

## wienerberger CEO Heimo Scheuch in the ZIB2 interview

### Transkript

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#### **Martin Thür (MT):**

Welcome to the ZIB2 podcast, I'm Martin Thür. Few industries in Austria are struggling as much as construction. How can the country recover? I'm discussing this with the CEO of the brick manufacturer wienerberger, Heimo Scheuch.

Mr. Scheuch, for the second consecutive year, Austria's economy is shrinking, and the industrial sector is particularly affected. A light at the end of the tunnel seems absent. Why can't Austria, and particularly its industry, get out of this crisis?

#### **Heimo Scheuch (HS):**

It's indeed a significant trend emerging here, and Austria, as an export-oriented nation, suffers greatly. This is because we've lost competitiveness in Europe, and the rest of the world is passing us by. We need to keep up, and that is the responsibility of our country and the next government.

#### **MT:**

Your profit has dropped by 85% in the first three quarters, and the construction of new housing has declined as never before, not just in Austria. Is it enough to hope for further interest rate cuts, or can the government stimulate the construction industry despite a tight budget?

#### **HS:**

The problem is that, in recent years, high interest rates and overregulation in construction have led to a slowdown in housing construction, which is now clearly felt. However, we've always had crises over the past 20 years. I've been with wienerberger for 28 years and CEO for over 14 years. Crises are part of the job, but what is really hitting Europe—and Austria in particular—is the lack of affordable housing. This means there is not enough living space for young and needy people, and that's a major issue we need to address at both the European and Austrian levels.

Affordable housing is something we in the industry can provide with our products and services, but it requires support from the state or the EU.

**MT:**

What can the Austrian state do to provide more affordable housing?

**HS:**

A small example: when we talk about nonprofit or social housing in Austria, it's essential for municipalities to make land available. I could imagine that subsidized housing – funded by the state or regions – would only be provided if municipalities offer land at affordable rates, say 5 to 10 Euros per square meter.

This is possible because municipalities can rezone and make land available. Only then would they receive subsidies for social housing. This would be an interesting and innovative approach, and we in the industry could ensure affordable, sustainable, and long-term housing.

**MT:**

The outgoing government has already taken numerous measures, like a multi-billion-euro housing package and the much-criticized KIM regulation, which made it harder to get loans and is now expiring. If I understand you correctly, this alone won't be enough to address the precarious situation in construction.

**HS:**

You see, I differ strongly from other voices in this area. I'm against subsidies and against using hard-earned tax money for handouts to specific groups. I'm in favor of social justice, which can only happen if we genuinely provide nonprofit and social housing. To achieve this, we need a comprehensive approach rather than handing out billions to specific groups. What's crucial is long-term planning, just as we do in business. Housing construction can't be planned for one or two years – it requires planning for over ten years. Governments and decision-makers can only be judged by their long-term goals. This is particularly important in this area. We need to restore social justice in Austria and enable young people to access property and housing again.

**MT:**

You are not only the CEO of wienerberger but also chairman of the supervisory board of the Vienna Stock Exchange. Coalition negotiators promise no "business as usual," but they haven't said how they'll proceed differently. Beyond construction, what areas would you say need a new approach?

**HS:**

Absolutely. I believe the key lies in tax policy. Over the past ten years, we've talked a lot about making the tax system greener and reducing burdens, but unfortunately, nothing happened. Today, Austria has one of the highest tax burdens in Europe and globally, which stifles economic strength and the efforts of those who work in this country.

I support greater tax relief, especially in areas of need, such as reducing VAT. This may sound surprising in the current budget situation – where mismanagement and past

mistakes created a massive deficit, but now is precisely the time to invest in the future. We need to invest in infrastructure and ensure future generations can compete. Housing and infrastructure are vital to Austria's future.

For example, I propose reducing VAT to 10% for renovations and refurbishments to promote energy efficiency.

**MT:**

But VAT cuts and more social housing cost money. Isn't the reality that the government, in its current budget situation, simply doesn't have the flexibility for such measures? Isn't this more of a Christmas wish?

**HS:**

I wouldn't call it a Christmas wish. We must look ahead and ask what it's worth to make Austria a more competitive location. Investing in the future is essential. If we continue to fall behind, as we have in recent years, it will become increasingly difficult for Austria as an economic and industrial hub. Cutting spending in the wrong areas would be a disaster. I firmly believe we need strong investment in infrastructure and education because it's about Austria's future. Saving money elsewhere is possible – there are many ideas and opportunities – but that requires courage, and it's the government's job. We in industry can only contribute by leading our businesses into the future with innovation. Decision-makers must create the right framework, and that requires investment. Employment in Austria means creating export-oriented jobs because otherwise, we'll lose locations and factories, which would harm Austria's future.

**MT:**

You mentioned overregulation, which you criticize. You're also seen as a critic of strict EU climate rules like the "Green Deal." But aren't ambitious goals necessary to tackle global problems like climate change? Doesn't the industry need to do its part?

**HS:**

Let me clarify, Mr. Thür, I'm not a critic. I'm a constructive person who always tries to discuss issues. I don't question this at all. We as an industry will do our part. For example, our company has reduced CO<sub>2</sub> emissions by 25% in just three years. That's significant, and we're investing hundreds of millions in this area.

What I do question are hasty decisions in politics when it comes to energy supply for Austrian and European industries. We need a long-term energy policy to ensure we have enough sustainable energy sources in Europe and Austria. Without this, we won't remain productive or competitive.

**MT:**

You're active in the USA and even have a plant in India. In the long run, does it still make sense to produce bricks in Austria and Europe, or will this industry eventually leave Europe?

**HS:**

wienerberger's example shows we believe in Austria. Local production makes sense. Just two weeks ago, we opened the world's most modern brick plant in Uttendorf, Upper Austria. It runs 100% on electricity, using the largest electric brick kiln in the world, developed with Austrian technology. wienerberger believes in Austria, invests sustainably, and can roll out this technology globally. That's our intention.

**MT:**

Mr. Scheuch, thank you for the conversation, and good evening.

**HS:**

Thank you. Good evening.