

**Federacija na Profsjuznitie Organizacii ot Gorskoto Stopansto i Gorskata Promyshlennost (FSOGSDP)**

Bulgarische Föderation der Gewerkschaften in der Forst und Holzverarbeitungsindustrie

Bulgarian Federation of the Trade Union Organisations in the Forestry and Woodworking Industry (FTUOFWI)

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# **National Report on the Woodworking and Furniture Industry in Republic Bulgaria**

## **PART I**

### **Status of the Sectors According to the Statistics**

**SOFIA (March 2008)**

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**PROJECT INNOTrans 2007 – 2008**

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**INNOTrans** supports the foundation of an European network of trade union activists and employee representative at factory level in the wood and furniture sector. **This project is financially supported by the EU in the frame of social dialogue**



## 1 Introduction (to the report)

The present report has been prepared by the Bulgarian Federation of the Trade Union Organisations in the Forestry and Woodworking Industry within the Project INNO Trans. The information summarised herein is in conformity with the data required by the INNO PROJECT about the status of the Bulgarian woodworking and furniture industry.

The document presents the following information:

- **Article 2 Status of the Sectors According to the Statistics** contains data about the companies from the woodworking and furniture sectors (number, structure, regional distribution, employed persons and remuneration), about their productivity, export, import and foreign investment in the sector, as well as about their actions with regard to the internationally accepted certificates. The sources of information are mainly the National Statistic Institute which provides current data for 2005 and partly for 2006, the Strategy for Development of the Woodworking and Furniture Industry „Action 2013”, as well as reports of the Bulgarian Industrial Association about the development of the two sectors.
- **Article 3 Main Developments, Problems, Trends according to the companies** is based on two surveys among woodworking and furniture companies which, though being unrepresentative, according to experts outline the main problems and trends in the development from the point of view of the very companies.
- **Article 4 Innovation** describes shortly the status of the innovation culture of the Bulgarian companies and what measures are to be undertaken for its increase.
- **Article 5 Social and Labour Standards and Their Reflection in the Woodworking and Furniture Sector** provides general information about the Bulgarian legislation, about the syndicate and branch organisations in the sectors and the labour market policy.

The monetary units in the report are given in BGN, Euro or USD as per the respective source of the information. As of 1999, as a result of the operating Currency Board, the exchange rate of the Euro is fixed to 1.95583 BGN.



## STATUS OF THE SECTORS ACCORDING TO THE STATISTICS

### 2.1 Company Data

#### 2.1.1 Number of Companies

The number of the registered companies in the woodworking and furniture sector is constantly increasing and in 2005 it is 3,605, the companies from the woodworking sector being 5% more than those from the furniture sector. The total growth for the period 1997-2004 is 26.75%, and from 2004 till 2005 it amounts to 4.64%.

NACE	Economic Activity	2001	2002	2003	2004	2005
<b>20</b>	<b>Manufacture of wood and products of wood, excluding furniture, presented hereunder</b>	<b>1799</b>	<b>1704</b>	<b>1868</b>	<b>1933</b>	<b>1997</b>
201	Sawmilling and planing of wood, impregnation of wood	795	821	835	912	906
202	Manufacture of veneer sheets; plywood, laminboard	46	41	41	50	52
203	Manufacture of builders' carpentry and joinery	493	376	451	412	426
204	Manufacture of wooden containers	139	151	164	170	171
205	Manufacture of other products of wood	326	315	377	389	442
<b>361</b>	<b>Manufacture of furniture</b>	<b>1260</b>	<b>1251</b>	<b>1369</b>	<b>1512</b>	<b>1608</b>

**Table 1** Number of companies as per economic activities, source – National Statistic Institute (NSI), 2007



## 2.1.2 Structure

At the National Statistic Institute the international classification has been introduced for defining the structure of the companies according to the number of employees, namely:

- Micro-companies – up to 10 employees;
- Small companies – from 10 to 50 employees;
- Middle-sized companies – from 50 to 250 employees
- Big companies – more than 250 employees

For the two sectors the number of the micro-companies is biggest and the number of the big companies is smallest.

Economic Activity		2003	2004	2005
<b>Manufacture of wood and products of wood, excluding furniture</b>		%	%	%
	Micro	80,0	77,1	77,9
	Small	16,8	19,9	18,8
	Middle	2,7	2,7	3,0
	Big	0,4	0,3	0,3
<b>Manufacture of furniture</b>				
	Micro	71,4	70,2	69,0
	Small	21,3	22,8	23,6
	Middle	6,7	6,4	6,7
	Big	0,7	0,7	0,6

**Table 2** Structure of the companies 2003-2005, source – NSI, 2007

The bigger part of the companies in the two sectors consists of micro and small ones. There is a trend of decrease of the number of companies with less than 10 employees while the number of the companies with 10-50 employees increases. The number of the big companies maintains its low level of 0.3 % in the woodworking and 0.6 % in the furniture sectors.

## 2.1.3 Regional Concentration of the Companies

Table 3 10 districts with highest concentration of woodworking companies in 2005, source – NSI, 2007

and Table 4 10 districts with highest concentration of furniture companies in 2005, source – NSI, 2007

show the first 10 districts (out of a total number of 28 administrative districts in Bulgaria) in which the number of woodworking and furniture companies is highest in 2005.



District	Number of Woodworking Companies
PAZARDZHIK	244
BLAGOEVGRAD	194
SMOLYAN	165
PLOVDIV	160
LOVECH	152
VARNA	101
SOFIA DISTRICT	101
BOURGAS	94
COFIA CITY	86
STARA ZAGORA	69

**Table 3** 10 districts with highest concentration of woodworking companies in 2005, source – NSI, 2007

District	Number of Furniture Companies
SOFIA CITY	217
VARNA	147
PAZARDZHIK	135
LOVECH	128
BLAGOEVGRAD	119
PLOVDIV	107
ROUSSE	93
GABROVO	76
STARA ZAGORA	74
BOURGAS	61

**Table 4** 10 districts with highest concentration of furniture companies in 2005, source – NSI, 2007

In addition to the big cities concentration of woodworking and furniture companies can be observed in the regions Troyan – Teteven (Lovech District) and Velingrad – Peshtera – Batak (Pazardzhik District). This distribution may be viewed as a framework for potential cluster development. At present two furniture cluster exist – in Troyan and Velingrad, which have been registered in relation to application for EU funding (PHARE Programme).

#### **2.1.4 Employees and Salaries in the Woodworking and Furniture Sectors**

In the period 1997-2000 the number of the employed in the two sectors has decreased; after 2000 however there is constant growth. According to data from the NSI in 2002 29,764 have been employed in the two sectors and in 2005 – 41,495 which is an increase of 39.41 %. These figures include both the permanent and the seasonal workers.

In 2004 the employed in the two sectors represent 1.3 % of the total number of the employed people in Bulgaria (the total work force for 2004 is 3,226,343 people, sources – NSI). For the woodworking sector the figure is 0.6% and for the furniture sector – 0.7%.



The employment level in the furniture sector is higher than that of the woodworking sector.



**Figure 1** Number of employed under a labour or official contract in the woodworking and furniture sectors, NSI 2007

The trend of increase of the workers in the woodworking and furniture sectors has remained stable during the last 4-5 years. In the woodworking sector the biggest number of employed is observed in the activity “Sawmilling and planing of wood, impregnation of wood”. For 2005 they represent 38.9 % of all the employed in the woodworking sector. In the manufacture of furniture the biggest group of employees work in the “Manufacture of other furniture, excluding chairs” activity.

Economic Activity	2001	2002	2003	2004	2005
<b>Manufacture of wood and products of wood, excluding furniture, presented hereunder</b>	<b>13595</b>	<b>14142</b>	<b>15831</b>	<b>17113</b>	<b>18037</b>
Sawmilling and planing of wood, impregnation of wood	5739	5596	6127	6746	7016
Manufacture of veneer sheets; plywood, laminboard	2895	3176	3494	3715	4225
Manufacture of builders' carpentry and joinery	2878	2874	2932	2944	3005
Manufacture of wooden containers	..	1000	1121	1312	1206
Manufacture of other products of wood	1209	1424	2113	2346	2534
Manufacture of articles of cork, straw and plaiting materials	..	72	44	50	51



<b>Manufacture of furniture</b>	<b>14859</b>	<b>15622</b>	<b>18979</b>	<b>21687</b>	<b>23458</b>
Manufacture of chairs and seats	2593	3402	3911	4086	3978
Manufacture of other office equipment, excluding chairs.	1303	1746	2004	2142	2305
Manufacture of kitchen furniture, excluding chairs	1643	1327	1603	1668	1741
Manufacture of other furniture, excluding chairs.	9120	8926	11177	13172	14733

**Table 5** Number of employed per economic activity 2001-2005, source – NSI, 2007

According to the data from the National Statistic Institute the average annual salary for 2005 in the woodworking and furniture companies has increased by 12.6 % as compared to the previous year. The rise in the remuneration as compared to 2001 is about 40 %.

<b>Economic Activity</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
<b>Manufacture of wood and products of wood, excluding furniture</b>	<b>1916</b>	<b>2067</b>	<b>2271</b>	<b>2389</b>	<b>2690</b>
Sawmilling and planing of wood, impregnation of wood	1592	1758	1675	1760	1991
Manufacture of veneer sheets; plywood, laminboard	3351	3565	4164	4397	4617
Manufacture of builders' carpentry and joinery	1393	1405	1766	1985	2242
Manufacture of wooden containers	1508	1529	1811	1753	1999
Manufacture of other products of wood	1345	1515	1712	1801	2210
Manufacture of articles of cork, straw and plaiting materials	..	4115	5491	4432	4639
<b>Manufacture of furniture</b>	<b>1830</b>	<b>1914</b>	<b>2117</b>	<b>2266</b>	<b>2551</b>
Manufacture of chairs and seats	2570	2523	2376	2953	3519
Manufacture of other office equipment, excluding chairs.	1570	1648	1974	2041	2450
Manufacture of kitchen furniture, excluding chairs	1281	1591	1818	1867	2120
Manufacture of other furniture, excluding chairs.	1758	1786	2104	2172	2382

**Table 6** Average annual salary in BGN of the employed under labour and official contract per economic activity 2001-2005 (1,95583 BGN = 1€), source – NSI, 2007

The scale of the social security income is not the same as that of the number of companies per their size. The average level of the social security income depends on the size of the company and is biggest in the big companies and smallest in the micro



companies. The average income<sup>1</sup> can be seen in **Table 7** Average social security income for the sector at the beginning of 2005 (1,95583 BGN = 1 €), source – Action 2013, p. 42

Size of the Company	Average Monthly Social Security Income	
	Woodworking Sector	Furniture Sector
Micro	128,13 BGN	153,98 BGN
Small	143,59 BGN	166,29 BGN
Medium	185,59 BGN	203,88 BGN
Big	634,55 BGN	293,03 BGN
Average Value	About 270 BGN	About 203 BGN

**Table 7** Average social security income for the sector at the beginning of 2005 (1,95583 BGN = 1 €), source – Action 2013, p. 42

The difference between the highest and the lowest social security income in the furniture sector is 90.3%. In the woodworking sector this percentage is considerably higher – 395.2%.

The number of the ensured persons also differs depending on the varying size of the companies from both sectors. For the furniture sector the biggest number of ensured persons is observed in the small companies, then come the middle companies, followed by the middle companies, micro companies and the big companies coming last.

It can be noticed that the average income in the micro, small and middle companies from the furniture sector is a bit higher than that in the woodworking sector. At the same time there is a big gap in the level of the average income in the big companies from the two sectors. The salaries in the woodworking sector are 116.55% higher than those in the furniture sector. Taking into account the fact that the number of ensured persons with highest income is 31 % of the total number of employed in both sectors, it can be concluded that the majority of the employed receive average to small salaries.

<sup>1</sup> The difference in the data contained in Tables 6 and 7 is due to the different information sources.





## 2.2. Production and Market Data

### 2.2.1 Production in the Woodworking Sector

According to preliminary NSI data the production of wood and wooden articles, excluding furniture for 2006 is worth more than 713 mln. BGN. This is 21 % higher than the output achieved in 2005.

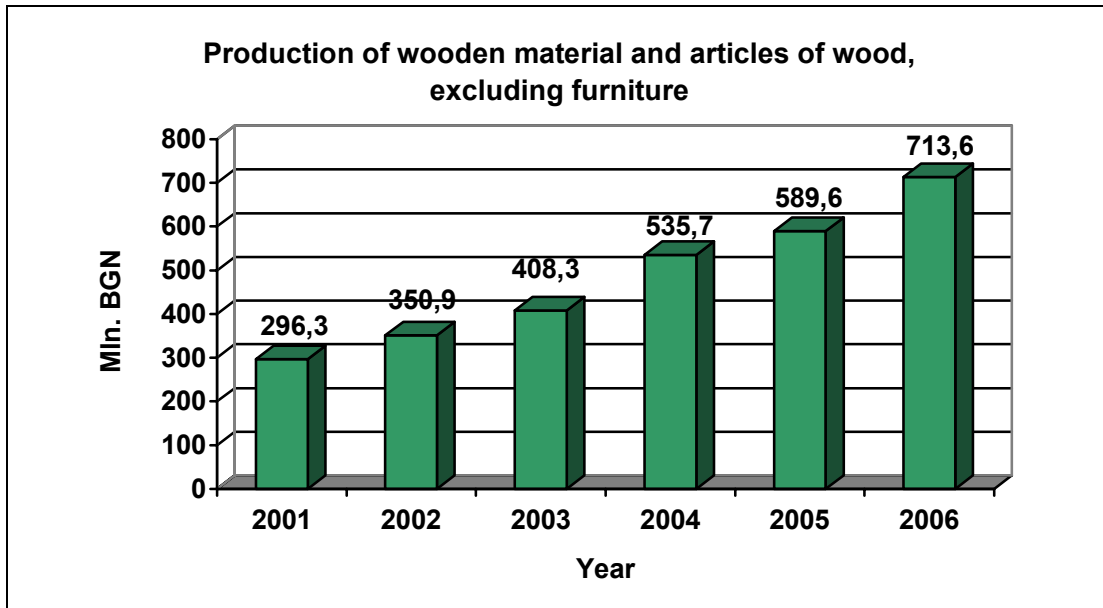


Figure 2 Production in the woodworking sector 2001-2006 (1,95583 BGN = 1 €), source – NSI, 2007

The biggest contribution to the value of the productivity for 2006 belongs to the two activities “Manufacture of veneer sheets; plywood, laminboard” and “Sawmilling and planing of wood, impregnation of wood”. In comparison with the previous year the highest rise in the manufacture is observed in the activity “Sawmilling and planing of wood, impregnation of wood”, the difference being 38.6 %.

The manufacture of veneer sheets and plywood in 2005 is 139.82 % higher as compared to 2000. The increase from 2005 to 2006 is about 12 %.

The manufacture of builders' carpentry and joinery has increased by 138.2 % for the period 2001-2006, the growth for the last year being 28.4 %.

The manufacture of wooden containers represents a comparatively small part of the total output of the sector – for 2006 it is 3.7%. This is the only activity which marks a decrease of 4.8% as compared to the previous year.



### 2.2.2 Production in the Furniture Sector

In conformity with the European standards, the furniture should be represented as an independent sector in the national statistics. This has not been done, yet. They are viewed along with other groups such as recording and music instruments, etc. and are grouped as “Other”. This makes very difficult the assessment of any developments in the furniture sector.

In the period 2000-2006 the manufacture of furniture in Bulgarian continues to grow. In 2000 the output of the furniture sector represents 1.2% of the total processing industry in Bulgaria. According to preliminary data for 2006 the output in the manufacture of furniture is 240 % higher than that for 2000.

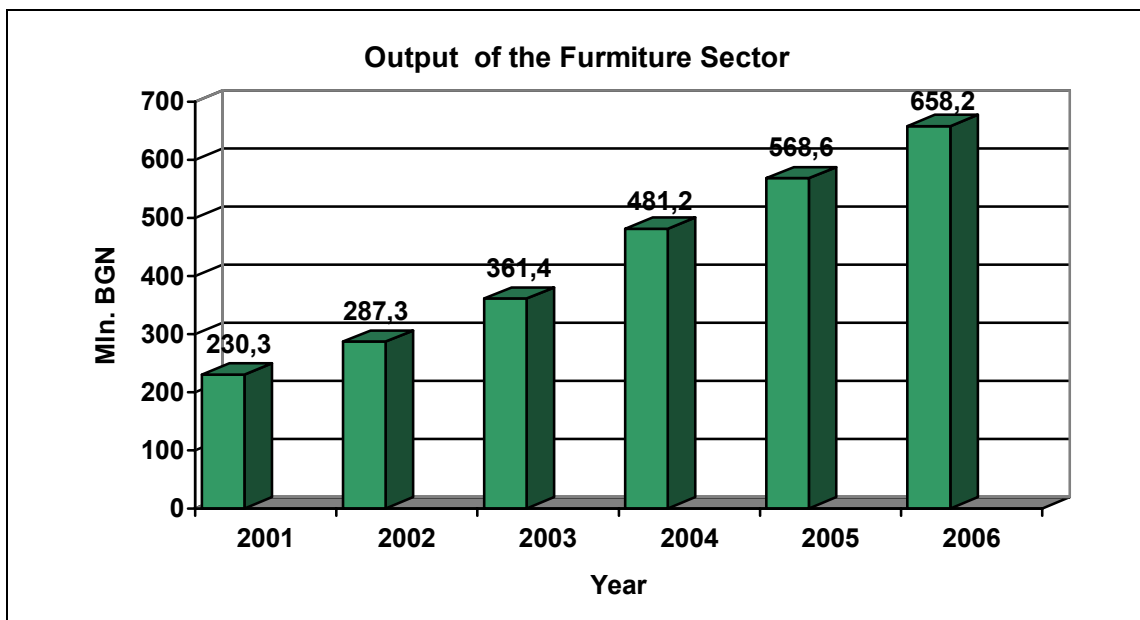


Figure 3 Output of the furniture sector 2001 – 2006 (1,95583 BGN = 1 €), source – NSI, 2007

According to information from the NSI for the period 2000-2003 the sectors shows more dynamic growth by 20 % as compared to the other industrial sectors in Bulgaria. In 2003 the sector covers 4.5 % of the production of the processing industry in Bulgaria which is a considerable achievement for the sector. Taking into account that the services represent about 50 % of the GDP, the increased share of the furniture sector shows that it creates a considerable part of the aggregate sectoral product of the processing industry in Bulgaria.

For the period 2000-2003 the best represented activity is the production of bedroom suites where the output increases by 372 %.



The trends in the development of the other activities may be seen in the table below.

Economic Activity	2003	2004	Change in % 2003/2004
Manufacture of chairs and seats	71 861	89 504	24,6
Manufacture of other office equipment, excluding chairs.	44 705	54 082	21,0
Manufacture of kitchen furniture, excluding chairs	22 726	24 896	9,5
Manufacture of other furniture, excluding chairs.	219 263	299 184	36,4

**Table 8** Output in thousand BGN per economic activity in the manufacture of furniture sector 2003-2004 (1,95583 BGN = 1 €), source – Action 2013, p. 35

### 2.2.3 Productivity per worker

Taking into account the total turnover of both sectors<sup>2</sup> the productivity is rather low. According a non-representative excerpt the average turnover of the workers is about 26,000 BGN/year per worker. In this excerpt the biggest productivity per worker per year is 40,000 BGN and the lowest – 15,000 BGN. These figures are supported by the NSI data for 2005.

### 2.2.4 Top 10 of the Companies per Sector

Despite the development of the sector the companies occupying the leading positions have not changed. The data in the tables below are for 2004 but no significant changes can be observed. It should be noted that the ranking is based on data provided by the very companies.

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<sup>2</sup> According to a non-representative survey of the Branch Chamber among 18 Bulgarian companies, among which there are market leaders, July 2006



Company	City	2004
Kronospan Bulgaria	Bourgas	112 814
Lesoplast	Troyan	43 309
Gabrovnitsa	Gorno Sahrane	32 260
Fazerles	Silistra	19 526
Darvoobrabotvane – VT	Veliko Tarnovo	12 176
Ireli OOD	Pazardzhik	7 678
Alfa Wood Bulgaria	Ticha-Dolni Chiflik	7 612
Sokola AD	Peshtera	7 171
Furnir AD	Sofia	7 152
Andorra Wood Panel Industry EAD	Glavnitsa	6 133

**Table 9** Top 10 of the companies from the woodworking sector – net sales income in BGN, source – Action 2013, p. 43<sup>3</sup>

Company	City	2004
Sredna Gora AD	Stara Zagora	15 726
Ted Invets (Plovdiv) OOD	Plovdiv	14 226
Grammer OOD	Trudovets	13 659
Idivanitaliani EOOD	Pazardzhik	12 921
Buldekor OOD	Sofia	12 847
Nikrom Tubular Furniture OOD	Lovech	12 605
Interior I OOD	Sofia	12 354
Pirinska Mura OOD	Bansko	12 085
Nicoletti Bulgaria (Mayer and Nicoletti Bulgaria) AD	Teteven	11 842

**Table 10** Top 10 of the companies from the furniture sector – net sales income in thousand BGN for 2004, source – Action 2013, p. 43<sup>4</sup>

<sup>3</sup> Report of the Bulgarian Industrial Association “Development of the manufacture of wood and materials of wood in Bulgaria. Status as of December 2005, Sofia, June 2006

<sup>4</sup> Report of the Bulgarian Industrial Association “Furniture: Development of the production, import, export and sales in Bulgaria, Status as of December 2005”, Capital Market, Sofia, June 2006,

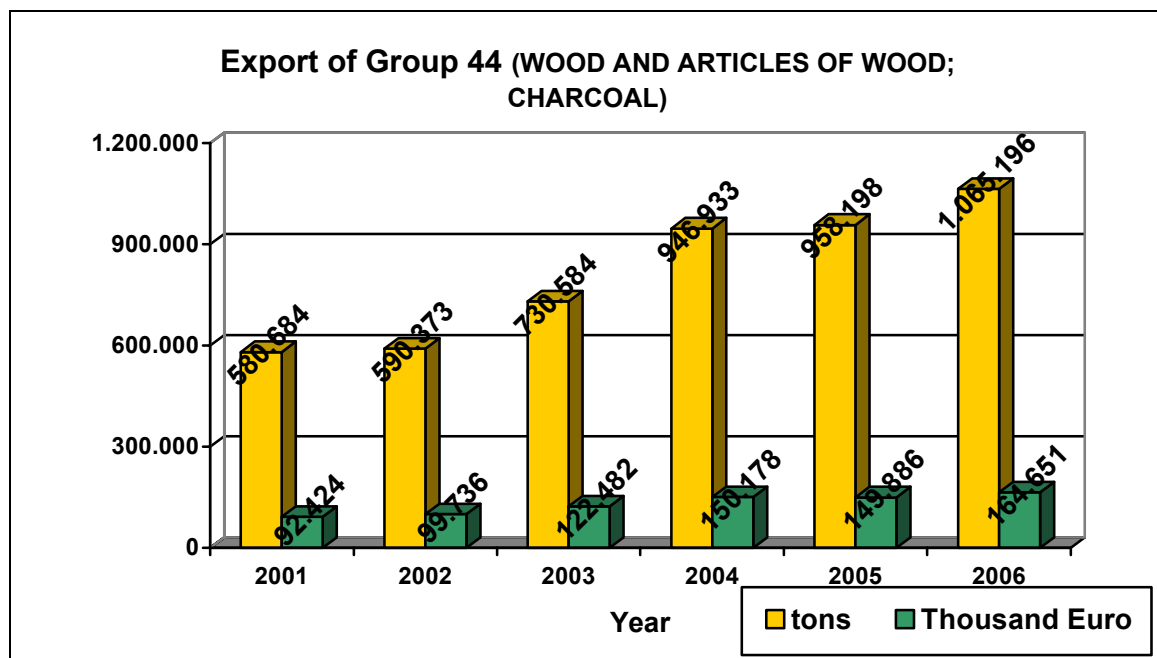


## 2.3 Foreign Trade Relations

Due to the big variety of the measuring scale for the various products and articles of wood such as sq. m., cubic m., number, kg, etc. the analysis of the export and import development is made on the basis of quantity and prices.

### 2.3.1 Export and Import of Articles of Wood

The export of group 44 according to the customs tariff (WOOD AND ARTICLES OF WOOD; CHARCOAL) is characterised by a constant growth during the last years. Quantitatively the growth for the period 2001-2006 amounts to 78 %. Compared to the total export of the country the share of this sector is 1.59 %.



**Figure 4** Export of Group 44, source – report of the Bulgarian Industrial Association “Development of the Production of Wood Material and Articles of Wood in Bulgaria. State as of December 2005”, p. 39 and NSI 2007.

Greece is the leading exporting country in the woodworking sector for the period 2003-2005 г. In 2004 the export to Italy has decreased by 71.14% in quantitative terms and by 60 % in terms of revenue. Turkey and Macedonia maintain stable their ranking among the countries with biggest export. With the exception of Italy there is decreased export to the other countries in 2005 as compared to 2004 (see **Table 11 Export of wood and articles of wood, excluding furniture for the period 2003-2005**, source – “Action 2013”, p. 49 ).



Export of wood and articles of wood, excluding furniture (Ranking in 2005 according to values)						
Country	2003		2004		2005 <sup>5</sup>	
	Tons	Thousand BGN	Tons	Thousand BGN	Tons	Thousand BGN
Greece	136 871	42 070	153 765	50 324	135 836	46 924
Turkey	69 636	23 535	88 789	36 099	83 742	36 631
Italy	70 800	34 291	20 431	13 739	41 782	23 973
Macedonia	60 428	18 542	50 895	17 080	42 304	14 836
Romania	5 964	2 408	1	17	6 439	3 061
France	2 467	2 490	1 965	1 789	1 735	1 657
Germany	1 977	2 590	949	1 280	1 265	1 561
Great Britain	633	871	1 013	2 009	434	1 171
Austria	907	565	942	769	940	697
USA	697	980	151	900	52	585

**Table 11** Export of wood and articles of wood, excluding furniture for the period 2003-2005, source – “Action 2013”, p. 49

The development in the main product groups may be traced in the following Table 12 **Export of the main products 4407 Wood, 4408 Veneer sheets, 4409 Parquet plates and friezes, not jointed, 4410 Wooden particle boards, 1,95583 BGN = 1 €, source – NSI 2007.**

. The export is presented in quantities and in price, as well as to which three main markets (price criterion) the respective article is exported.

Export		2002	2003	2004	2005	2006
4407	Tons	191 224	191 942	189 107	164 478	163 238
	Thousand BGN	67 293	65 687	63 098	56 218	57 253
	Mainly to	Greece	Greece	Greece	Greece	Greece
		Macedonia	Macedonia	Italy	Italy	Italy
		Italy	Italy	Macedonia	Macedonia	Macedonia
4408	Tons	7 413	7 892	9 932	11 077	10 201
	Thousand BGN	6 250	6 753	7 814	8 666	8 928
	Mainly to	Greece	Greece	Greece	Greece	Greece
		Turkey	Turkey	Turkey	Turkey	Turkey
		Syria	Spain	Yugoslavia	Spain	Serbia

<sup>5</sup> The data for 2005 are preliminary, source – NSI 2006.



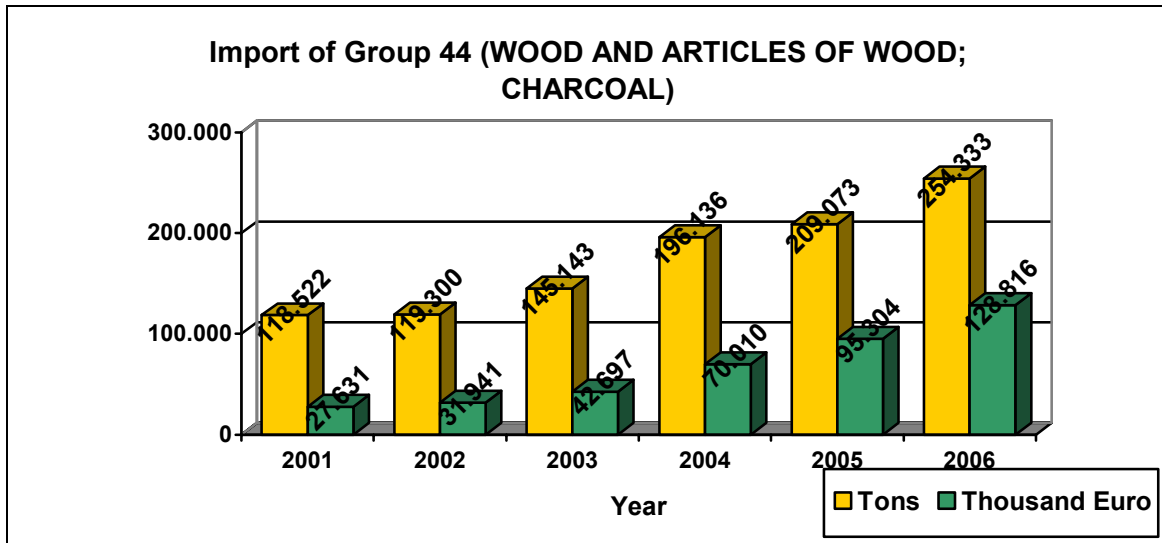
Export		2002	2003	2004	2005	2006
4409	Tons	13 260	12 707	10 712	8 586	8 961
	Thousand BGN	8 998	10 670	9 501	11 012	12 806
	Mainly to	Turkey	Turkey	Turkey	Turkey	Greece
		Greece	Greece	Greece	Greece	Turkey
		Italy	Italy	Macedonia	Italy	Great Britain
4410	Tons	138 552	184 858	198 051	211 125	196 108
	Thousand BGN	45 577	66 543	93 113	98 945	100 416
	Mainly to	Turkey	Turkey	Turkey	Turkey	Turkey
		Greece	Greece	Greece	Greece	Greece
		Macedonia	Macedonia	Azerbaijan	Azerbaijan	Macedonia

**Table 12** Export of the main products 4407 Wood, 4408 Veneer sheets, 4409 Parquet plates and friezes, not jointed, 4410 Wooden particle boards, 1,95583 BGN = 1 €, source – NSI 2007.

According to products the following trends can be observed: for subgroup 4407 Wood there is decrease both in terms of quantities and value of the export. This trend is positive because it shows that the companies export bigger quantities of processed material. The change in subgroup 4409 Parquet plates and friezes shows the rise of the output prices. In the other two subgroups relatively stable growth can be observed by both indicators - quantity and value. The countries to which the biggest export (in value) of the groups 4407, 4408, 4409 and 4410 is directed are Greece and Turkey.

### 2.3.2 Import of Wood and Articles of Wood

In the import of wood there is also stable growth during the last years both in terms of quantities and value. It should be noted however that while quantitatively the growth is by 108 %, the rise of the prices of the imported materials amounts to 286 %. Compared to the total import of the country the share of the import of wood is 0.64 % for 2005.



**Figure 5** Import of Group 44, source – report of the Bulgarian Industrial Association “Development of the Production of Wood Material and Articles of Wood in Bulgaria. State as of December 2005”, p. 33 and NSI 2007

According to the report of the Bulgarian Industrial Association “Development of the Production of Wood Material and Articles of Wood in Bulgaria. State as of December 2005” in 2005 about 57 % of the import of wood and articles of wood in Bulgaria (in prices) comes from Germany, China, Austria, Romania, Poland and Turkey. As compared to 2004 the import from these countries is 32 % higher. The biggest increase is observed in the import from China – 3 times higher, Austria – 67 % and Germany – 40%.

Country	2004		2005		Index 2005/2004
	Thousand Euro	Share - %	Thousand Euro	Share - %	
Germany	13 043	18,63	18 277	19,18	140,13
China	3 315	4,74	9 818	10,30	296,14
Austria	5 244	7,49	8 733	9,16	166,52
Romania	5 525	7,89	7 672	8,05	138,86
Poland	6 532	9,33	6 802	7,14	104,13
Turkey	4 840	6,91	6 705	7,04	138,53
Greece	4 819	6,88	4 584	4,81	95,14
Italy	3 797	5,42	3 708	3,89	97,64
Czech Republic	3 076	4,39	3 609	3,79	117,30
Switzerland	3 283	4,69	3 302	3,46	100,57
Other countries	16 534	23,62	22 094	23,18	133,63





**Table 13** Import of wood and articles of wood by countries (2005); source – “Action 2013”, p. 536

The following **Table 14** shows the development of the import of the main product groups in the woodworking sector according to the customs tariff, being considered in three dimensions – quantity, value and first three countries from which the import is performed (value criterion).

Import		2002	2003	2004	2005	2006
4407	Tons	4 847	10 363	15 927	19 250	19 522
	Thousand BGN	3 873	6 998	10 248	13 973	15 173
	Mainly from	Ukraine	Ukraine	Ukraine	Ukraine	Ukraine
4408	Tons	USA	USA	Romania	Romania	Germany
		The Netherlands	Czech Republic	Yugoslavia	Croatia	USA
	Thousand BGN	1 246	2 213	8 815	11 545	11 497
		2 341	3 320	6 426	11 002	13 084
		Mainly from	Ukraine	Ukraine	Romania	Turkey
4409	Tons	Germany	Turkey	Turkey	Ukraine	Turkey
		Turkey	Germany	Ukraine	Germany	Germany
4410	Thousand BGN	1 060	794	541	1 471	2 094
		1 506	2 064	2 153	3 796	5 991
	Mainly from	Italy	Turkey	Italy	Italy	Italy
		Germany	Czech Republic	Germany	China	China
		Greece	Finland	Turkey	Germany	Turkey
Tons	30 622	36 787	44 422	47 164	57 202	
	18 861	24 540	30 641	35 030	44 573	
	Germany	Germany	Germany	Austria	Germany	
	Austria	Greece	Turkey	Germany	Austria	
	Greece	Poland	Poland	Turkey	Turkey	

**Table 14** Import of main groups 4407 Wood, 4408 Veneer sheets, 4409 Parquet plates and friezes, not jointed, 4410 Wooden particle boards, 1,95583 BGN = 1 €, source – NSI 2007.

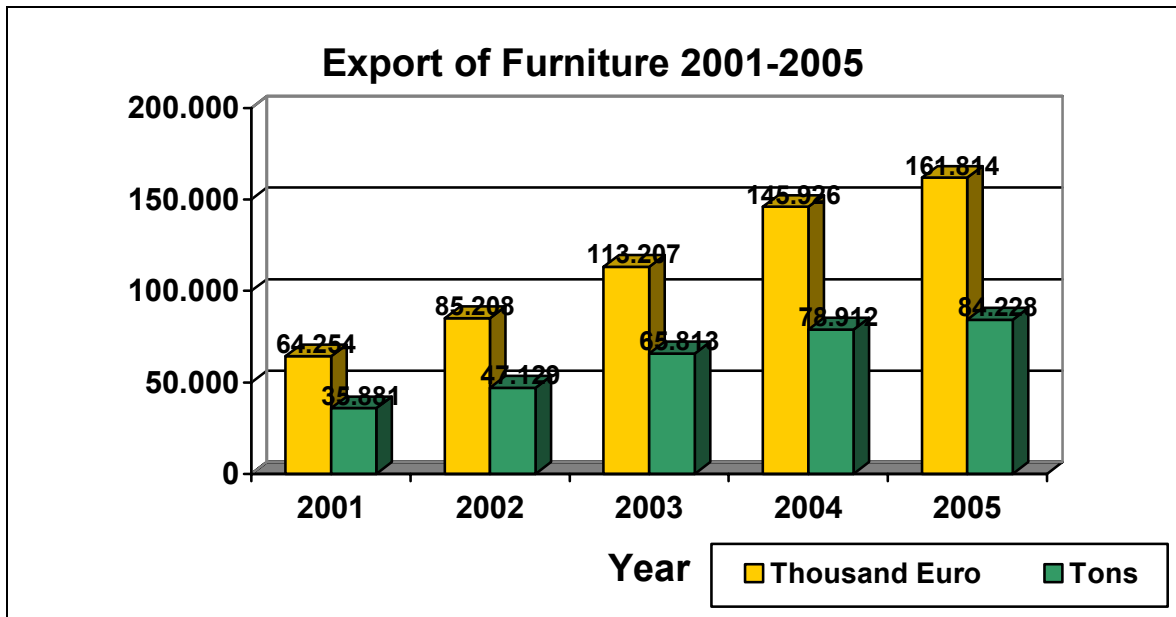
6 Source: “Development of the Production of Wood Material and Articles of Wood in Bulgaria. State as of December 2005”



For the period 2002-2006 in all four product groups there is a rise in the quantities and values, the biggest increase being in group 4408 Veneer sheets and the biggest imported quantities are those of group 4410 Wooden particle boards.

### 2.3.3 Export of Furniture

The export of furniture continues to grow. It represents 1.71 % of the country's total.



**Figure 6** Export of furniture, source – Report of the Bulgarian Industrial Association “Furniture – Development of the Production, Import, Export and Sales in Bulgaria. State as of December 2005”, Capital Market, Sofia, June 2006, p. 31

Compared to the export of the woodworking sector the export of the furniture sector to the Balkan countries has a relatively smaller share, Greece and Turkey having the biggest share.

The biggest export of the furniture sector has been realised to the following countries:

- 2003 – USA, Great Britain and Germany
- 2004 – USA, Germany and Italy
- 2005 – Italy, Germany and USA.



Export of Furniture ( Ranking for 2005 according to the value)						
	2003		2004		2005 <sup>7</sup>	
Country	Tons	Thousand BGN	Tons	Thousand BGN	Tons	Thousand BGN
USA	8 842	33 339	9 630	38 796	8 715	39 575
Great Britain	8 411	35 475	8 407	38 729	7 981	35 931
Italy	6 702	18 063	9 232	29 543	10 063	34 218
Germany	8 126	26 390	9 266	30 430	9 750	32 397
France	5 682	16 659	5 887	20 037	8 179	28 163
Greece	5 778	16 128	6 479	19 070	6 048	20 515
Sweden	1 756	5 736	3 910	11 871	4 171	13 625
Belgium	352	1 944	2 039	9 266	2 895	9 858
Austria	3 147	8 665	3 832	11 057	2 403	9 114
The Netherlands	2 235	8 919	1 236	6 145	1 139	6 776

**Table 15** Export of furniture by countries, source – “Action 2013”, p. 50

The trend of export growth is maintained also when reviewing the main product groups. Table 16 shows the quantitative and price information about them.

Export		2001	2002	2003	2004	2005	2006
Chairs and seats	Tons	12 627	14 356	18 025	22 537	23 710	23 275
	Thousand Euro	29 471	34 235	40 139	54 388	60 531	64 866
Furniture for medical, surgery, dentists and other purposes	Tons	26	16	10	4	87	740
	Thousand Euro	59	81	54	39	658	2675
Other furniture and parts for it	Tons	22 992	31 570	44 406	51 068	54 004	56 582
	Thousand Euro	33 843	47 947	65 467	79 548	84 704	92 901

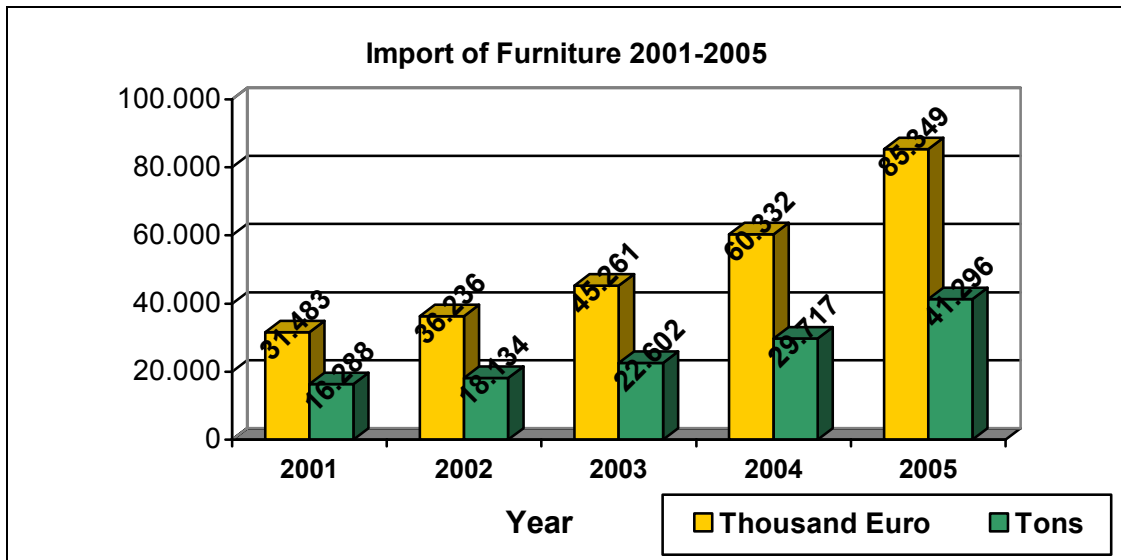
**Table 16** Export of main furniture articles for the period 2001-2006, source – Report of the Bulgarian Industrial Association “Furniture – Development of the Production, Import, Export and Sales in Bulgaria. State as of December 2005”, Capital Market, Sofia, June 2006, p. 31 and NSI 2007

<sup>7</sup> The data for 2005 are preliminary



### 2.3.4 Import of Furniture

The growing trend in the import of furniture is also maintained. Its share in the total import of the country for 2005 is 0.58 %.



**Figure 7** Import of furniture, source – Report of the Bulgarian Industrial Association “Furniture – Development of the Production, Import, Export and Sales in Bulgaria. State as of December 2005”, Capital Market, Sofia, June 2006, p. 25

In 2005 almost 75 % of the import of furniture comes from five countries: Italy, Poland, Germany, Turkey and China. As compared to 2004 the import from these countries has increased by 47 %. The growth of the import from China and Germany is the most significant one – 220 % and 182 % respectively.

Country	2004		2005		Index 2005/2004
	Thousand Euro	Share - %	Thousand Euro	Share - %	
Italy	16 474	27,31	20 444	23,95	124,10
Poland	12 197	20,22	18 033	21,13	147,85
Germany	6 620	10,97	12 029	14,09	181,71
Turkey	6 364	10,54	8 944	10,48	140,54
China	2 218	3,68	4 844	5,68	218,39
Greece	3 262	5,41	3 707	4,34	113,64
Romania	1 920	3,18	2 752	3,22	143,33
Czech Republic	1 370	2,27	1 654	1,94	120,73
Austria	1 644	2,72	1 362	1,60	82,85



Country	2004		2005		Index
	Thousand Euro	Share - %	Thousand Euro	Share - %	2005/2004
Spain	1 673	2,77	1 314	1,54	78,54
Other	6 590	10,92	10 266	12,03	155,78

**Table 17** Import of furniture by countries (2004 - 2005), source – “Action 2013”, p. 568

The import from the other countries with a share of less than 1.54 % amounts to 10.3 mln. Euro or 12 % of the total import. The import from the other countries has increased by 3.7 mln. Euro or 56 % which shows the geographic expansion of the import of furniture.

The biggest growth is visible in group 9403 Other furniture and parts for it (according to the customs tariff) – 243 % in quantitative terms. In the other two groups certain rise can also be observed which affects mainly the value of the products.

Import		2001	2002	2003	2004	2005	2006
Chairs and seats	Tons	2 816	3 610	4 538	6 361	8 389	9 457
	Thousand Euro	7 241	10 144	12 713	18 011	24 708	29 252
Furniture for medical, surgery, dentists and other purposes	Tons	331	82	145	176	273	581
	Thousand Euro	1 533	682	1 037	1 571	2 797	5 203
Other furniture and parts for it	Tons	12 437	13 783	17 119	22 182	31 783	42 677
	Thousand Euro	21 324	24 240	29 959	38 519	55 298	79 224

**Table 18** Import of furniture by product groups for the period 2001 - 2006, source – Report of the Bulgarian Industrial Association “Furniture – Development of the Production, Import, Export and Sales in Bulgaria. State as of December 2005”, Capital Market, Sofia, June 2006, p. 25 and NSI 2007

<sup>8</sup> Source: Report of the Bulgarian Industrial Association “Furniture – Development of the Production, Import, Export and Sales in Bulgaria. State as of December 2005”, Capital Market, Sofia, June 2006, p. 24-30



### 2.3.5 Foreign Investment in the Sector

It can be noticed that the FDI in the sector “Production of wood and articles of wood, excluding furniture” are considerably higher than those in the “Production of furniture”. For 2005 they represent 87.8 % of the total FDI in the sector.

Total amount of the aggregated FDI as of 31.12. in thousand USD					
	2001	2002	2003	2004	2005
<b>Manufacture of wood and products of wood, excluding furniture</b>	<b>17424.0</b>	<b>25194,0</b>	<b>55790,5</b>	<b>83117,1</b>	<b>91908,1</b>
Sawmilling and planing of wood, impregnation of wood	2268,5	1581,1	5997,6	7147,5	5052,2
Manufacture of veneer sheets; plywood, laminboard	12320.0	18069,0	43386,6	69418,8	79224,3
Manufacture of builders' carpentry and joinery	401,4	2232,2	2655,6	2823,8	..
Manufacture of wooden containers	768,2	359,7	402,0	522,5	..
Manufacture of other products of wood	1665,9	2952,0	3348,7	3204,5	6863,7
<b>Manufacture of furniture</b>	<b>7379,9</b>	<b>5637,0</b>	<b>6789,5</b>	<b>8956,6</b>	<b>12696,3</b>
<b>TOTAL (in mln. \$)</b>	<b>24,8</b>	<b>30,8</b>	<b>62,6</b>	<b>92</b>	<b>104,6</b>

Table 19 Aggregated foreign direct investment in USD, source – NSI 2007

### 2.4 Certification

The number of companies certified under the ISO standard is continuously growing. The ISO certificate is one of the most important requirements for faster access to the international trade and production partners. The number of ISO-certified companies is also an indicator of modernisation at the micro level.

According to the statistics of the Club 9000 Association, as of 15 February 2008 there are 46 ISO 9001-certified companies from the sector, 2 ISO 14001-certified companies and one ISO 18001-certified company. A considerable growth in the certification under ISO 9001 can be observed as compared to 2003 when the number of the certified companies was 10, and in 2005 – 25. The increase of the number of certified companies shows the great interest in this direction. Regardless of this, the absolute number of the certified companies is very low and they are only 1.2 % of the total number of companies in the sector. Certification may be viewed as a serious barrier, especially for the small companies in poor financial condition.



## **2.5 Summary of the Status of the Woodworking and Furniture Industry**

The Bulgarian woodworking and furniture industry continues its growth trend. The number of the employed in 2005 is constantly growing by about 7 % and amounts to about 41,500 people. According to the last statistical data for 2005, 3,605 companies operate in the sector which represents an increase of about 4.6 % as compared to 2004. The sales in current prices amount to about 1.125 bln. BGN (increase by 13.5 % as compared to 2004). The produced output in 2006 (preliminary data) increases by about 19 % as compared to the previous year and amounts to 1.4 bln. BGN. The accumulated amount of the foreign investment as of 31.12.2005 is 104.6 mln. USD. The export also continues its growth. In 2006 the exported produce of the woodworking and furniture industry amounts to a total of 540 mln. BGN, the most important export markets for the furniture being Italy, Great Britain and Germany, and for the woodworking industry – Greece, Italy, Turkey and Macedonia. Practically about half of the total output is realised abroad.