded before 1-8-2010 is less than 8%, but at least 4% of the operating performance, the single payment amounts to EUR 100.-, if the EBIT-rate is less than 4% it amounts to EUR 50.-. If the EBIT-rate is zero or negative, there is no single payment. Part-time employees receive an aliquot payment.

Apprentices who pass the apprenticeship exam successfully receive a single payment of EUR 150.-

Vienna, May 2011

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