A SURVEY OF THE FURNITURE MANUFACTURING INDUSTRY IN BULGARIA

Client: FLAG Consortium

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Citizens Democracy Corps

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Contents

EXECUTIVE SUMMARY

The furniture industry in Bulgaria, one of the first craft industries in the country, dates back to before 1876 when artisans created unique carved pieces of furniture. In 1939, furniture manufacturing production accounted for 10.3% of the total industrial production of the country. It employed 9,600 workers and ranked third among the 16 branches of industry. Between 1949 and 1989, the furniture industry paralleled the country's socialist industrialization development which resulted in administrative consolidation, expansion and technical restructuring of existing enterprises and the creation of new ones along with a decline in production occurring in the late 80s. And in 1992, furniture manufacturing production had declined to 0.9 % of the total industrial production of the country.

In spite of the good intentions and investments made, the centrally-planed economy led to a number of negative consequences that continue to influence the industry. This was a period of furniture manufacturing characterized by uniformity, low quality and absence of modern design. Factories produced exports for COMECON member-countries, only. The low quality criteria, lack of competition and fixed low prices maintained a high demand for product. Government policy often resulted in poor planning decisions. And, finally, the placing of the industry in the lowest remuneration category forced the qualified work force to other industries.

1989 found the furniture manufacturing industry in a conundrum situation. The industry enjoyed a relatively good production base, an abundant labor source and a relatively low indebtedness to banks and suppliers. But, the loss of traditional markets, the limited financial possibilities and the lack of professional managers to handle the enterprises' resources critically reduced furniture production. Some factories were forced to close down.

In 1990, as Bulgaria evolved from a state-regulated planned economy toward a market economy, the furniture manufacturing industry experienced the full range of fiscal problems that characterized this period. At this point, the deregulation process was not successful as there was not strategic plan in place. This abrupt and total decentralization led to a multitude of problems for the furniture manufacturing industry, characterized mainly by a lack of information and market research, accumulation of inventory, and dependence on bank loans.

To date, about 60% of the furniture manufacturing industry has been privatized, including over 2/3 of the largest enterprises.
Because privatization of the industry only started in 1996 and more than 50% were bought out with investment vouchers, it would be difficult to determine the overall economic effect at this point. Currently, foreign investment has not been an important factor in the industry. By the end of 1995, the private sector owned 11% of the industry's fixed assets. It employed 7% of the workforce and realized 12% of the total sales of the industry.

At present, over 1300 Bulgarian companies manufacture furniture. State and municipal firms account for about 52; Privatized companies number about 78; Cooperative firms represent 39 and firms founded by individuals (private firms) make up 1131. Most of these companies are registered in Sofia based on the principal of end market density. However, some companies locate closer to the source of raw material and in proximity to the specialized secondary schools from which they hire their labor pool.

Current changes in housing construction, import-export markets, and consumer's criteria have changed the natured of products being manufactured in the furniture industry as follows:

- Decrease in mass production;
- Increase of quality;
- Increase of market share of office and shop furniture;
- Utilization of new materials previously unknown to the industry;
- Development of new state-of-the-art designs.

In addition, the market profile is drastically altered. Now, the industry has been forced to find new trade partners for export, raw materials and commodities import. It is now faced with a more competitive environment characterized by a greater need for marketing and advertising communications.

As the furniture manufacturing industry's support institutions disappeared with the new economy, the need arose for the industry to unite on a regional basis and form associations to carry out joint problem-solving policies. Although in their infancy, it is hoped that these associations, set up regionally, will be effective in helping the industry develop and grow to its full potential.

Although product profile has changed in the last decade, the share of the furniture industry in Bulgaria's total industrial output has remained more or less stable at about 0.9%.

Industry product profile is defined by wooden cabinet furniture for the home; office furniture; kitchen furniture; upholstered furniture; accent pieces; outdoor furniture; and mattresses.

Categories of manufacturers are divided per state-owned, privatized, and private.

NIBA Consult Ltd., Sofia, has divided the industry as follows:

Group 1	Large Batch Production	80+ employees
Group 2	Medium Batch Production	31 - 80 employees
Group 3	Small Batch Production	11 - 30 employees
Group 4	Manufacturers of small wooden articles and custom-made furniture	2 - 3 employees

Plant machinery and equipment currently being used in the industry varies by almost a century. Some well-capitalized factories enjoy state-of-the-art equipment; Some have 1980s technology; Much of the industry is facing the replacement and/or updating of unreliable older machinery.

In general, raw materials for furniture production are readily available to all groups.

Ample training is available to anyone who wishes to enter the furniture manufacturing industry from a secondary level to a Ph.D degree.
Although these courses are technically strong, research indicates that they need additional emphasis on management and marketing skills.

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Presently, there is no industry-wide standardization for quality and/or consumer-safety in the furniture industry. This is especially important for exported goods. Market data (domestic and export) does not exist. Many exporters have found a greater market for cheap raw materials over end products. There is, in many cases, a discrepancy between market demand and manufacturers' technical capabilities and product flexibility. Other important factors affecting the furniture market are an absence of marketing strategy and advertising. However, it is believed that the development of entrepreneurship in recent years will have a positive effect on the overall market.

In 1995, the total furniture sold in Bulgaria amounted to over USD 80 million. However, the domestic market is affected by the sale of imported furniture. Some major foreign companies have opened trade offices in Bulgaria. Their furniture is of a considerably higher quality in the terms of design, color range and material. Most affected by foreign competition are office and bank furnishings, kitchen cabinets and upholstery categories.

Domestic market consumers can be divided into three groups:

Mass consumer	85% of pop.	Low income; scant savings
Emerging Middle Class	10% of pop.	Growth area
Upscale	5% of pop.	Currently buy imports

In the past few years, furniture manufacturing quickly re-oriented its markets. Bulgarian furniture is now sold in over 70 countries and has established stable trade contacts in Austria, France, Germany, Great Britain and others. In 1996, exports to Europe accounted for 87% of the total export of furniture products and exports to the Middle East and other countries in Asia amounted to 10% (USD for 1996 $31,240,000.)

Industry Potentials for FLAG Assistance

There are a total of 1,300 furniture manufacturing companies in Bulgaria (according to available statistics.) The potential market for FLAG assistance to individual furniture companies, however, is limited to:

- Start-up companies numbering 1,131 of which approximately 100, based on number of employees and other criteria would qualify for FLAG assistance.

- All privatized companies - and those in the process of privatization - totaling 90. This number will grow by 60 when all state-owned companies are privatized, making a total of 150.

Strengths and Weaknesses of the Furniture Industry in Bulgaria

As the Bulgarian economy grows and becomes stronger, the demand for well-designed, high-quality decorative home and commercial furnishings will increase both domestically and in the export markets. As this occurs, this industry will develop in importance to the overall Bulgarian economy.

- Advantages: Infrastructure, raw materials, low-cost skilled labor, export orientation.

- Weaknesses: Present low demand, shortage of capital, high energy costs, lack of marketing knowledge.

Recommendations for FLAG Assistance Strategy in the Furniture Industry

Industry Level - Assist and consult with the government in areas that concern and support the furniture industry

1. Lobbying for regulation of imports of raw materials and distribution of wood supplies;
2. Collecting and organizing industry information on economic, production, exports and other industry indicators;
3. Collection and timely dissemination of specialized information affecting the industry;
4. Setting-up of test labs.

Trade Association Level - Assist in the establishment of effective trade associations, both regionally and nationally

1. Assist the furniture industry by providing a voice for all members in lobbying parliament on issues important to its health;
2. Provide education to the trade association on how to assist in setting up training courses and seminars to education members on:
    a. Management skills
    b. Export information & regulations
    c. Sales training on product & design
    d. Financial issues
    e. Marketing issues
3. Organize networking among members;
4. Establish international contacts;
5. Exchange of timely information through newsletters & other publications;
6. Build awareness of export quality standards that are to be certified by a qualified testing laboratory.

Firm Level Assistance - Assist with FLAG programs in the following general areas

1. Marketing assistance
    a. Identifying and developing new markets;
    b. Product development;
    c. Advertising;
    d. Creating a marketing strategy;
    e. Exporting expertise;

2. Financial management

   a. Creating business plans;

   b. Cost analysis;

   c. Locating financial sources;

3. Technical assistance

   a. Equipment analysis (valuation & acquisition);

   b. Quality control;

   c. Plant modernization.

In general, most start-up furniture manufacturing firms are in need of marketing assistance. As in other industries, this is especially true of the privatized companies. Many of the start-up and privatized companies are managed by former employees of state-owned furniture factories who have technical skills but no marketing experience.

The furniture industry, with its ample supply of raw materials, low labor costs, geographic locations across the country, and growth potential as the economy improves, should be an ideal candidate for FLAG assistance.

SURVEY METHODS

The present furniture manufacturing survey has been based on the following information sources:

- National Statistics Institute data;
- documents and periodicals of the Privatization Agency;
- company catalogues;
- research of the Forestry Engineering University;
- independent research and analyses of NIBA Consult;
- informal interviews of furniture manufacturers and traders;
- talks with managers and experts in furniture manufacturing.

It's important to note the following problems encountered in gathering primary information:

- The National Institute of Statistics does not do research on furniture manufacturing since it does not consider it a major industrial branch. Annual statistical reference sources do not present data on furniture manufacturing.
- Data from the National Statistics Institute, even when available, is often contradictory and can at best provide a rough guide.

- Private furniture manufacturing companies have been observed since 1995. Hence, it is difficult to draw conclusions about the private sector financial and economic developments.

- The most recent data of the National Statistics Institute does not go further than 1995.

- There is no established informational system for privatization and investment developments in furniture manufacturing.

The following should be taken into consideration when making use of data presented in our survey's tables and appendices:

- Private companies distribution has been established on the basis of information collected so far by the method of sampling. Percentage representation of management factors does not include small firms and self-employed persons who employ 1 to 2 workers.

- A separate group of factories which manufacture furniture in addition to other business activities has been included. These factories cannot be ignored since they possess all the characteristics of large, specialized furniture companies.

- When reporting on financial and economic indicators, the concept of state-owned factories has been stretched to cover co-operatives and privatized firms. This deficiency will be eliminated when reporting on the 1997 results.

- Financial data and changing indicators have been calculated in US dollars on the basis of the exchange rate for the respective year since furniture articles have not changed their dollar price for the last few years. Due to lack of foreign currency market until 1992, data for earlier periods has not been included.

- The presented financial and economic factors follow the guidelines of Bulgarian accounting standards. Factories cash flow and reports are presented in an appendix which makes possible the identification of other factors where incompatibility of national and international accounting systems requires it.

Recommendations on furniture manufacturing developments have been formulated with the expectations that the overall economic conditions in Bulgaria will improve over the years and the negative influences of privatization chaos will be eliminated to give way to a normal working environment for the functioning of production and market relations.

PERSPECTIVES AND PROBLEMS OF FURNITURE MANUFACTURING IN BULGARIA

Bulgarian furniture manufacturing is at a turning point in its development and on its way to combining the best characteristics of socialist heritage with the advantages of market economy. Good management and well targeted investment can give an impressive impetus to furniture manufacturing. Conversely, insufficient familiarity with significant changes in the industry, lack of development strategies and inadequately qualified managerial staff might limit the progress of furniture production and lead to a waste of extremely favorable profit-making conditions. Furniture manufacturing is therefore a challenging industrial branch for energetic and knowledgeable business oriented people. Tourism, tailoring and the food and beverage industry have attracted attention long ago.

The roots of furniture manufacturing in Bulgaria are to be found among the spread of practices that developed craftsmanship occurring during the first half of the previous century. A pro-European orientation led to the emergence of small and medium sized private companies which led to furniture manufacturing becoming, by 1939, the third most important industry (out of 16 industrial branches) according to the number of employed workforce. Socialist economy transformed furniture factories into large, up-to-date manufacturers of a wide range of furniture and wooden articles.

These conclusions resulted from our in-depth assessment of furniture manufacturing in Bulgaria. The present study outlines the development of furniture production under different social and economic systems in Bulgaria. It also analyzes the major parameters relevant to the industry and draws conclusions that are accomplished by suggesting measures that should be applied to furniture factories currently existing in Bulgaria.

The main conclusion of our study is that despite the unfavorable conditions of the present environment, furniture manufacturing is currently in a state of upsurge and its significance for the Bulgarian economy will be ever growing in the near future following the expected full scale privatization, investment and consultancy assistance. Furniture manufacturing has the following marked advantages over other industrial branches in Bulgaria:

ADVANTAGES OF FURNITURE MANUFACTURING IN COMPARISON WITH OTHER BULGARIAN INDUSTRIES

1. **Deep-Rooted Traditions of Furniture Manufacturing in Bulgaria.** One can still see many craft shops all around the country which use machinery that was installed there by master furniture makers in the 30s and 40s. A third generation of workers is using these to produce high quality attractive furniture. Furniture making calls to the fore the typical Bulgarian creativity, talent for invention, sense of modernity and industriousness.

2. **Bulgarian National Psychology.** Bulgarians cherish possessing and furnishing their homes with care and taste. These ambitions have not been eliminated even in times of great economic stagnation. Modern trends for current and complete house redecoration have also found their way here.

3. **Characteristics of Furniture Manufacturing.** Furniture manufacturing is characterized by a short production cycle and rapid return on working capital.

4. **The Country's Industrial Capacity.** The socialist period witnessed the construction of impressive furniture manufacturing centers spread throughout the country. This is a good base for a profitable industry.

5. **Well Developed Infrastructure.** Large furniture factories are connected not only to the road but also to the railway network.

6. **Availability of Raw Materials.** Bulgaria has enough wood to satisfy the needs of furniture production.

7. **Well Qualified Workforce.** Bulgaria can boast highly qualified furniture production and design specialists. There are specialized schools and institutes.

8. **Connection with Priority Branches.** The development of tourism in Bulgaria is closely connected to the complete and modern furnishing of tourist outlets, which significantly expands the home market.

9. **Export Orientation of the Branch.** Bulgarian furniture products sell well on the international market.

10. **Forthcoming Full Scale Privatization.** In the next couple of years all furniture factories will be privatized.

Recent years have shown the following patterns of development:

DEVELOPMENT PATTERNS

1. **Increasing the number and technical range of furniture companies.** Our assessment shows that due to the advantages enjoyed by the industrial branch mentioned above, more and more entrepreneurs are attracted to furniture production.

2. **Improvement of the industrial base of existing factories.** There has been an increase in the introduction of state-of-the art machinery and an expansion of industrial areas.

3. **Better quality of furniture products.** This trend has been conditioned by market developments.

Furniture production can develop along the following lines:

DEVELOPMENT PROSPECTS

1. **Regional structuring of furniture production.** There are a number of informal structures around the country set up to minimize supply difficulties and thus facilitate furniture production and distribution. On the other hand, large manufacturers are technically equipped to assist smaller manufacturers in wood drying, pressing and surface treatment. The former can therefore serve as a form of regional center with regard to specialization and cooperation.

2. **Cooperation with foreign companies** by performing only some industrial processes in Bulgaria and widening the range of furniture products.

3. **Introduction of modern furniture production methods** (mainly of foreign investors) targeted at high quality furniture export.

Major constraint on furniture production in Bulgaria is imposed by the lack of working capital and an institutionalized base for the functioning of the industry. There are no legal institutions with procedures for the compulsory testing of furniture products to ensure compliance with international standards and requirements. Access to information is deeply unsatisfactory. The large, socialist created and state subsidized, scientific and furniture production institutes were closed down.

When restructuring furniture production in Bulgaria, the following risks should be taken into consideration:

RISKS

1. **Increased competition with foreign furniture import companies.** Bulgarian consumers have changed their requirements over the last few years. They expect high quality products and services in return for their spending. Foreign companies have been quick to recognize this development and enter the Bulgarian market through their offices and company shops. Their task was made easier by the difficulties experienced by large Bulgarian manufacturers in the period 1991-1995. The market vacuum created was filled by high quality foreign products heavily advertised.

   On the other hand, imports had the stimulating effect of increasing the quality of Bulgarian products. Production management improved and furniture manufacturing started to use high quality imported materials and chipboard.

2. **Investment in obsolete imported machinery.** Due to the limited financial resources of Bulgarian furniture manufacturers, foreign equipment manufacturers and distributors offer obsolete equipment. Small furniture manufacturers, on the other hand, purchase obsolete machinery from former state factories in the process of privatisation. Investments in restructuring and machinery replacement, therefore, should be made only after a detailed and expert analysis of company offers.

3. **Rising prices of fuel and electricity** are another potentially risky area for furniture manufacturing since fuel and electricity costs are a major expense in furniture production. The solution to this problem should involve energy-saving measures and the reduction of energy waste to a minimum.

4. **Furniture production should be adjusted to market demand.** Consumer demand and purchasing potential (for the domestic market) should be properly studied and international market opportunities should be actively developed.

In conclusion it should also be pointed out the promising actions of the current Bulgarian government in the social and economic sphere which raises hope for reducing the effect of unfavorable conditions and furniture production risks.

FURNITURE FACTORIES CHARACTERISTICS

Transforming furniture manufacturing into a profit-making branch requires concrete and properly targeted efforts with regard to investment and consultancy. It is therefore well justified to group furniture manufacturers according to their typical characteristics, problem areas and development potential.

Typical characteristics include:

- factory equipment;
- production technologies;
- production management;
- number of personnel;

- type of ownership.

The above mentioned parameters can be used to characterize 4 furniture manufacturing groups:

1. Large Batch Production Factories

These factories develop all stages of the furniture production technological processes. They are in possession of high efficiency equipment and operate in a closed cycle including everything from the raw materials to the finished products. Their personnel usually exceeds 80 persons. These are state owned factories and former state owned factories, which have been transformed into new private companies.

2. Medium Batch Production Factories

These factories develop the technological processes for all stages of furniture production. They are in possession of multi-purpose units and some specialized machinery; they operate in a closed cycle from raw materials to finished products and their personnel range from 31 to 80 persons. These are cooperatives, municipal entities and start-up private companies.

3. Small Batch Production Factories.

These factories are well equipped for furniture forming where limited surface treatment is required. They are in possession of multi-purpose machines and the operating cycle is semi-complete since they use mostly semi-finished materials. These are private companies with personnel ranging from 11 to 30 persons.

4. Manufacturers of Small Wooden Articles and Custom Made Furniture

These factories are well equipped for furniture forming where minor surface treatment is required. They are in possession of a limited number of multi-purpose machines; they manufacture small wooden articles from raw materials, and custom made articles from semi-finished products; there are private companies with up to 10 employees.

Our study analyzes furniture manufacturing on the basis of the four major groups described.

There is a large number of woodworking companies equipped with few multi-purpose machines which are used mainly for furniture repair and a limited range of other services. Their staff consists of 2 to 3 employees.

These companies are not an object of the present study since they do not manufacture finished products.

The percentage of the each factory group out of the whole number of existing furniture factories is presented in Table 1.

Table 1.

Factory Groups Percentages	
Factory Groups	Percentage
GROUP 1	15
GROUP 2	28
GROUP 3	35
GROUP 4	22
TOTAL	100

PROBLEM AREAS IN EACH GROUP

The following table (2) presents and ranks the range of problems associated with each group of manufactures.

General problem areas of furniture manufacturing are outlined in the review of furniture production macro-environment characteristics. (see 1.2)

The acuteness is graded from 0 for lack of problems in the appointed group to 3 for grave problems whose solution necessitates both factory initiatives and qualified outside assistance. The intermediate grades of 1 and 2 characterize the problem as: one that can be eliminated by means of measures undertaken and financed within the factory (1), or by engaging outside assistance (2).

Table 2.

Problem Areas	Group 1	Group 2	Group 3	Group 4	Problem Gravity
	I	II	III	IV	(points)
1	*2*	*3*	*4*	*5*	*6*
I. Machinery					35
1. Poor condition of machinery	3	1	0	0	4
2. Lack of high quality instruments and spare parts	3	1	1	2	7
3. High energy consumption of production	3	2	1	1	7
4. Unsatisfactory safety level	1	1	2	3	7
5. Risk of accidents or the halting of production processes	3	2	2	3	10
II. Production Process Management					23
6. Use of poorly compatible technologies	1	2	3	2	8
7. Lack of sufficient production space	0	0	1	3	4
8. Lack of adequate means for transporting components within the factory	0	2	3	3	8
9. Unsatisfactory technical and management conditions for production change	3	0	0	0	3
1	*2*	*3*	*4*	*5*	*6*
III. Managerial staff					
10. Poorly qualified production personnel	2	1	1	0	4
11. Poorly qualified managerial staff	3	2	2	3	10
12. Lack of flexibility and preparedness for change	3	1	0	0	4
13. Low pay	3	0	1	2	6
IV. Market related					
14. Too few existing markets	3	2	1	1	7
15. Lack of adequate marketing and advertising	3	3	1	2	9
V. Lack of associations	1	2	3	3	9
Overall gravity of problems	28	15	17	22	82

The following conclusions can be drawn:
Four problems have proved to be most prominent in furniture production These are:

- risk of accidents or the halting of production processes (overall gravity of 10). This is related to the current state of energy carriers in the country.

- poorly qualified managerial staff (overall gravity of 10); related to transition difficulties of the country.

- lack of adequate marketing and advertising (overall gravity of 9). So far furniture manufacturers have not been able to allocate funds for marketing research and advertising.

- lack of regional associations (overall gravity of 9). This is a particularly severe problem for group 3 and 4 factories since it limits their supply of cheap raw materials and so their participation in both the domestic and foreign market.

Our analysis shows that efforts should be mainly targeted at group 1 where the overall gravity of problems ranges from 28 up to a maximum of 48. Equipment, personnel, management and marketing should be dealt with first.

Factories from groups 2 and 3 are the most adaptable due to lower levels of problem gravity.

SITUATIONAL ANALYSIS OF THE FURNITURE MANUFACTURING INDUSTRY IN BULGARIA

1. DEVELOPMENT OF FURNITURE MANUFACTURING IN BULGARIA

1.1. Furniture manufacturing up to 1989

The furniture manufacturing industry is a traditional industry of the Bulgarian economy. It is one of the first craft industries in the country and dates back to before 1876. Typical for the early craft period was the making of unique carved pieces of furniture of high artistic value.

After 1876, conditions were set for the development of a national economy. The first furniture manufacturing enterprises were opened. Within a short period, furniture manufacturing became one of the leading branches of industry. In 1939, furniture manufacturing accounted for 10.3% of the total industrial production of the country. It employed 9,600 workers and ranked third among the 16 branches of industry, coming after the food and textile industries.

The development of furniture manufacturing between 1949 and 1989 followed the course of the country's general economic development and featured all the characteristics typical for socialist industrialization. The development of the industry passed through three major phases:

- administrative consolidation;
- expansion and technical restructuring of existing companies and the creation of new companies;
- decline of production.

In spite of the good intentions and the investments made, the centralized planned economy led to a number of negative consequences that have been influencing the industry to date.

- The accelerated uniform construction of administrative and apartment buildings that was imposed by fast urbanization determined furniture manufacturing product structure. The furniture manufactured was characterized by uniformity, low quality and absence of modern designs.
- The trade balance in the companies were maintained artificially. Unlimited quantities of raw materials, generally local and cabinet wood from Komi (Russia), were supplied through centralized planning. The raw materials and basic commodities that necessitated importation from western countries were paid for by the state out of the country's currency reserves and the government did not require adequate pricing of the end product to be made. The exports of the furniture products were secured on the markets in the COMECON member-countries. The low quality criteria, lack of competition and the fixed low prices maintained a high demand for furniture products.
- The management of the individual furniture manufacturing companies was limited to the fulfillment of government policy through central management institutions. The inefficient production and management decisions that led to important losses, were compensated by the state with financial and commodity loans. In actual fact, enterprise managers had no opportunity to make independent decisions. The decisions on restructuring, technical enhancement, employment matters, and other important decisions

were made without the participation of the companies management boards.

- The placing of the industry in the lowest pay-categories resulted in the moving of the highly qualified work-force to other industries.

At the end of 1989, important changes occurred in the country, and the furniture manufacturing industry found itself in quite a controversial situation. On the one hand, the industry enjoyed a relatively good production base, modern technology and organization of production, labor, and a relative low indebtedness to banks and suppliers. On the other hand, the loss of traditional markets, the limited financial possibilities, and the lack of professional managers to handle the enterprises' resources critically reduce furniture production. Some furniture manufacturers were forced to close down.

In 1989 there were 68 large state-owned furniture manufacturing enterprises and over 50 smaller state companies and a multitude of small independent workshops.

Furniture manufacturing companies were included in the system of several **institutions** and organizations:

- *SO Mebel* at the Ministry of Forestry /the largest group including 32 big state plants that formed the main body of the furniture manufacturing industry and produced over 2/3 of the total furniture output/;

- *SO Stara Planina* at the Ministry of Forestry /enterprises that, along with woodworking as main activity, also included independent furniture manufacturing/;

- *Central Union of Labor Artisan Cooperatives* / craft's cooperatives of which around 30 were specialized in furniture manufacturing/;

- *Ministry of Light Industry* /combined industrial enterprises in all big towns carrying out services for the population, including custom-made furniture/;

- *Ministry of Machine-Building* /plants manufacturing tubular furniture, in most cases as additional activity/;

- Municipalities /specialized furniture manufacturing municipal companies/;

- *Other organizations* and institutions such as the Ministry of Justice, the Union of Bulgarian Artists, the Union of People with Impaired Hearing and others.

Scientific research was concentrated in three specialized branch units:

- the Institute for Furniture and Furnishing;

- the Furniture Manufacturing Scientific and Research Center / NIBA /;

- the Higher Technical Forestry Institute.

110

Imports of raw materials and commodities and **exports** of furniture was performed in a centralized manner through the state company Lessoimpex.

1.2. The furniture manufacturing industry after 1989

1.2.1. Political and economic environment

In 1990 radical economic changes started in Bulgaria- the transition from a centralized and state regulated planned economy toward the development of a market economy. In the industrial sector, the reform incorporated four basic components:

- decentralization, de-monopolization and restructuring of state-owned companies;
- market, technological and product restructuring;
- privatization; and
- liquidation of loss generating enterprises.

In the past few years, despite the difficulties and the setbacks, the first steps were made towards restructuring of ownership, decreasing of the role of the state, liberalization of prices, foreign trade regulations, restructuring of the banking system, etc. However, the process has also been accompanied by some negative tendencies - galloping inflation, large budget deficit, high interest rates, increasing internal debt, bankruptcy of banks, a sharp drop in real income, destructive fiscal policy, excessive liberalization of monetary, currency and imports policies, economic corruption and crime.

After 1989, the industrial enterprises are characterized by the following features:

- traditional foreign markets have been lost for good; in addition, the repressing of the domestic market has led to the accumulation of stock reserves and a large indebtedness to banks;
- the financial situation of the state-owned enterprises has markedly deteriorated after the cessation of subsidies and the companies have found a substitute for the government subsidies in the banking system;

Furniture manufacturing is characterized mainly by radical changes in state regulations, controls, ownership, product strategy, management, and market concepts.

1.2.2. State regulations and controls

A basic issue in the structural reform after 1990, was the reduction of the role of the state in the country's economic life.

In the absence of an appropriate government strategy and a concept for the country's economic development, the deregulation process was not successful.

The lack of appropriate strategy acutely affected the furniture manufacturing industry. From the start of the transition, the industry was switching its affiliation to different central ministries and institutions, some of which were not interested in the industry. In 1989, the economic group SO Mebel was closed down. Until then, SO Mebel had carried out the entire planning, financial, economic and trade activities of the industry's state companies. In the beginning of 1991, the specialized scientific and research unit, working in the field of furniture manufacturing management and organization, was also closed down. Shortly after, the methodological functions of the Institute of Furniture and Furnishing were suspended. Finally, the transfer of the state-owned furniture manufacturing enterprises under the direction of the Ministry of Industry actually completed the process of detaching the industry from its natural environment - the raw material base. On the other hand, the Ministry of Industry, overburdened with other functions, did not give special attention to the industry's specific problems in the period of transition toward a market economy.

The absence of any government policy whatever (structural, investment, scientific, foreign trade and so on) with relation to the furniture manufacturing industry and the abrupt and total decentralization led to the following negative results:

- the industry lost its viability to defend its interests before the legislative bodies with regard to the competition in imports and raw material distribution;
- the entire information base that was necessary for the operational and strategic planning in each enterprise, was destroyed;
- qualified intellectual resources were dispersed;
- the industry lost the possibility of developing benchmark standards, market research, benefits from foreign expertise.

There are still about 50 state-owned furniture manufacturers. Of them, only the municipal and the smaller state-owned firms have a relatively good prospect for working in normal conditions by reason of their lower indebtedness and relative low concentration of production capacities. The main problem that big furniture manufacturers are facing now is the change of ownership. All the existing organizational and management decisions are being put off until new owners take over.

1.2.3. Privatization

The first Act to regulate the privatization process, the Law on Privatization, was adopted in the middle of 1992. Despite good intentions over the past five years, the privatization process in Bulgaria has been very slow.

The first step toward privatization was the transformation of the state-owned enterprises into one-man businesses with state-owned property. In that interim form, ownership was transferred from the state to societies, and the aim was to make the state-owned companies work in market conditions. In practice however, the state retained control over newly established companies. Subsequently, a number of legislative documents were adopted regulating the privatization of companies and annual programs for cash privatization (through direct payment) and mass privatization (through investment vouchers) were approved.

The privatization process of the furniture industry is characterized by the following specific features:

Furniture manufacturing is not among the priority industries in government privatization programs. The reason however, is not that the government is unwilling to privatize the furniture manufacturers but the fact that the industry is considered as non-strategic for the GDP growth;

The present government is 100 per-cent in favor of privatization of the furniture industry in the shortest amount of time. Presently, the privatization process has been delayed chiefly because of two reasons: (i) invalid tender papers; (ii) high initial price for some enterprises.

There is increased interest in the purchase of all the enterprises in the industry by privatization funds and private persons;

The lack of information and advertising about companies available for cash privatization is also a problem.

In light of the fact that the privatization of the furniture manufacturing companies started in 1996, it is not possible to make an adequate analysis of the economic effect resulting from privatization. Most likely, such an analysis can be done in 2-3 years, considering that more than half of the furniture manufacturing companies were bought out with investment vouchers. At present the majority of privatization funds (big owners) are not disclosing what level of participation they intend to keep in the management of those companies.

To date, about 60 per cent of the furniture industry has been privatized, including over 2/3 of the largest companies in the industry. Thirty-one furniture manufacturing companies and 24 wood-working and metal-working firms have been privatized through investment vouchers. Some of those companies have retained shares for cash privatization and restitution claims.

The goal is the remaining companies that are not privatized through investment vouchers, should be sold out under the cash privatization mechanism. Since 1995, over 20 firms have been bought out under the cash privatization formula. All the large state-owned firms, excluding the firms manufacturing school furniture, are being prepared for cash privatization.

After the adoption of the Law on Cooperatives in 1991, the furniture cooperatives transformed their status, and the cooperative rights of their owners as legal entities were restored.

Until now, foreign investments have not been an important factor for the restructuring of the furniture industry.

To date, under the cash privatization formula, foreign investors have acquired interest in three state-owned companies:

- Pirinska Mura AD - Bansko - a Bulgarian-US company (67% of capital);
- Hemus AD - Troyan - a Bulgarian-US company; and
- Bules AD - Bourgas - an Austrian company (70% of capital).

1.2.4. Private sector

The transition to a market economy in Bulgaria has been hard and slow. There is still no legislative mechanism for the stimulation of small business. There are not enough specialized government programs for the support of entrepreneurship.

There is no institution to measure entrepreneurship in the country. Due to the lack of resources, the Union for Economic Initiatives of Citizens, the only national organization, is limiting its activities toward changing existing legislation and organizing forums on specific problems in the field of entrepreneurship.

The banking system does not finance entrepreneurial initiatives and high interest rates make the few entrepreneurs who want to borrow for production purposes give up.

Entrepreneurship training, although supported by international institutions, is still inadequate. For most entrepreneurs excessive taxation is beyond their ability to pay.

In spite of the existing serious problems in the private sector, over 1100 private firms, working in the furniture manufacturing business, have been registered since 1990.

Private companies were created by three main groups of entrepreneurs:

- Individuals who even up to 1990, performed minor carpenter services using their own machinery and equipment, and unemployed industrial workers. The companies that were created by this group of entrepreneurs, still possess little equipment and produce only single pieces of furniture;

- Individuals with higher education and better qualification in furniture manufacturing. In most cases, these are people who had occupied executive positions in industry and were dismissed. This entrepreneur group created comparatively good companies on the basis of former contacts and production experience.

- Individuals with no apparent relation to the industry, but possessing investment resources. Against the background of the total shortage of financial funds in the industry, the companies that were set up by this group, are considerably more competitive and export-oriented.

However, although the activity in the private sector of the industry has been growing, it is still showing low aggregate results. By the end of 1995, the private sector owned 11 per cent of the industry's fixed assets, it employed 7 per cent of the work force and realized 12 per cent of the total sales in the industry.

1.2.5. Changes in the product and market structure of the industry

Changes in housing construction, import-export markets, consumers' criteria, etc. have changed the nature of the products manufactured in the furniture industry in the following directions:

- decrease in the mass production of furniture;

- increase of quality;

- increase of the market share of office and shop furniture;

- utilization of new materials previously unknown to the industry;

- pursuit of new designs and unique and futuristic pieces of furniture.

The main changes in the market affected the following:

- The geographical distribution of foreign markets changed. Until 1990, over 90 per cent of furniture exports were designed for the former Soviet Union. That market has decreased 8-fold. The industry has found new trade partners for furniture exports and raw materials and commodities imports;

- The industry started working in a competitive environment. The importation of quality western goods has affected the domestic furniture market; and

- The role of marketing and advertising has increased and has become a major tool for the furniture market.

2. ORGANIZATIONAL STRUCTURE OF THE INDUSTRY

(see Appendix A)

2.1. Number and allocation of furniture companies by type of ownership

At present, over 1300 companies throughout the country manufacture furniture. By type of ownership, they can be divided into the following groups:

- State and municipal firms, accounting for about 4% of the total number of furniture manufacturing enterprises.

- Privatized companies - about 6% of the total number of furniture manufacturing enterprises. These include specialized enterprises and companies from other branches of industry that carry out independent furniture manufacturing activity.

- Cooperative firms - about 3% of the total number of furniture manufacturing enterprises.

- Firms founded by individuals (private firms), which represent about 87% of the total number of the registered furniture manufacturing enterprises.

Source of labor of a majority of private companies are the entrepreneurs, members of their families and maximum 1 to 2 assistants. According to a recent survey, 75-80% of the total number of the registered private companies manufacturing furniture have this profile.

2.2. Geographical location of furniture companies

As a rule, furniture manufacturing enterprises are created on 2 principles: (i) near the raw material sources. (That is also where the specialized secondary schools are also situated.); and (ii) in the big cities where the majority of furniture consumers are located. (see table 3)

The larger market activity explains the registration of most companies in Sofia. However, not all of them have developed their production base in the capital city.

The location of the privatized companies does not follow any specific logical order. In general, the companies are founded close to raw-material bases.

Table 3

Furniture manufacturing enterprises by regions					
Region / Type of ownership	state-owned %	cooper-ative %	privatized firm %	privatized additional services %	private with over 5 workers %
Sofia - City	11	9	8	8	35
Varna Region	11	11	18	9	12
Bourgas Region	6	11	5	4	3
Lovech Region	22	26	20	21	10
Montana Region	11	3	8	8	3
Plovdiv Region	11	14	11	17	18
Russe Region	6	11	10	17	4
Sofia - Region	11	9	10	8	8
Haskovo Region	11	6	10	8	7
TOTAL :	100	100	100	100	100

Statistics indicate that 69% of all the furniture manufacturers are situated in the 22 biggest towns in the country.

2.3. Trade Associations and Unions

After the close down of SO Mebel, the state-owned furniture manufacturing firms united on a regional basis and formed a couple of companies with the aim of carrying out a joint policy in solving their internal problems and for mutual assistance. Such economic groups were Comfort-Sofia, Trayana-Stara Zagora, Bules-Bourgas, Zornitsa-Dobrich and others. These groups existed for two years and fulfilled their purpose at the beginning of the transition period.

At present, there are three economic groups in the industry. Despite the differences in the type of ownership of their members, their common feature is the logical linking of raw material with the end-product, that is, the uniting of wood-working and furniture manufacturing companies.

Wood-working and Furniture Manufacturing Consortium - Sofia, founded in 1995 as a joint-stock company. The consortium was established on a production basis and it unites the biggest state-owned wood-working firms and the firms manufacturing furniture from wood. The consortium was set up with its goal to carry out:

- investment and innovation policies;
- marketing and advertising activities;
- trade in the country and abroad;
- broker and representation activities;
- information services;
- marketing and economic analyses; and

- programs, forecasts and strategies.

At the time of its foundation, the group included 47 firms. Later, their number dropped to 23. There are two main reasons for the shareholders' decision to quit the consortium. First, the group was created by people who had long worked in the top administration of the industry similar to the state economic group SO Mebel that existed until 1990. The administrative methods and the lack of funds caused the withdrawal of some firms. Others withdrew as a result of the privatization process.

The Chamber of Wood-working and Furniture Manufacturing - Sofia, founded in 1992 as a non-profit association. The Chamber has 67 state and private wood-working and furniture manufacturing companies from all over the country on a voluntary basis. The association was created in order to support and protect the interests of employers. The main problems the Chamber dealt with in the past year were related to privatization, distribution of raw materials and exportation of wood-working and furniture manufacturing produce.

The Wood-workers' Chamber of Crafts in Bansko, founded in 1996 as a regional cooperative union. It unites the interests of 26 private manufacturers, some of which are small companies for carpentry services.

Its aim is to unite the interests of its members and to support their activity in the following spheres:

- accelerated implementation of technical advance achievements;
- training;
- international cooperation;
- information, publications and advertising;
- economic analyses and projects; and
- management consulting.

Unlike the above two groups, the Chamber of Crafts has excellent prospects for development. Its main problems are insufficient funds and the lack of management experience.

In addition to the big groups, in the past two years, several small groups, including 2 to 5 furniture manufacturers, were also registered with the aim to provide consumer services, joint exports or joint utilization of available capacities. Some of these are Mebelkomplekt Ltd., Sofia, the association of Albena Ltd., General Toshevo and Rademo Ltd., Varna and others. The objectives of such associations are related only to the fulfillment of their own programs and they do not pretend to serve or protect industry or regional interests. There are no associations for companies manufacturing furniture from metal, plastic and rattan. There are no specialized associations for vendors of furniture, either.

In the furniture industry there are also a number of unregistered groups of firms, with the objective of mutually assisting their own activities. Such informal associations can be found in Smolyan, Velingrad, Yakoruda, in Sofia, Plovdiv and elsewhere.

3. PRODUCTION OUTPUT

3.1. Volume

The following table 4 presents data on production output for the period 1991-1995:

Table 4

Production Output of Furniture Manufacturing (in million US dollars)					
	1991	1992	1993	1994	1995
Production output	86.71	84.33	89.06	86.40	108.02
Furniture manufacturing in comparison with 1991	100 %	97.2 %	102.7 %	99.6 %	124.6 %
Overall industrial output in comparison with 1991	100 %	84.1 %	74.9 %	81.3 %	85.6 %
Furniture industry share of the overall industrial output	N/A	0.9 %	0.96 %	0.96 %	0.92 %

The presented data shows that furniture manufacturing output, in comparison with the overall national output, has been on the whole increasing in US dollars value.

The share of furniture industry of the total industrial output has remained more or less stable at about 0.9%.

3.2. Product Range

Data from the last few years shows that Bulgarian furniture factories produce the following furniture types: bedroom sets, single bedroom furniture pieces, single unit cabinet furniture, bookcases, office furniture, writing bureaus, cupboards, shelves, sitting-room tables, kitchen tables, kitchen cupboards, upholstered and non-upholstered chairs, hat-stands and entrance hall furniture, complete upholstered suites, single unit furniture items: upholstered articles, mattresses, outdoor furniture and furniture for public buildings (hotels, restaurants, offices etc.).

All these articles are manufactured both in large factories and numerous privately owned companies, cooperatives and plants from other industrial branches.

Output dropped significantly after 1991 due to the transition to a market economy. Output figures for the period 1991 -1996 are presented in Table 5.

Table 5

1991-1996 Furniture Output							
Type of furniture		1991	1992	1993	1994	1995	1996*
Bedroom sets	Pcs	43,355	33,331	36,068	45,995	33,682	30,299
	%	100.00	76.88	83.19	106.09	77.69	69.89
Single bedroom furniture pieces	Pcs	23,115	19,524	7,933	6,241	4,963	N/A
	%	100.00	84.32	34.26	26.95	21.43	N/A
Single unit cabinet furniture	Pcs	127,636	175,861	146,946	121,502	123,886	89,270
	%	100.00	137.78	115.13	95.19	97.06	69.94
Sitting room bookcases	Pcs	105,756	93,186	69,630	73,142	62,176	38,231
	%	100.00	88.11	65.84	69.16	58.79	36.15
Office furniture	Pcs	38,134	12,323	26,646	22,633	21,767	N/A
	%	100.00	32.31	69.87	59.35	57.08	N/A
Writing bureaus	Pcs	8,601	7,508	4,159	4,309	5,725	N/A
	%	100.00	87.29	48.35	50.10	66.56	N/A
Shelves	Pcs	5,267	861	9,366	8,293	4,699	N/A
	%	100.00	16.35	177.82	157.45	89.22	N/A
Sitting room tables	Pcs	104,645	65,104	61,568	55,385	46,072	38,615
	%	100.00	62.21	58.84	52.93	44.03	36.90
Kitchen tables	Pcs	22,653	28,285	28,746	32,795	55,509	N/A
	%	100.00	124.86	126.90	144.77	245.04	N/A
Kitchen cupboards	Pcs	91,928	69,714	64,732	50,639	85,774	N/A
	%	100.00	75.84	70.42	55.09	93.31	N/A
Upholstered chairs	Pcs	355,243	296,941	263,093	243,529	255,400	245,815
	%	100.00	83.59	74.06	68.55	71.89	69.20
Non-upholstered chairs	Pcs	470,970	499,573	386,436	386,189	330,281	N/A
	%	100.00	106.07	82.05	82.00	70.13	N/A
Non-upholstered stools	Pcs	54,541	41,345	30,173	44,525	39,846	N/A
	%	100.00	75.81	55.32	81.64	73.06	N/A
Hat stands	Pcs	3	3			112	N/A
	%	100.00	100.00	0.00	0.00	3,733.33	N/A
Entrance hall furniture	Pcs	3,823	6,164	4,147	8,167	1,817	N/A
	%	100.00	161.23	108.48	213.63	47.53	N/A
Upholstered suits	Pcs	56,840	41,363	30,136	24,474	15,845	7728
	%	100.00	72.77	53.02	43.06	27.88	13.60
Single unit upholstered furniture	Pcs	66,269	85,249	68,614	64,364	51,353	39,347
	%	100.00	128.64	103.54	97.13	77.49	59.37
Mattresses	Pcs	96,114	103,487	94,136	87,109	64,246	N/A
	%	100.00	107.67	97.94	90.63	66.84	N/A
Garden furniture sets	Pcs	6,226	25,526	9,395	21,191	24,422	N/A
	%	100.00	409.99	150.90	340.36	392.26	N/A

* Preliminary data

The figures in the table show a sharp decrease in sitting-room furniture (bookcases and upholstered suites). The output of single unit furniture, however, has increased (tables, hat stands, cupboards etc.). This phenomenon can be explained by consumers' reduced purchasing abilities.

Outdoor furniture production has increased which shows growth in the purchasing power of this consumer group. In addition more outdoor furniture is being exported. All other categories of furniture production have been fairly stable over this period.

3.3. Classification of Furniture Factories by Type of Production

1. Manufacturers of cabinet furniture and wooden articles:

- kitchen cupboards;
- wardrobes and bedrooms;
- bookcases, shelves and tables;

- chairs;

- special wooden articles: woodwork, small wooden articles, toys, wood carving and style furniture.

2. Manufacturers of upholstered furniture.

3. Manufacturers of non-wood furniture:

- metal furniture (tubular furniture, wrought iron furniture etc.);

- rattan and rush-board furniture

- plastic furniture.

Manufacturers have been classified according to plant profile. Indeed, there are some manufacturers of kitchen cupboards which, with only minor restructuring, could easily be transformed into manufacturers of cabinet furniture and wooden articles. There are also factories already working within an existing regional scheme combining the production of several article types. The most frequent case of this is combining cabinet furniture with upholstered furniture production to complete the house furnishing process.

There are few upholstery manufacturers among former state owned factories. This market niche has been filled by private companies since upholstered furniture requires less initial investment in machinery and industrial areas. Concentrating significant production capacities in privatized furniture factories allows for the manufacture of a wide range of articles. The following table 6 present furniture factories distribution in terms of ownership and product type.

Table 6

Companies according to product type					
product type	state-owned	cooperatives	privatized	privatized with additional activities	private
cabinet furniture	83 %	77 %	51 %	83 %	75 %
cabinet/upholstery	17 %	16 %	45 %	17 %	9 %
upholstery	0 %	7 %	4 %	0 %	16 %
Total	100 %	100 %	100 %	100 %	100 %

The high percentage of case furniture in privatized factories with additional activities is due to the inherited technological specialization of these companies as woodworkers. Available capacities and market orientation in various sectors are the two main reasons for differences in the production assortment structure (Table 7).

Table 7

Companies by range of production					
	state-owned	cooper-atives	privatized	privatized with additional activities	private
tables, chairs	27 %	43 %	38 %	54 %	32 %
home furniture	73 %	78 %	85 %	69 %	72 %
hotels, restaurants	15 %	26 %	32 %	23 %	34 %
shop furniture	27 %	30 %	21 %	31 %	34 %
office furniture	19 %	22 %	45 %	23 %	57 %
ratio of specialization	1.61	1.99	2.21	2.0	2.29

The private sector has naturally directed its efforts to satisfying the growing demand for office furniture without ignoring the home furniture manufacturing potential.

By force of habit large privatized factories continue to develop their traditional range of products. Factories which still remain under state ownership are the most specialized in certain product ranges

4. RAW MATERIALS

4.1. Basic Raw Materials

Wood

Furniture manufacturing has used and will continue to use wood as its basic raw material, a factor which ties this industry closely to the woodworking and timber industries. The latter are heavily dependent on the country's forestry. A full assessment of the raw materials base for furniture manufacturing is therefore incomplete without considering the condition of the primary resource, i.e. the forest, and its main product, wood.

Here it is necessary to analyze the factors and indicators which present quantitatively and qualitatively the forest stock.

1,354,930 acres of bulgarian forests contain trees whose wood is suitable for furniture industry. This amounts to 29% of the country's overall area.

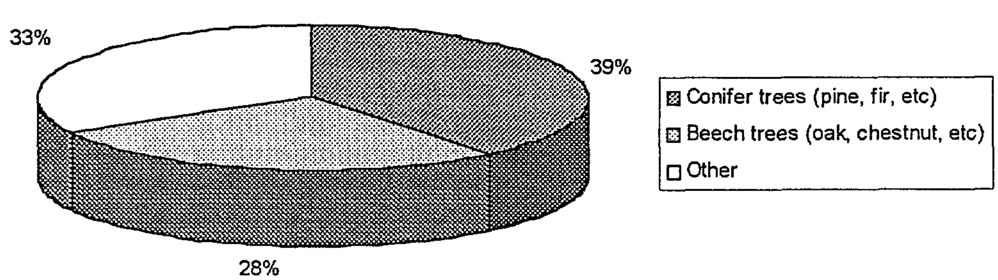
The trees in these forests are divided between 36.2% conifer and 63.8% hardwood trees. 29.8% of the hardwood trees are large trees and constitute the primary source of large timber for furniture manufacturing. The remaining 70.2% of beech-tree forests are used as a source of medium and small timber, which is utilized as a raw material for boards.

The overall wood stock of the forests amounts to over 14 Billion cu.ft. (405,172,541 cubic meters) where coniferous forests stocks equal 39% and broad-leaved high-stem stocks come to 28% leaving 33% other broad-leaf stock to complete the total.

Thus, the distribution of timber stocks according to forest type (see graph 1) shows a broad-leaf prevalence (61%).

Graph 1

Wood Stock Distribution in Bulgaria

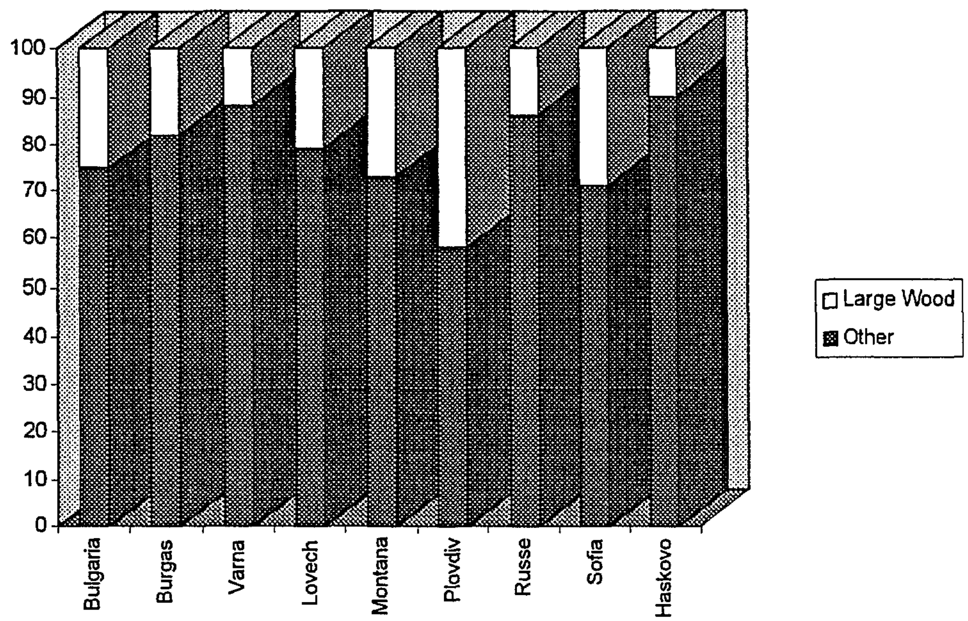


Structural timber, a basic raw material in furniture production, is widely available in the Plovdiv and Sofia regions due to the greater yield of coniferous trees grown in these areas (see graph 2).

123

Graph 2

Wood Yield Classified According to Type and Region



The greatest wood yields are obtained from around Sofia (22%) and Plovdiv (21%) whereas the smallest outputs are to be found around Varna and Rousse (8% each) as well as Montana (7%). Coniferous wood is obtained mainly in the regions of Plovdiv (48%) and Sofia (37%) where are situated most of our coniferous forests. hardwood is yielded evenly in all regions (7-10% for the Montana and Plovdiv regions to 16-17% around Lovech and Sofia).

The condition of forest stocks throughout the country can be summarized in the following manner:

1. Forestry can provide for nearly all country's wood needs.

2. Territorial assessment suggests that regional differences can be used as a basis for developing an efficient structure for trading forest products and for locating woodworking and furniture factories in the most appropriate areas.

3. The variations between stocks in terms of age, availability, type, quantity, etc. necessitates the introduction of factories which will be able to utilize most efficiently all kinds of wood and especially non-cabinet-grade wood.

Wood as a basic raw material for the furniture manufacturing industry, is supplied both rough or processed, from 170 forest enterprises throughout Bulgaria and from 30 big wood-working companies. Oak wood, chiefly from Slovenia, and some exotic wood are imported for the manufacturing of special and boutique furniture. Wood from Komi (Russia) is still used in some products.

Board materials

Boards of mostly hard wood:

- Plywood paneled boards with wooden filling manufactured in house for production of high quality articles.

Boards of crushed inferior wood:

- Chipboards: manufactured in Bulgaria with varying thickness and diverse structure. Because chipboard require non-hazardous adhesives, the cost of manufacturing it is quite expensive by Bulgarian standards. Moreover, only this quality is acceptable for export. Although manufacturers are still using elevated formaldehyde-content chipboard in the domestic market, consumers will most likely demand export-quality product for domestic use, too.

- Fiberboards: manufactured in Bulgaria and used extensively for cabinet furniture backs, drawer bottoms and high quality boards. In export furniture they are gradually being replaced by non-hazardous fiberboard of 8 or 10 mm thickness.

- Medium density fibre boards: these are an adequate replacement for hard wood and provide good prospects for use in furniture production. Not currently manufactured in Bulgaria.

In Bulgaria, boards are produced in 11 wood-working plants but local production is of poor quality and cannot be used for the manufacturing of export-oriented goods. Non-hazardous laminated boards are imported from Greece, Hungary, Austria and Spain. The big private manufacturers work almost entirely with imported boards. The foreign companies, assembling or manufacturing furniture in Bulgaria, also do not use Bulgarian boards.

Laminated Materials:

- Plywood: Bulgaria has developed the capability for its manufacture. Higher quality adhesives extend its usability.

- Laminated glued wood: Bulgaria has factories with good traditions in furniture production using this type of material. The production of bed frames has started fairly recently.

Lining Materials:

- Veneer: high quality veneer production depends not only on the type of raw material, but also on the sawing and drying machinery. Bulgaria has sufficient veneer manufacturing capacities. Natural veneer furniture is usually preferred to synthetic versions despite some of its poorer usage properties.

In Bulgaria, veneer is produced in 3 specialized plants. Bulgarian veneer is of good quality but of limited assortment. Oak veneer is imported from Slovenia, fine-line is imported from Germany and Italy. Tropical veneer is also imported.

- Paper foil: imported to Bulgaria to mask cheap furniture boards. Characterized by poor usage and aesthetic properties.

- PVC folio: manufactured in Bulgaria within a narrow range. Imports contribute to widening the range of selection. It is a material with good technical and usage properties with a wide application in furniture manufacturing.

- Laminated boards: manufactured in Bulgaria and increasingly being imported from Greece, Hungary, Austria and other countries. It is particularly liked by furniture manufacturers who do not possess

125

surface treatment machinery. The wide range of colors and the excellent usage properties make this material applicable in the production of a variety of furniture types.

Beading:

- Natural wood beading: used in veneer furniture manufacturing together with massive sheet-anchors.

- Synthetic beading: the increasing use of veneer boards attracts manufacturers to this material. Existing specialized foreign companies produce an impressive variety of synthetic beading classified according to material type, thickness, shape, color and setting.

A big variety of edging material is imported from Belgium, Austria, Germany, Spain and Greece. The Bulgarian assortment of edging materials is rather limited.

Adhesives, Stain and Varnish:

These chemical industry products are also used in furniture manufacturing. The glues and varnish, produced in Bulgaria, are of good quality. However, for orders demanding higher-quality, imported German and Austrian glues and varnish are used.

Upholstered Furniture - Basic Materials:

- Surface materials: textile and leather. Bulgaria produces high quality examples which can successfully compete with imported products.

- Plastic foam: manufactured in Bulgaria in sufficient quantities for the needs of furniture production.

- Others: springs, spring supports, belts, upholstery inserts, wool etc. All these are manufactured in Bulgaria and fully meet the manufacturers' demands.

In upholstery, mainly imported fabrics are used - from the USA, Italy and the Arab countries. Customers prefer imported, treated-fabrics. Despite this the large state owned manufacturing companies use primarily bulgarian made fabrics, while the private companies use imports.

4.2. Auxiliary Materials

Corner Plate

- Gusset: very important in collapsible furniture manufacturing. Manufactured in Bulgaria and also imported in large quantities providing a wider range of unconventional structural possibilities.

- Hardware: Bulgarian produced wood, plastic, metal and especially precious brass types. There is also a wide range of imported hardware.

Imports are also made from Austria, Germany, Italy, Spain and Turkey.

Abrasives, Grinding and Varnish Grinding Paste, etc.

Predominant use of imported versions.

Semi-finished and Finished Components

The increased demand for modern design kitchen furniture has necessitated a rapid import of premade boards and doors. Some factories possess machines for Formica manufacture. State-of-the-art doors with high quality surface treatments are being imported.

Most of the furniture importers offer prefabricated components.

4.3. Basic Materials for Non-Wood Furniture Production

Metal

Tubular furniture is made chiefly with Bulgarian raw materials, produced in almost all the metal-working enterprises in the country. Shaped aluminum is supplied from Alumina in Shoumen.

Bulgaria possesses factories producing metal tube in a variety of combinations of diameter and thickness suitable for furniture manufacturing. Half-finished materials for the production of brass, wrought iron and sheet steel articles are also manufactured in the country.

Plastic

Bulgaria has good capacity for plastic furniture manufacturing of the large batch type dictated by high matrix prices.

5. PRODUCTION ENVIRONMENT AND TECHNICAL EQUIPMENT

5.1. Machinery and equipment

Furniture manufacturing machinery and equipment are characterized by the following:

- timber treatment demands processing machinery running at high rates of rotation, which in turn makes these machines high consumers of energy and material as well as heavy; some single units require a solid base and process of assembly;

- machines in this area are characterized by a low level of wear and tear; they are responsive to proper maintenance;

- workmanship is heavily dependent on the quality of the cutting tool;

- the production of major furniture manufacturing machines is related to heavy industry and requires a high degree of mechanical precision;

These factors exert a significant influence on production and technological processes in Bulgaria. It is hardly surprising, then, that the ages of currently installed and operating machines differ by almost a century in some cases. The major machines and units are mostly imported from countries like Italy, Germany, Poland, the Czech Republic and Sweden.

There are eleven Bulgarian manufacturers of woodworking and furniture production machinery. The type of equipment offered includes combined woodworking assembly lines, planers, circular saws, assembly lines, thickening machines, etc. The production capacity of these manufacturers presently exceeds the demand from the Bulgarian market.

The four factory groups differ significantly in the type of machinery and equipment they possess. Their machinery varies in terms of efficiency and compatibility. The variety of machinery is also diverse.

Group 1 Factories imported most of their equipment at the end of the 60s and the beginning of the 70s: a period of large scale construction of the state owned woodworking and furniture plants in the country. Their production and technological environment was conceived along the lines of large batch manufacturing and high efficiency assembly lines. The 80s witnessed some partial technical innovations carried out under centralized state management and related to both the replacement of certain units and the introduction of digital programmed lines. The changes in the 80s were targeted to achieving European quality standards.

Group 1 was characterized by the employment of underqualified workers in production processes requiring highly skilled labor, poor maintenance and technical control. All these factors created conditions for rapid deterioration of machines and equipment. Under present conditions the following risks should be outlined:

- risk of technical breakdowns and halting of the production process;

- unprofessionally adapted electromechanical safety devices lower significantly the level of safety; the risk of serious injury to employees is increased;

128

- the inadequate service routines and low level of preventive maintenance on large units and assembly lines has a negative effect on quality. This leads to significant waste in these factories.

The following measures should be undertaken:

- replacement of unreliable assemblies and components and a radical replacement of unreliable electromechanical safety devices.

- machine operators should possess the necessary qualifications and be capable of performing routine service and maintenance procedures.

Introducing these developments will create beneficial opportunities for efficient use of available machinery under modern conditions and the need for large scale investment in total re-equipment should be minimized.

Group 2 Factories are being managed along the lines of a small number of single unit, high efficiency machines or, in some rare cases, assembly lines. Their machine shop condition resembles to a great degree the one encountered in Group 1. Differences arise from the use of simpler machinery whose technical maintenance does not require high skill qualifications. The work process usually binds the operator to the overall serviceability and reliability of the machine rather than to the production processes. As a result, the condition of machinery in Group 2 factories is on the whole significantly better than in Group 1 despite the degree of obsolescence or the unprofessional adaptation of certain components.

Development potential here is related to:

- a complete technical assessment of machinery and the replacement of unreliable components.

- obsolete machines should be replaced gradually by new models of higher efficiency.

These measures will make Group 2 factories more flexible, up-to-date and competitive producers of a wide range of high quality furniture.

Group 3 and Group 4 Factories exploit a mixture of machinery including both some very obsolete and some modern units. These factories are mostly private furniture manufacturers. They have sprung into being solely as a consequence of the enterprising spirit of Bulgarians who start from little else than a few machines and negligible experience but will rapidly find their way into achieving an enviable status of completeness with regard to the technological set up of their factory. Compromises in routine servicing and preventive maintenance are almost unthinkable here. As a result, problems in these factory groups are encountered most of all in the actual physical obsolescence of machinery.

Development potential is related to:

- increasing the levels of technical safety;

- the introduction of universal up-to-date machines.

Up-to-date machinery is characterized by digital operation, reduced energy consumption and high precision of treatment. When combined with well selected cutting tools and handling mechanisms, multi-purpose machines of this kind can easily be transformed into specialized units.

5.2. Management and Process

Cabinet furniture and wood article production

The groups of furniture factories vary in the basic equipment, machines and technological lines used in the different technological phases. Table 8 shows the major machinery types for the production stages in each factory group where 'x' stands for availability of the respective machinery type.

Table 8

Technical sophistication of the four groups of cabinet furniture wood article manufacturers				
Production Stage and Machinery	**group 1**	**group 2**	**group 3**	**group 4**
DRYING				
drying chambers	x	x	-	-
air drying areas	x	x	x	x
SAWING				
template line	x	-	-	-
circular saw support	x	x	x	-
multiblade saw	x	x	-	-
universal machines: band saw, thickening machine, planer, circular saw, lathe	x	x	x	x
PRESS AND PREPARATION				
press assembly	x	-	-	-
daylight press	x	x	x	-
veneer preparation	x	x	-	-
SECOND MECHANICAL TREATMENT				
assembly line	x	-	-	-
double trimming circular saw	x	x	-	-
drilling unit	x	x	-	-
beading machine	x	x	x	-
assemblage press	x	x	x	-
single unit machines: cutters, circular saws, drilling machines	x	x	x	x
GRINDING				
assembly line	x	-	-	-
single unit machines	x	x	x	x
SURFACE TREATMENT				
varnishing line	x	-	-	-
varnishing machine	x	x	-	-
squirt cabin	x	x	x	-
varnish grinding line	x	-	-	-
PACKAGING				
automated equipment	x	x	-	-
TRANSPORT WITHIN THE FACTORY				
roller conveyors	x	x	-	-
hydraulic cars	x	x	-	-
engine and battery driven trucks	x	x	-	-
other single unit machines	x	x	x	x
ASPIRATION	x	x	x	x
DIGITAL MACHINERY	x	x	x	-
Technical Sophistication Rating	92 - 100%	54 - 70%	20 - 42%	15 - 19%

The technical sophistication factor has been introduced as a conventional way of defining the manufacturing standards of the separate groups of factories depending on the available machinery and components required for furniture production. The employed measuring unit is based on the full set of major machines, units and lines for the respective production stages, which is available in Bulgaria and has been effectively installed in some plants.

Factories classification according to group and technical sophistication	
Factory Group	**Average Technical Ratio of Sophistication**
GROUP 1	96%
GROUP 2	62%
GROUP 3	31%
GROUP 4	17%

The availability of the relevant machinery, determining the technological level of individual companies, has been established through on-site observations and reviews of the respective technical documentation of a selected number of factories.

Typical characteristics and potential for change

Management and technical sophistication levels of **Group 1 Factories** suggest production of large batch articles. Technical sophistication, on the other hand, makes possible the processing and integration of the main furniture components such as planks, wooden particle slabs, natural veneer, metal, textile and plastic into finished articles. One such factory is in fact closing the full cycle of furniture manufacturing in a given region. It should be pointed out that this factory group involved in frame furniture production is capable of manufacturing natural veneer furniture with a high quality of surface treatment: beading, finishing. The flood of artificial surface articles creates a great demand for the natural veneered furniture.

The major problem here, and especially where frame furniture production is concerned, is rooted in the low intensity of machinery usage (Graph 3). Production has lowered considerably under the extremely reduced home market demand, reduced export of one-type furniture for the Russian market and transition from state to private ownership. Readjusting machines and assembly lines for manufacturing small batches (which is one possible solution) is inconsistent with the original design of these factories. This creates difficulties for the manufacturers and reduces further the usage of machinery.

Development possibilities lay in establishing flexible structures and an entirely innovative management and process scheme. The assembly lines typical of Group 1 (template lines, veneer lines, press lines, second mechanical treatment lines and finishing lines) can easily be used not only for furniture production, but also for the production of components and semi-finished articles for sale as end products.

Management and processes changes should include the following options:

- replacement of certain machines within the same managerial framework;

- full restructuring of production units;
- partial managerial changes;
- full scale managerial changes leading to continued use only of the premises, the major machinery and the communication network.

Group 2 Factories have the technical and management potential for flexibility and the simultaneous production of different furniture types in small batches. They are characterized by a high degree of machinery utilization (Graph 3). High efficiency machines are usually used for the processes of cutting and, occasionally, surface treatment where batch manufacturing is less significant. These factories are well equipped to produce high quality natural veneer furniture.

Major problems are related most of all to:

- incomplete range of machinery;
- flawed technological sequence: criss-crossing of varied technical streams;
- imperfect transport within the factory.

The development possibilities of this particular group are currently the best since they result from the combination of factors like small batch production, individual responsibility, single unit machines grouped around production stages and high efficiency machines in sections which are not dependent on batch production.

This group can easily undergo the following changes:

- replacement of certain machines;
- introduction of new machines to complement all product stages;
- partial restructuring which does not require major technical and construction alterations;

Premises and warehouses in these factories allow for full scale restructuring and the introduction of new technologies, which makes these factories highly suitable for investment.

Group 3 Factories resemble closely Group 2 in their management and processes characteristics but differ significantly in terms of technical sophistication. Hence, they specialize in the manufacturing of semi-finished articles like plate components with predesigned surfaces (veneered, laminated, lined).

Major problems are related to the necessity for technical improvements. The rapid development of these predominantly privately owned factories sometimes leads to managerial chaos: production processes are often performed simultaneously with the replacement of machines, premise restructuring, experiments in new technologies, adjustments and methods. A substantial proportion of these factories operate above their capacity which is a promising feature for development possibilities such as:

- fast adaptation of new machines, methods and technologies;

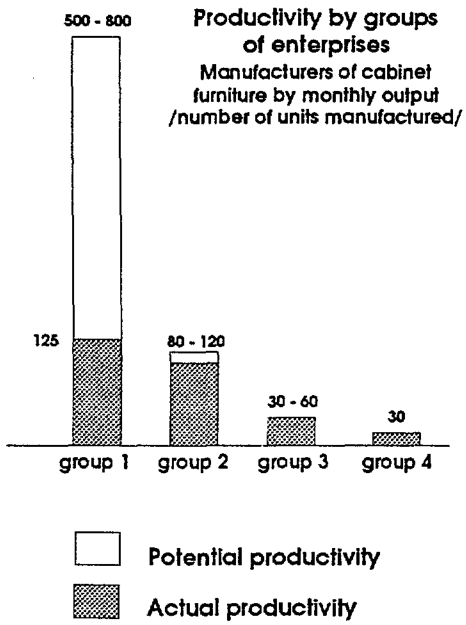
- development of new product lines and achievement of high quality;

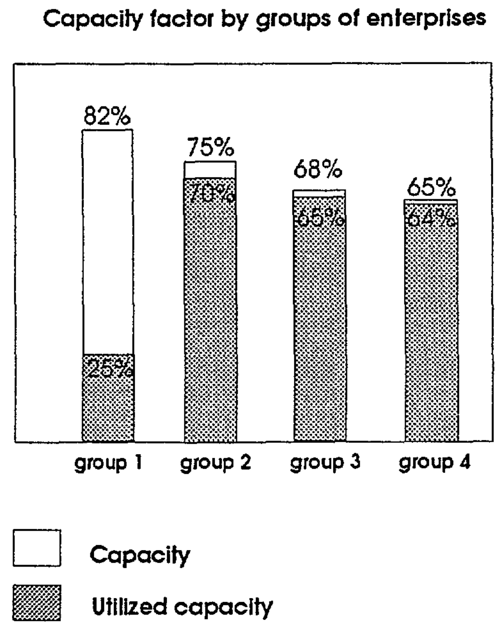
- possibilities for co-operation and specialization.

Factory premises meet all requirements for the introduction of managerial and technical changes.

Group 4 Manufacturers are comparable to Group 3 where development possibilities are related to larger scale managerial and technical changes. Factories of this group are rarely of adequate production standards. Improvements can be directed at further development of the major workshops and warehouses.

Graph 3





Standard capacity and utilization levels of machinery and equipment by group types are based on the established labor efficiency rates and norms for furniture manufacturing enterprises.

Actual productivity and utilization rates of machinery and equipment by group types have been established through direct chronographed on-site observations of a selected number of factories.

Upholstered furniture

Upholstered furniture does not differ significantly from other kinds of production. Only Group 1 factories have assembly lines for textile cutting. the remaining production stages are performed in separate workplaces. Technical sophistication levels in the different factory groups affect the volume of production.

Manufacturing of non-wood furniture

The number of manufacturers in this group is small. Technically they should belong to groups 1 and 2.

6. FURNITURE MANUFACTURING PERSONNEL AND MANAGEMENT

6.1. Personnel

Furniture manufacturing workers receive their training from: the two General Technical Secondary Schools (GVSS) where they study *furniture making* for 2 years, and from Higher Technical Secondary Schools (HVSS) where they acquire qualifications in *furniture manufacturing* after a period of 3 year's study.

Personnel with secondary specialized technical education receive their training from: Higher Woodworking and Interior Design Vocational Schools; Forestry and Woodworking Vocational Schools; and Woodworking Vocational Schools where they study *furniture manufacturing, interior design, woodcarving, upholstering, decoration and restoration of style furniture* and *woodwork* for 4 years.

The Higher Woodworking and Interior Design Secondary School of Sofia produces secondary education specialists in *Interior design*, which is studied for 5 years.

The country's network of vocational secondary schools graduate annually about 40 furniture makers, 780 furniture workers, 460 secondary education specialists in furniture production, 180 secondary education specialists in interior design and 120 woodcarvers.

Furniture manufacturers are thus able to employ qualified personnel. Unfortunately, a significant proportion of the secondary school graduates do not pursue work in the area. A fraction of these have recently directed their efforts towards starting their own business in furniture production and trade.

Experts with a higher education graduate from the Forest Engineering University of Sofia. The first majors in *Woodworking Mechanics and Technology* (established in 1948) graduated in 1952. The number of graduates in the same field (combining wood processing, furniture manufacturing and machinery for a 5 year's period of study) had reached 3800 by 1996. This education is equivalent to a Master's degree.

In 1973 *Furniture Manufacturing* became a separate profile within Woodworking Mechanics and Technology and produced 917 graduates in the period 1977-1996.

At present Bulgaria's higher education is undergoing a transition in accordance with the High Education Law of January 1, 1996.

Higher education experts in furniture manufacturing are trained at the Forestry and Economics Faculties at the Forestry Engineering University of Sofia. Students are offered:

- a Bachelor's degree in:
    - wood processing and furniture manufacturing engineering;
    - forestry management engineering.

134

- a Master's degree in:
    - Woodworking Mechanics and Technology;
    - Woodprocessing Machinery and Equipment;
    - Interior and Furniture Design;
    - Business Management.
- a Ph.D. course:

    Wood Processing and Furniture Manufacturing, Interior and Furniture Design, and *Business Management* followed by a dissertation.

These courses started in the academic year 1996/1997. The first graduates should be expected to complete their education in the year 2000.

Assessments of personnel training and application in furniture manufacturing over the last few years (see Table 9) show a trend towards increasing employment opportunities in the private sector. Employment patterns will change drastically as a result of mass privatization in 1996 and 1997.

Table 9

Furniture Manufacturing Personnel				
Year	Employed Personnel			
	Total Number	in Public Sector	in Private Sector	Share of Private Sector
1990	22,373	22,373	N/A	N/A
1991	20,767	20,767	N/A	N/A
1992	18,132	18,132	N/A	N/A
1993	16,042	15,779	263	1.64 %
1994	15,134	15,610	324	2.03 %
1995	16,313	15,214	1,099	6.74 %

Personnel at all management levels have a good theoretical and practical background in the field of furniture production processes but their management skills are often inadequate, especially under the conditions of market economy.

The start of the transition showed that Bulgarian business managers, including those in furniture manufacturing, lack the knowledge and experience to work under market conditions. Rapid retraining programs are a must. Special courses of various kinds have started running since the beginning of the 90s but none have yet started in furniture manufacturing. Hence, the insufficient number of managers and experts in the field who are qualified to do business successfully.

Staff at medium and small private factories are the most promising and reliable. They are usually good professionals who are eager to increase the level of their managerial qualifications and improve their market related skills.

Business Management students will meet the country's demand for better experts in the area. Those who have already completed their university education, as well as unqualified company managers (especially of small private companies) should be continuously offered qualification and retraining courses in

135

the field of management, marketing, advertising, distribution, accounting, price/cost formation, financial management, business planning, small company management.

6.2. Management

The managerial structure of furniture manufacturing have not changed since the very start of furniture factories. A typical management lay-out of the different factory groups is presented in Appendix B.

The management structure of the factories in Group 1 includes all the necessary components for a working administration. Common features are the still overstaffed administrative units, double subordination of specialists, and sometimes confused and irrational functional and hierarchic relationships. The result is inaccurate behavior due to unclear definition of rights and responsibilities of employees and specialists, waste of hours of work, and social tension.

The management structure of the factories in Group 2 in most cases resembles the structure of Group 1. However, they have a more clearly defined and better functioning administrative personnel.

The main feature of the factories in Group 3 and Group 4 is inadequate administrative staff. A number of different functions and duties are combined within one office, and especially in the case of Group 4 factories, that leads to the neglect of key management functions.

Administrative personnel being extremely insufficient, certain functions in those groups are performed by outside specialists and units.

Lack of familiarity with the business environment coupled with the day-to-day struggle for survival made managers of the former state factories adopt strategies devoid of any attempt at planning - a practice which is incompatible with good management at the end of the 20th century.

Management of private companies is gradually adapting to accommodate market requirements such as considering consumer demand, expectations, orientations towards high quality of products etc. Their managers are becoming accustomed to a very dynamic style of working life. Some medium and small private companies are now able to react quickly to changes in the market or consumer tastes and needs. They are not only adjusting to the existing markets, but are also actively seeking out new ones.

Another peculiarity of the present period is the small number of administrative staff in a large number of medium and small companies. The number of people involved in business administration is usually much lower than previously thought necessary.

7. FURNITURE MARKET

7.1. Factors influencing the furniture market

The furniture market is functioning in a controversial and in most cases, a disadvantageous environment. The major factors determining the sales of furniture in Bulgaria are the following:

a) The country's general economic situation hampers demand for long-lasting commodities, including furniture.

According to the National Statistical Institute, the real income of the population in the 1990-1995 period decreased by half. Purchase of furniture changed in direct proportion. (see table 10 and table 11)

Table 10

Change in the real income of the population compared to 1990					
Year	1990	1992	1993	1994	1995
Change (%)	100	65.6	63.2	55.5	50.7

Table 11

Pieces of furniture purchased per 100 households				
Items / Year	1992	1993	1994	1995
kitchen cabinets	3.91	3.63	3.26	2.85
suites of furniture	1.08	0.6	0.84	0.48
furniture sets	1.48	0.88	N/A	N/A
cabinets	2.87	2.71	N/A	N/A

b) There is no government interest in the furniture market

Until a few years ago, the state tried to intervene in the distribution of furniture through an implicit agreement with the state enterprises and organizations to buy furniture manufactured only by the state factories. Barter deals against raw materials were also frequent. With the strengthening of the market mechanisms and privatization that approach gradually died off. At the present stage, the only outstanding issue is the restitution of the forests. If the appropriate law is adopted, changes in the distribution of wood as the main raw material for furniture manufacturing will be inevitable.

c) The existing institutional environment does not create the necessary precondition for normal market relations.

There are only two specialized laboratories for the testing of furniture in the country - in Sofia and Plovdiv. They have a limited capacity and technical potential. It is quite frequent that entire exported shipments of Bulgarian furniture are returned because of non-conformity with international quality standards or the absence of a reliable accompanying certificate.

Shipments are usually not accompanied by an ecological certificate. On the domestic market there are still cases of sales of furniture, manufactured with bad quality glue that is injurious to health.

137

There is no system for the protection of consumers from poor quality goods.

In addition, there is no adequate national information system for demand and supply. Data on furniture suppliers, manufacturers and dealers can be found only in the press and company guides that are often unreliable. Information on the different countries' importation requirements and standards is often not easily obtainable.

d) Foreign furniture manufacturers and dealers in the Bulgarian market

e) The change in the ownership of some of the large furniture manufacturing enterprises has undermined the long established market traditions for their product.

f) The absence of a traditional foreign market has led to the limitation of the export possibilities and therefore to the decrease of total demand for furniture.

g) The high criteria of the western market with regard to the quality of materials used and surface processing has created a dependency by enterprises on foreign suppliers.

h) Another difficulty the Bulgarian furniture exporters are facing is the demand to buy cheap raw materials from Bulgaria rather than end-products.

There is a discrepancy between the market demand and the furniture companies, technical capabilities and product flexibility. Smaller furniture manufacturers often fail to meet production deadlines and experience problems with raw materials supplies. Large batch producers, on the other hand, turn in large quantities of a product that the market cannot absorb.

i) Other important factors affecting the furniture market, are the absence of a market strategy, policy and advertising.

The development of entrepreneurship had a favorable influence on the market in the past few years. The thousands of newly established offices, hotels and shops in the country need furnishing. The geographic location of the manufacturers facilitates the sale of furniture commodities. Building big enterprises near transport communication centers is an advantage both for the delivery of the raw materials and the shipment of the end-products.

138

7.2. Domestic market

Sales

In 1995 the total furniture sold in Bulgaria amounted to over USD 80 million which is an increase of 47% compared to 1992. An unfavorable trend that is affecting the Bulgarian manufacturers, is the constant increase of the share of the sale of imported furniture on the domestic market.

The volume of the furniture sold is determined both by quality and the variety of marketing techniques. In order to attract buyers, big manufacturers use the prices and customer loyalty. This is very characteristic for the smaller manufacturers of so called popular priced furniture. The newly-established ambitious private companies and the foreign branches in Bulgaria gain from advertising campaigns.

At the end of 1996, there were 100 private companies registered, dealing only in the trade of furniture. A large number of the manufacturers and many other tradesmen also carry out trade with furniture and furniture products. In Sofia alone, there are 62 specialized furniture shops.

Unfortunately, there is no statistical data available on the total number of retailers in the country or their product lines.

Competition

Furniture manufacturers sell their product in a highly competitive environment and a very limited internal market. In past years, big foreign companies opened trade offices in Bulgaria. These are Neoset, Aatrium-Greece, Ikea-Sweden, Kochen - Germany, Sato-Greece, Bureau Market - Belgium, Dromeas - Greece, Radop - Italy, Fursys - Korea, Mascani - Italy, and others. Imported furniture is of considerably higher quality in terms of design, color range and material. The strongest competition is in the field of office and bank furnishings, kitchen cabinets and upholstery.

Distribution

The most preferred distribution channel is "manufacturer-retailer-consumer". Nearly all the big enterprises have opened their own shops. A wide practice is retail sale from manufacturers' warehouses.

Only manufacturers with large series production and available stock sell to wholesalers on consignment. Private manufacturers in most cases work to order, with a down payment. They also manufacture upholstery with materials supplied by the client. Small manufacturers collect orders trough the shop network.

Large traders of imported furniture sell through their own shops and in some cases hire warehouse and showroom areas.

In the past couple of years, a tendency is observed in carrying out retail trade entirely in specialized furniture shops. The first chains of furniture stores have started to appear. Bulgarian furniture merchants are impeded by high rents whereas importers of renowned brands have the financial resources to use all the market's capacities.

In the last few years, the number of 'Do-it-yourself' shops have been decreasing, although in our opinion, at this stage, the sale of furniture assembly components has exceptionally good prospects in Bulgaria.

Domestic market consumers

Consumers of furniture products, by type of investment possibilities, can be divided into three groups:

1. *Mass consumer*

Statistical data shows that this group comprises over 85% of the population. These are people with low incomes and scanty savings. The larger number considers the purchase of furniture on functional and pricing principles. This is the market that large manufacturers with bulk series production and small enterprises for custom-made furniture are trying to service. However, an interesting phenomenon can be observed - the decrease in the production of cheap series furniture. In their ambition to modernize their product, large companies are about to lose this large market segment.

2. *The emerging middle class*

About 10% of customers have above average incomes. They have savings, and they have established their own tastes in contemporary furniture. This group comprises higher educated people, intellectuals, and businessmen. Their decision in making a purchase is determined by price, function and design, material and originality of the furniture. A determining factor is adequate advertising. In most cases demand is satisfied by private manufacturers and imports. Despite stagnation, the 'middle class' has not curbed its budget for furniture. Expectations are that this group of customers will grow very quickly in the future.

3. *Upscale customers*

Not more than 5% of the furniture customers can afford to choose the best the Bulgarian market can offer. Their purchase of furniture is determined not by price but quality. However, studies show that upscale customers do not believe in the quality of the furniture offered on the Bulgarian market. They frequently import all their furniture. These customers buy from the Bulgarian market chiefly unique, period and futuristic furniture. In order for Bulgarian manufacturers to attract such customers, they must use contemporary materials and technologies, to seek new designs and appropriate advertising.

With the expanding of entrepreneurship, the demand for furniture for commercial uses (offices, hotels, restaurants, etc.), has become very important. There is a great demand for that type of furnishing but there is still no clear view of the market needs.

Pricing

Studies show that in the past few years price has been one of the major factors that determined the sales of furniture in the country. Different factors influence the pricing of furniture and that is why prices for the same product can vary by 5 times.

Materials used

More expensive pieces and goods for export are manufactured with high quality imported and Bulgarian raw materials. Depending on the destination of the end-product, the privatized enterprises use materials of different quality and offer different prices. In most cases the objective is to put in quality materials which determine the higher prices of their products.

Quantity and source of raw materials

The price of products of private companies is also negatively influenced by the relatively small quantities of raw materials purchased. In most cases the deliveries of raw materials are done by a distributor charging higher prices and not the manufacturer or the importer of raw materials.

Owing to the high cost of the materials, a trend has been observed recently toward the decrease of orders for the big companies, too. That fact has resulted in a general rise in prices of furniture on the market.

Factory overhead

The allocation of costs of maintaining a large administrative staff along with the costs of maintaining fixed assets account for a major portion of total costs. Private companies are in a more favorable situation. The drop in sales of the privatized companies and some smaller workshops is making it difficult for them to cover their overhead costs. Increasing the prices of their product will further reduce the demand for them.

Cooperative activities

The inability of private companies to complete the entire manufacturing process by themselves is forcing them to seek cooperation in production which is raising the cost of the end-product. However, that factor does not influence the privatized enterprises in pricing.

Market Research

With the exception of the foreign companies interested in the furniture market, there is no clear marketing strategy in the furniture industry in Bulgaria. The absence of marketing specialists and the high cost of market research does not allow even the bigger private companies to develop a thorough marketing plan. That is why one of the main goals of the new trade associations in the furniture industry is to assist its members in market research and advertising.

In our opinion, in the near future, market research will be a must for the continued growth of all companies. The expectations are that marketing departments will be created in the bigger companies and market problems will be prioritized.

Risk is associated chiefly with the absence of well-trained specialists in marketing. In a number of cases, the reluctance of company executives to disclose sensitive company sales information to independent marketing consultants, can also present a problem.

Promotion of furniture goods

Promotion costs account for an insignificant share of the expenses of furniture making companies. Advertising is done mainly by the big manufacturers that are traditionally exporting furniture and the private companies with larger volumes of production.

The Bulgarian furniture manufacturers and tradesmen advertise their products in a very limited way. The most widespread type of advertising is the distribution of printed material, the participation in exhibitions and advertising in the press. Some of the bigger companies have set up their own showrooms.

The advertising of furniture products suffers from two main shortcomings:

- manufacturers and salesmen are not looking for the best suited forms of advertising; and

- the quality of the specific advertising product has not been important to the company.

The Plovdiv Fair is considered as the best opportunity for the presentation of furniture. In 1996, 34 private furniture companies participated in the fair against only 2 in 1991.

A number of specialized exhibitions are also organized in the big cities like the 'Architecture, Construction and Furnishing' Exhibition, 'Our Home' and 'Office 2000' in Sofia, 'Everything for Tourism and Recreation' in Varna and other exhibitions. With a few exceptions, those events do not have much influence on the more important manufacturers and tradesmen.

Only a few Bulgarian furniture manufacturers advertise in international furniture fairs. In most cases they rely on the advertising catalogues.

7.3. Foreign market

The furniture manufacturing industry has a favorable foreign trade turnover structure. Unlike the average results for the country, furniture exports considerably exceed the value of imports. (see table 12)

Table 12

Exports/Total Foreign Trade Turnover					
Year	1992	1993	1994	1995	1996
exports /total foreign trade turnover of furniture manufacturing (%)	78.5	65	62.3	60.6	70.5
total exports/total foreign turnover of the country (%)	46.7	43.9	48.8	50.3	N/A.

7.3.1. EXPORTS

General structure of exports

The Bulgarian furniture products are well accepted on the foreign market. Furniture exports account for under 1% of the total exports of the country, but it is firmly represented in the export product structure. (see table 13)

Table 13

Exports of furniture to total exports of the country					
Year	1992	1993	1994	1995	1996
% of total exports	0.69	0.71	0.63	0.70	0.67

Although slow and irregular, exports have been increasing in terms of value. (see table 14). Traditionally it has been the large manufacturers who have established export businesses. Now the direction of the private sector is to use better quality materials and modern designs in an effort to increase their furniture exports.

Table 14

Exports volume (in million USD)					
Year	1992	1993	1994	1995	1996
	27.01	26.33	25.06	37.22	31.24
% Change compared to 1992	100	97.5	92.8	137.8	115.7

The stagnation of the domestic market in the past few years resulted in the development of furniture production for export. The trade strategies of the larger private manufacturers are also export-oriented. The share of export-oriented furniture from the total sales of furniture manufacturing companies has been increasing. (see table 15)

Table 15

Export-oriented furniture / Total sales of furniture manufacturing companies				
Year	1992	1993	1994	1995
% of total sales	36.1	33.2	33.7	39.5

There is no reliable source that can monitor the share of private manufacturers. Until last year, the established practice of larger companies to charge different prices for the domestic and the foreign markets, led the exporters to buy goods at domestic market prices and to subsequently export them without the manufacturer's knowledge. In this way, internal accounting statistics of manufacturers did not reflect the real quantities of exported production.

Irregular and often, incidental exports of goods by smaller private manufacturers also presents an obstacle for the drawing of more definite conclusions on furniture exports by sectors.

Structure of exports by product type

(See Appendix C1)

A change has been seen in the make-up of export products. The reason for the change is the direction of private firms towards exporting chairs and mattresses (see table 16). Until 1990 chairs were exported mainly by two big manufacturers - Hemus in Troyan and Pirinska Mura in Bansko, and the furniture manufacturing industry did not have big traditions in quality upholstery.

The export furniture product structure was determined solely by the requirements of the Russian market.

Table 16

Export of furniture products by Item Groups					
Item Group / Year	1992	1993	1994	1995	1996
chairs and seats (%)	17	14	18	29	24
suites of furniture (%)	82	85	80	65	70
spring-beds, mattresses (%)	1	1	2	6	6
TOTAL:	100	100	100	100	100

By type, furniture exports are characterized by two main tendencies: (i) decrease of the percentage of exported kitchen cabinets in favor of other household furniture and (ii) increase of furniture parts. (see table 17)

Table 17

Exported furniture by types					
Type / Year	1992	1993	1994	1995	1996
metallic office furniture (%)	2.3	1.3	0.9	1.6	1.4
metallic other (%)		4.0	3.9	4.5	2.2
wooden office furniture (%)	2.6	4.0	6.0	2.6	3.4
wooden kitchen cabinets (%)	34.5	22.3	27.4	29.0	19.9
wooden bedroom cabinets(%)	15.4	22.5	13.1	15.2	18.1
wooden other (%)	42.7	42	41.8	39	47.0
plastic furniture (%)		0.3	1.4	1.4	0.4
rattan, bamboo furniture(%)	1.1	1.5	1.3	1.6	0.9
components (%)	1.4	2.1	4.2	5.1	6.7
TOTAL:	100	100	100	100	100

Furniture exports consist mainly of pieces of furniture made of wood.

The industry's production structure predetermines the low percentage of furniture made of metal, plastic and rattan (see table 18).

Table 18

Exported pieces of furniture products by type of base material used					
Base material / Year	1992	1993	1994	1995	1996
wood (%)	96.6	92.8	92.3	90.6	94.9
metal (%)	2.3	5.4	5	6.4	3.8
plastic (%)	0.3	1.4	1.4	0.4	
rattan, bamboo (%)	1.1	1.5	1.3	1.6	0.9
TOTAL:	100	100	100	100	100

Geographic allocation of exports

(See Appendix C2)

In the past few years, Bulgarian furniture has been sold in over 70 countries in the world. Unlike the other branches of industry, furniture manufacturing quickly re-oriented its markets and managed to establish stable trade contacts in countries like Austria, France, Germany, Great Britain and others (see table 19) . In 1996, exports to Europe accounted for 87% of the total export of furniture products. Exports to the Middle East and other countries in Asia amounted to 10%.

Table 19

Furniture exports by countries					
Country (% of total exports)/ Year	1992	1993	1994	1995	1996
Germany	15.7	13.5	15.7	9.5	9.6
Russia	11.1	16.8	17.0	11.3	7.5
Austria	8.4	6.4	4.3	7.6	11.2
France	8.0	6.2	8.1	8.6	8.8
Sweden	7.4	3.2	5.4	4.1	3.7
Great Britain	6.7	6.9	6.8	8.0	10.6
Greece	4.3	2.4	4.5	15.4	2.3
Others	38.4	44.6	38.2	35.5	46.3
TOTAL	100	100	100	100	100

At the present stage, Bulgarian furniture products do not have a material share of the total sales of furniture abroad chiefly because of the insufficient quantities of furniture manufactured in compliance with European standards in Bulgaria. At the same time however, certain types of furniture products have achieved very good positions on the international markets. Such items are furniture made of hardwood. The rustic furniture items for kitchens, drawing rooms and the outdoor furniture, manufactured by Mebel Rustic, are sold through the Ikea catalogues. The Bulgarian manufacturers' carved period furniture also arouses interest.

7.3.2. IMPORTS

General structure

Imports of furniture is an insignificant part of the country's total imports. However, with the exception of 1996, the imports relative share is increasing. (see table 20)

Table 20

Share of imports of furniture compared to the country's total imports					
Year	1992	1993	1994	1995	1996
% of total imports	0.165	0.297	0.363	0.428	0.254

The relative share of imported furniture has increased in the past years compared to the furniture manufactured in Bulgaria. (see table 21) On the one hand, the fact is due to the liberalization of the foreign trade regime and on the other hand, to the sharp drop in the production volumes of the big state-owned enterprises during the transition period toward privatization.

Table 21

Share of imported furniture compared to total quantity of furniture in the country				
Year	1992	1993	1994	1995
% of total quantity of furniture in Bulgaria	8.7	15.9	17.6	22.4

In the past years, the total volume of imports has been unstable (see table 22). The decline observed in 1996 is due mainly to the unstable exchange rate of the US dollar and the drastic impoverishment of the population on due to the accumulated negative developments in the country's general economic environment. It is expected that the trade turnover in the furniture manufacturing industry will continue the favorable tendency of development, observed until 1996.

Table 22

Furniture import volume (in million USD)					
Year	1992	1993	1994	1995	1996
	7.38	14.15	15.17	24.23	13.09
% Change compared to 1992	100	192	206	328	177

Product structure of imports

(See Appendix C3)

Furniture articles represent the largest share of the total imports of furniture. The insufficient production of mattresses and non-wooden chairs determines the increase of imports of that group of items. (see table 23)

Table 23

Import of furniture products by Item Groups					
Item Group / Year	1992	1993	1994	1995	1996
chairs and seats (%)	14	17	14.6	26.2	16.3
suites of furniture (%)	84.5	82	83.5	69.1	80.3
spring-beds, mattresses (%)	1.5	1	1.9	4.7	3.4
TOTAL	100	100	100	100	100

A characteristic feature of the product structure of imports is the tendency toward decreasing the percentage of products made of plastic and the increasing of imports of rattan goods. In the last two years, the orientation of the Bulgarian manufacturers towards the production office furniture explains the decrease in the imports of office equipment. The monotony of kitchen furniture manufactured in Bulgaria, has oriented dealers to the importation of such items. There is a favorable tendency toward the increase of imports of furniture assembly components which shows the ambition to assemble the end-product in Bulgaria. (see table 24)

Table 24

Imported pieces of furniture products by types					
Type / Year	1992	1993	1994	1995	1996
metallic office furniture (%)	15	15.8	13.6	14	8.2
metallic other (%)	5.9	4.2	2.3	3.5	14.7
wooden office furniture (%)	30	35.7	35.4	29.5	22.6
wooden kitchen cabinets (%)	5.6	6.4	10.2	9.2	12.7
wooden bedroom cabinets(%)	4	2.2	3.7	6.3	4
wooden other (%)	19.5	20.4	19.2	22.5	19.4
plastic furniture (%)	15.8	9.2	5.8	4.5	5
rattan, bamboo furniture(%)	1.1	2.7	2.1	2.3	4.4
components (%)	3.1	3.4	7.7	8.2	9
TOTAL:	100	100	100	100	100

Countries-exporters of furniture to Bulgaria
(See Appendix C4)

In Bulgaria furniture is imported from over 60 countries. The largest importers of furniture are Italy, Greece and Germany. In the past few years a tendency is observed toward the stabilization of the relations with Macedonia. Bulgaria's traditional trade partner, Russia, has sharply reduced its import to the country. (see table 25)

Table 25

Furniture imports by countries					
Country (% of total furniture imports) / Year	1992	1993	1994	1995	1996
Italy	17.6	24	29.8	25.6	30.3
Greece	27.2	24.3	20.6	13.9	14.7
Germany	11.3	10.9	13.4	10.1	20.2
Austria	5.6	4.6	2.9	3.9	2
Russia	5.5	1.7	0.3	0.2	0.6
Macedonian	2.8	9.7	13.8	27.5	2
France	2.8	6.6	3.2	3.9	3.4
Others	27.2	18.2	16	14.9	26.8

Imports of furniture are expected to decrease in favor of the increase of furniture components. A rise in the imports of rattan goods is also expected due to their limited production in Bulgaria.

The status of the furniture market allows us to believe that the unfavorable influences can be overcome and that in the future, the Bulgarian tradesmen and manufacturers can expect better sales.

Recommendations :

- Creation of adequate supporting environment:
    - Development of an information data-base on manufacturers, retailers and exporters;
    - Exchange of information, expertise and literature with foreign specialists in furniture manufacturing market relations;
    - Creation of new testing laboratories and refurbishing of the existing ones.
- Cooperation of furniture manufacturers for joint deliveries of raw materials and fulfillment of orders for the foreign market
- Pooling of manufacturers and tradesmen for joint market reset and joint advertising;
- Marketing and advertising consultancy assistance.

8. FINANCIAL AND ECONOMIC STATISTICS

8.1. Ownership and Capital Structure

(See Appendix D1, D6)

At the end of 1995 total capital of furniture making enterprises amounted to USD 105.215 million, or 0.44% of the total capital of all the enterprises in the country. Compared to 1992, the dollar value of the industry's total capital is maintained relatively at the same level.

The private sector had 6.8% of the total capital in the industry in 1994, and 10.1% at the end of 1995. The low amount of the registered owner's equity of private companies is due to legislation that has remained unchanged since 1991 in spite of the quick devaluation of the national currency. The enterprises' most preferred forms of registration are one-man businesses and partnerships. There are also many limited liability companies in which the required capital, calculated at the 1995 exchange rate to the USD, amounts to USD 745.

In the past few years owner's equity is developing unfavorably against the total capital in the industry. While in 1992 owner's equity accounted for 66.6% of capital, in 1995 it dropped to 57%. The shortage of financial funds and the general indebtedness are particularly obvious in the private sector. The debt-to equity rate in the private sector dropped sharply from 1.5 in 1994 to 0.87 in 1995. However, in absolute values, owner's equity marked a rise in 1995 compared to 1994, and at the end of 1995 it was 46% of total capital. (see table 26).

Table 26

Owner's Equity to Total Capital Ratio (%)				
Year	1992	1993	1994	1995
Total for the country /non-financial sector/	N/A	N/A	58	53
total for the industry	67	65	65	57
public sector	N/A	N/A	65	58
incl. mass privatization	N/A	N/A	69	61
private sector	N/A	N/A	60	46

In the general structure of owner's equity in the industry, there is a tendency towards the decreasing of the relative share of capital in favor of an increase of reserves and profit.

In the 1992-1995 period, borrowed capital in the furniture industry rose by USD 10 million. Such an increase is due mainly to the increase of liabilities. (see table 27)

Table 27

Debt-to-Equity Ratio				
Year	1992	1993	1994	1995
Total for the country /non-financial sector/	N/A	N/A	1.4	1.1
total for the industry	2	1.8	1.8	1.3
public sector	N/A	N/A	1.9	1.4
private sector	N/A	N/A	1.5	0.9

The private companies do not limit the scope of their business activities to the level of their possibilities. An ambition is observed to finance more large scale investment projects by way of long-term borrowing and the deferring of payments. The owner's equity in that sector cannot cover the value of fixed assets (the 1995 ratio was 0.84). Loans by firms in 1995 increased three times compared to 1994. Owner's equity in the private sector covers long-term loans only 4.8 times as per the 1995 balance sheet (the average for the industry for the same period was 20.2.).

8.2. Structure of Property

(See Appendix D2, D3, D6)

At the end of 1995, the total assets of the furniture enterprises amounted to USD 51 million, of which 98.3% were tangible assets. The general devaluation of the fixed assets dollar value in the period 1992-1995 was about 23%. 1993 was the most favorable year in that period with respect to the structure of property since buildings, land, machines and equipment were purchased and as a result, the residual value of fixed assets increased by nearly USD 20 million compared to 1992.

Buildings and land accounted for the largest share of the industry's fixed assets in 1995 - 69%, followed by machines and plant equipment - 23%.

At the end of 1995, the public sector had total assets amounting to USD 45 million. In reality, the assets value is much larger. The last assets revaluation was made in 1991 under a special government decision. In spite of the high inflation, the next total revaluation of assets is expected to be made in 1998. On the other hand, most of the fixed assets in the sector were introduced some 20 years ago and according to the depreciation norms in the country, they have already been depreciated over the number of years of expected use and therefore they are not included in the enterprises' balance sheets.

Equipment in the public sector is gradually becoming out of date. For the 1994-1995 period alone, the fixed assets value decreased by 20%.

Despite the devaluation of the national currency, the dollar worth of fixed assets in the private sector is growing. In 1995 it increased by 44% compared to 1994, and at the end of 1995, the private companies had fixed assets with a residual value of USD 5.9 million which is 11.4% of the total fixed assets in the industry.

In 1995, buildings and land accounted for the largest share of the fixed assets structure of the private sector - 44%, machines and equipment - 27%. At this stage, private companies are investing more in technical equipment. According to our observations, a large part of the tangible assets in the private workshops are not reflected in the consolidated statistic reports on the industry. Actually, the Bulgarian private manufacturers do not enter the accounting value of the equipment and the transport vehicles with which they start their business as fixed assets. Unlike the state companies, the private firms own not only tangible but financial assets, too. The special preferences on government securities has made the owners of private companies buy securities.

At the end of 1995, total current assets of the furniture companies amounted to USD 33.24 million. In the past few years the dollar value of current assets has been gradually increasing. The increase being mainly as a result of accounts receivable.

The major part of the short-term assets in the furniture industry is formed by inventory and production. The industry is facing serious problems with the management of inventories. On the one hand, there is not sufficient cash to purchase necessary quantities of raw materials. On the other hand, the instability of sales and the lack of buffer reserves, are leading to material losses of production. The maintenance of optimum inventory reserves is also negatively influenced by inflation and the deficiencies of the market mechanism in Bulgaria. The constant changes in the prices of the main raw materials, the deficit of some imported materials, the differences in the quality of the supplied materials and other factors compel the firms to deliberately make inventory reserves. A big problem for the maintaining of inventory reserves in the industry is the absence of an adequate legislative base for the revaluation of short-term assets. Because of tax limitations, materials are usually calculated in primary cost at a historical value and that leads to inadequate profits from sales. This phenomenon is particularly adverse for companies that use imported materials. At the same time, decreased consumption does not allow for an increase in prices.

Current assets in the public sector are determined chiefly by the increased inventories and the diminished consumption of materials resulting from the reduction of production.

In 1995, private companies had accumulated almost 50% more inventory reserves compared to 1994. The accumulation of inventory reserves in the private manufacturers warehouses is explained by their fear of the negative impact of inflation and their desire to guarantee quick responce to customer demand. However, private companies suffer from insufficient warehouse space for storage of inventory.

In spite of the difficulties, a favorable tendency has been observed recently towards the increase of inventory turnover in the manufacturing industry. (see table 28).

Table 28

Inventory Turnover			
Year	1993	1994	1995
total for the industry	3.9	3.9	5.2
public sector	N/A	N/A	5.1
private sector	N/A	N/A	6.3

Liquidity

In the past years, the companies in the furniture industry have been constantly facing difficulties in paying their bills. Neither the private nor the state-owned firms have enough available capital to cover current liabilities. Liquidity ratios in the industry are well below acceptable for normal operation of the companies. 1995 was particularly unfavorable for the private sector. (see table 29 A,B,C)

Table 29

A. Current Ratio (Short-term Assets(short-time Debt Ratio)				
Year	1992	1993	1994	1995
total for the industry	0.99	0.81	0.97	0.84
public sector	N/A	N/A	0.97	0.85
private sector	N/A	N/A	0.92	0.78

Table 29

B. Quick Ratio (Short-term Assets and reserves / Short-time Debt Ratio)				
Year	1992	1993	1994	1995
total for the industry	0.32	0.29	0.45	0.34
public sector	N/A	N/A	0.46	0.34
private sector	N/A	N/A	0.40	0.29

C. Cash Ratio (Current Accounts Receivable (short-time Debt Ratio)				
Year	1992	1993	1994	1995
total for the industry	0.08	0.07	0.12	0.10
public sector	N/A	N/A	0.12	0.10
private sector	N/A	N/A	0.16	0.10

8.3. Income, Expenses and Profit

Income

(See Appendix D5, D7)

In 1995, the furniture industry realized a total income of USD 104 million. In recent years, the income of the furniture manufacturing companies has been progressively rising. Despite the general economic stagnation, the total income increase in the industry in 1995 compared to 1992, was by 26.4%. Operational income accounted for the highest increase - by 26.7%, and extraordinary income accounted for the smallest increase - 18.5%. In 1995, 12% of the total income was realized in private companies, while the remaining 88% - in state-owned and cooperative firms.

In the last few years, the structure of total income in the furniture industry has remained unchanged. About 96% of the income is generated from operations, financial income is below 1% and about 3% are from extraordinary operations. In terms of income structure, there is no significant difference between the private and the public sector.

In the 1992-1995 period, net income from sales increased by about 20%. considering that during the period under review, the dollar value of the prices of uniform furniture were maintained comparatively at the same levels, we can say that the increase of income was chiefly as a result of the volume of sales of the existing enterprises and the expansion of entrepreneurship. The income from sales increased also as a result of the introduction of new products, produced from more expensive imported materials.

In 1995, there was a sharp rise in investment costs for the acquisition of fixed assets. 59% of the total investment costs in the industry were made in the private sector.

There is no apparent tendency toward changes in inventories of production and work in progress.

Income from gains in exchange rate fluctuations have a significant influence on the financial income, chiefly due to the industry's export-oriented production. Limited spare capital and cash is the reason for the low income from interest.

Expenses

(See Appendix D4, D7)

Although insignificant, expenses of furniture manufacturing enterprises have changed in the past few years. The 1995 the expense increases compared to 1992 are at their highest in extraordinary expenses - 45%. In the same time, there was drop in the absolute values of financial expenses.

Expenses for operations in 1995 accounted for 88.3% of the total expense structure in the industry, while in the private sector they were a little higher - 91.8%. Dollar value expenses by economic elements, increased almost at the same rates. Of the total expenses in the industry, the largest share is that of expenses for materials - 63%, followed by expenses for wages and social security - 22%. The low share of depreciation of the total expenses is due to the inadequate depreciation policy, imposed by the tax legislation.

There is a difference in the structure of expenses for operations of the private and the public sector (see table 30-A,B,C). The private companies' limited production capacities force them to coop a part of their activity with other companies and that fact reflects in their structure of expenses by an increase in the relative share of expenses for external services at the expense of materials and wages expenses. Practically speaking, the Bulgarian private companies officially report only part of their labor costs and that explains the comparatively low amount of those expenses in the production structure compared to the state-owned enterprises.

Table 30

A. Materials usage ratio (Direct material costs / Total operations expenses)				
Year	1992	1993	1994	1995
total for the industry	0.64	0.6	0.6	0.62
public sector	N/A	N/A	N/A	0.64
private sector	N/A	N/A	N/A	0.50

B. Labor cost ratio (Direct labor cost/ Total operations expenses)				
Year	1992	1993	1994	1995
total for the industry	0.22	0.26	0.24	0.22
public sector	N/A	N/A	N/A	0.23
private sector	N/A	N/A	N/A	0.15

C. Source and application of funds ratio (Depreciation / direct labor costs)				
Year	1992	1993	1994	1995
total for the industry	0.06	0.13	0.12	0.10
public sector	N/A	N/A	N/A	0.09
private sector	N/A	N/A	N/A	0.16

The furniture industry is inefficient. In the past few years, the enterprises could not cover their costs although a tendency can be observed toward the rise of efficiency rates. In 1995 the expense ratio in the private sector was a little higher than in that of the state-owned enterprises. (see table 31)

Table 31

Expense Ratio (Total Income/ Total Expense Ratio)				
Year	1992	1993	1994	1995
total for the industry	0.9	0.87	0.94	0.95
public sector	N/A	N/A	N/A	0.95
private sector	N/A	N/A	N/A	0.99

For the past years, the furniture industry has been working at a loss. There was a favorable development in 1994 and 1995 when gross loss decreased almost by a half compared to 1992. The loss incurred in 1994 and 1995 was entirely due to extraordinary and financial operations. The industry has been slowly stabilizing and realizing profit from sales. In 1995 the private sector accounted for over 10% of the total gross profit from sales.

Profitability results in the furniture manufacturing enterprises also show serious problems in the functioning of enterprises. Despite the trend toward improvement, the profit margins are still negative.

The lowest return is the return on debt capital.. (see table 32-A,B,C,D)

The private sector has better financial and economic results than the public sector.

The low profitability in the public sector results mainly from structural production problems, the high material costs and the preserving of large personnel pools that do not allow the production of larger volumes.

Table 32

A. Gross profit margin (Gross Profit/ Net Sales Ratio)				
Year	1992	1993	1994	1995
total for the industry	-0.12	-0.16	-0.06	-0.06
public sector	N/A	N/A	N/A	-0.06
private sector	N/A	N/A	N/A	-0.01

B. Return on investment (Net Profit/Total Assets Ratio)				
Year	1992	1993	1994	1995
total for the industry	-0.09	-0.1	-0.06	-0.06
public sector	N/A	N/A	N/A	-0.07
private sector	N/A	N/A	N/A	-0.02

C. Return on equity (Net Profit / Equity Ratio)				
Year	1992	1993	1994	1995
total for the industry	-0.14	-0.15	-0.09	-0.11
public sector	N/A	N/A	N/A	-0.11
private sector	N/A	N/A	N/A	-0.05

Table 32

D. Return on debt capital (Net Profit/ Total Borrowed Capital Ratio)				
Year	1992	1993	1994	1995
total for the industry	-0.28	-0.27	-0.17	-0.14
public sector	N/A	N/A	N/A	-0.16
private sector	N/A	N/A	N/A	-0.04

The financial and economic data based on the accounts of the enterprises in the industry, give grounds for the following conclusions:

- the furniture manufacturers are in a very difficult situation;
- it is chiefly external factors that are influencing the industry;
- the private sector has a potential for development;
- the acutest problem of the private companies is the shortage of cash; and
- the state-owned firms need refurbishment of the equipment and internal organizational changes.

RECOMMENDATIONS FOR FLAG ASSISTANCE

1. AT INDUSTRY LEVEL

Assistance in setting up of a national institution, dealing with problems of the furniture manufacturing industry and with the following main tasks:

- Creation of a data bank on suppliers, manufacturers and merchants;
- Collecting and systematizing industry information on economic, production, labor and other industry indicators;
- Collecting information on sales of Bulgarian furniture abroad, foreign expertise in furniture manufacturing and trade, etc.;
- Setting up of testing labs;
- Lobbying for the passage of the necessary bills, regulating imports of raw materials, distribution of wood supplies, the protection of Bulgarian manufacturers, etc.;
- Development of a national strategy of the furniture industry;
- Publication of specialized literature, magazines and other material;

2. AT SCIENTIFIC UNITS LEVEL

Assistance in expanding activities of existing scientific institutions:

- Creation of a Training Center for managers in the furniture industry and marketing and advertising experts;
- Methodological aid in preparation of industry analyses and projects;
- Training of managers.

3. AT ASSOCIATION LEVEL

- Assistance in setting up of new associations;
- Assistance in the management of newly founded associations:
- Development of strategies, organizational structures, working procedures, finance management, advertising, etc.
- Establishment of international contacts, assistance in supplying of raw materials, sales, etc.

4. AT COMPANY LEVEL

Assistance in the companies management :

- strategy, planning, control, internal information, management structures, etc.
- Finance management;

- Marketing, creation of new marketing strategies, advertising and product promotion;
- Staff planning, selection and training;
- Management of production quality and efficiency;
- Technical assistance in valuation and purchases of technical equipment.

THE FURNITURE INDUSTRY CAN BE HELPED IN THE FOLLOWING WAYS:

- Supplying of literature;
- Organization of training seminars for managers and specialists;
- Consultancy assistance by US specialists
- Visits of Bulgarian executive officers to similar companies in USA;
- Consultancy aid in development of business plans, required for loan applications;
- Financial help for projects of national importance.

ALL PRIVATE COMPANIES (privatized companies, cooperatives and newly founded firms), ASSOCIATIONS AND SCIENTIFIC AND RESEARCH UNITS NEED HELP.

APPENDICES

159

STATE COMPANIES

COMPANY	SETTLEMENT	ADDRESS	TEL.
Achat MBI JSC	Sofia	20, Jelezopatna str.	396041
Amblo LTD	Lovech	Mizia bul.	068 2246
Borela C LTD	Sevlievo	70, Republika str.	0675 8161
Darvorezba LTD	Teteven	8, P. Mihailova str.	0678 4752
Defiplast LTD	Teteven		
Desislawa LTD	V. Tirnovo	7, Nisch str.	062 4001
Detski mebeli & uchenicheski posobia LTD	Kavarna	60, Bulgaria str.	0570 3280
Dograma 91 LTD	Burgas	17 Odrin str.	056 25201
Eldominvest JSC	Varna	277,Varnenchik bul.	052 448095
Incoms JSC	Mezdra		0910 3050
Ipoma JSC	Sofia	7, 5009 str.	427111
Javor Lipen LTD	Montana	46, P. Hitov str.	096 22098
Kamenz 91 LTD	Dimitrovgrad	94, Rakowski str.	0391 4077
Kiril & Modi LTD	Elena	8, 3-rd Mart str.	06151 2136
Kom LTD	Sliven	V. Levski Square	044 29279
Komfort Zlatni Piasatzi	Varna	Sveti Konstantin kompleks	052 861306
Lomonosow LTD	Pleven	Industrial kvartal	064 25524
Metal JSC	Varna	Zapadna Promoschlena zona	052 44 00 24
Metalika	Pleven	36, Panega str.	064 23791
Mebel Luxe LTD	Sofia	205, Stambolijski bul.	211830
Napredak LTD	Trastenik		2510
Niprotorgo	Sofia	3, 31 January str.	754751
Osogovski Buk LTD	Kustendil	7, Industrialna str.	078 22507
Pima JSC	Montana	78, Industrialna str.	096 22544
Pirinski Buk GD LTD	Gotze Delchev	G. Delchev str.	0751 7596
Predpriatie za proizwodstvo na mebeli JSC	Sofia	38, St. Planina str.	
Progres AM JSC	Plovdiv	2, Pravda str.	032 233131
Progres Razgrad LTD	Razgrad	Industrialen kvartal	084 22593
Puldin M JSC	Plovdiv	2, K. Ficheto str.	032 553303
Ruen DMP LTD	Kustendil		078 27550

APPENDIX A1/1

STATE COMPANIES

COMPANY	SETTLEMENT	ADDRESS	TEL.
Seprina LTD	Septemvri	92, Chr. Botev str.	0356 2333
Shadom LTD	Blagoevgrad	Promoschlena zona	073 27656
Sokola JSC	Peshtera	1, Han Presian str.	0850 5992
Sokola JSC	Cherven briag	Industrialen kvartal	
Sredna gora JSC	St. Zagora	2, Kalojanovo schosse str.	042 27257
Staria Dub LTD	Targovishte		0601 22414
Trud LTD	St. Zagora	Septemvrijtzi park	042 22421
Vertical	Kazanluk	30, 23 Shipchenski pehoten polk str.	0431 27213

APPENDIX A1/2

STATE COMPANIES - by range of production

COMPANY	ARTICLE	MATERIA	CHAIRS, TABLES	KITCHEN	LIVING-ROOMS	BED ROOMS	NURSER	CORRI-DOR	OUTDOO	HOTEL, REST.	TRADE NET.	OFFIC	EMPLO MENT	CAPITA th lv
Achat MBI JSC	cabinet furniture	metal												1000
Amblo LTD	cabinet furniture	wood		x									20	1708
Borela C LTD	cabinet furniture	wood												
Darvorezba LTD	cabinet furniture	wood			x									
Defiplast LTD	supplementary production/cabinet furniture	wood		x	x	x						x		
Desislawa LTD	supplementary production/ upholstered furni	wood,metal			x	x					x	x	200	6229
Detski mebeli & uchenicheski poso	cabinet furniture- furniture for schools	wood,metal,plastic			x						x			5806
Dograma 91 LTD	supplementary production/ cabinet	wood		x	x	x	x	x					140	29141
Eldominvest JSC	supplementary production/ cabinet furniture	metal	x		x					x	x	x		
Incoms JSC	supplementary production/cabinet furniture	metal,yellow metal												
Ipoma JSC	cabinet furniture	plastic	x											3872
Javor Lipen LTD	cabinet furniture	wood											75	1018
Kamenz 91 LTD	cabinet furniture	wood		x			x							1086
Kiril & Modi LTD	cabinet furniture- furniture for schools	wood,metal			x	x	x				x		100	
Kom LTD	supplementary production/	wood												
Komfort Zlatni Piasatzi	cabinet furniture	wood								x	x		25	5770
Lomonosow LTD	cabinet furniture- furniture for schools	wood,metal									x			7512
Metal JSC	supplementary production/services,обков	metal												
Metalika	cabinet furniture	metal									x			
Mebel Luxe LTD	cabinet furniture	wood												
Napredak LTD	cabinet furniture	wood	x							x				
Niprotorgo		wood												
Osogovski Buk LTD	supplementary production/cabinet furniture	wood											15	
Pima JSC	cabinet furniture,upholstered furniture	wood	x	x	x	x			x				2000	29842
Pirinski Buk GD LTD	supplementary production/ services	wood											50	
Predpriatie za proizwodstvo na mebeli JSC														1000
Progres AM JSC	cabinet furniture	metal				x						x		1000
Progres Razgrad LTD	cabinet furniture,upholstered furniture	wood		x	x	x								
Puldin M JSC	cabinet furniture,upholstered furniture	wood		x	x	x	x	x		x		x	500	34000
Ruen DMP LTD	cabinet furniture	wood												
Seprina LTD	supplementary production/services	wood											20	889
Shadom LTD	supplementary production/cabinet furniture	wood			x	x							230	1711

APPENDIX A1/2

STATE COMPANIES - by range of production

COMPANY	ARTICLE	MATERIA	CHAIRS, TABLES	KITCHEN	LIVING-ROOMS	BED ROOMS	NURSER	CORRI-DOR	OUTDOO	HOTEL, REST.	TRADE NET.	OFFIC	EMPLOMENT	CAPITA th lv
Sokola JSC	supplementary production/ cabinet furniture	wood		x				x						
Sokola JSC	supplementary production/ cabinet furniture	wood		x									147	
Sredna gora JSC	cabinet furniture,upholstered furniture	wood	x	x	x	x	x	x					380	7072
Staria Dub LTD	cabinet furniture,upholstered furniture	wood	x		x	x								15004
Trud LTD	cabinet furniture	wood,glass		x		x								2957
Vertical	supplementary production/medical equipme	metal												

APPENDIX A2/1

MUNICIPAL COMPANIES

COMPANY	SETTLEMENT	ADDRESS	TEL.
Avroleva LTD	Topolovgrad	70, Bulgaria str.	0470 2947
Glazne LTD	Bansko		07443 2289
Doksa JSC	Tvarditza	Idustr. kvartal	0454 2323
Dubnitza MM	Dabnitza		0751 26997
Jordan Mishev LTD	Yambol	37, In. Vojvoda str.	046 36272
Mebel LTD	Dupnitza	5, Samoranska str.	0701 22080
Mebel LTD	Pleven	Idustr. kvartal	064 23130
Mebel LTD	Sofia	5, Samuil str.	832236
Jawor LTD	Teteven		0678 2445
Nevrokop JSC	Gotze Delchev	21, Solun str.	0751 23040
Tich Trud LTD	Gorna Orjachovitza	61, Ot. Pajsij str.	0618 41551
Tich Trud LTD	Shumen	19, Rijki Prohod str.	054 63034

APPENDIX A2/2

MUNICIPAL COMPANIES - by range of production

COMPANY	ARTICLE	MATERIA	CHAIR TABLES	KITCHEN	LIVING-ROOMS	BED ROOMS	NURSER	CORRIDOR	OUTDO	HOTEL REST.	TRAD NET.	OFFIC	EMPLOYMENT	CAPITA th lv
Avroleva LTD	supplementary production/ cabinet furniture	wood	x	x			x	x						1570
Glazne LTD	cabinet furniture	wood			x	x					x			
Doksa JSC	supplementary production/cabinet furniture,upholstery	wood	x	x					x				70	5946
Dubnitza MM	cabinet furniture	wood												
Jordan Mishev LT	cabinet furniture,upholstered furniture	wood		x	x	x	x	x		x		x		50
Mebel LTD	cabinet furniture,upholstered furniture	wood	x		x	x								
Mebel LTD	cabinet furniture,upholstered furniture	wood		x	x		x				x			2391
Mebel LTD	cabinet furniture,upholstered furniture	wood	x		x	x								
Jawor LTD	supplementary production/ cabinet furniture	wood												
Nevrokop JSC	supplementary production/ cabinet furniture	wood											130	2240
Tich Trud LTD	cabinet furniture,upholstered furniture	wood		x	x	x	x							5887
Tich Trud LTD	supplementary production/services-cabinet furniture	wood	x		x					x				
	upholstery													

65

APPENDIX A3/1

COOPERATIVES

COMPANY	SETTLEMENT	ADDRESS	TEL.
Alfa 75	Varna	11, Tzarevetz str.	
Anchialo 92	Pomorie		0596 2374
Balkan	Triavna	152, A. Kanchev str.	0677 2035
Bor	Vidin	Zapadna promischlena zona	094 23911
COOPles COOP	Aitos	Ind. zona	0558 2678
Dilo Jotov	Toros		343
Edinstvo	Parvomai	14, Orfej str.	0336 2251
Elektromal COOP	Russe	81, Sv. D. Basarbovski str.	082 237150
Geo Milew	Radnevo	7a, 3-rd Mart str.	0418 2155
Georgi Andrianow	Belitza		07397444 2215
Izgrev	Karnobat	3, Bulgaria bul.	0559 2372
Izkustvo	Sliven	14, St. Karadja str.	044 22467
Izkustvo-Trojan COOP	Trojan		
Jantra TPK	Gabrovo	4, Balkan str.	066 24410
Jawor TPK	Karamanitza		076 20325
Masiv COOP	V. Tirnovo	71, N. Gabrovski str.	062 43878
Mebel	Smolyan	2, Rodopi str.	0301 24653
Mebel COOP	Plovdiv	2, K. Ficheto str.	032 553086
Mebel COOP	Sofia		
Mebel LTD	Silistra	Ind. kvartal	086 25292
Mebel-Shumen COOP	Shumen	2, Industrialna str.	054 61359
Mebel-Trojan COOP	Troyan	44, Makedonia str.	0670 22358
Melnitzata	Belitza	4, Dimo Hadjidimow str.	07397444 2559
Mlada Sila	Sevlievo	36, M. Popov str.	0675 4601
Oswobojdenie COOP	Sofia	4, V. Petleschkov str.	474048
Parvi Maj	Svishtov		0631 44106
Parvi Maj	Septemvri	23, Bulgaria bul.	0365 2525
Petko Kunchev	Simeonovgrad		0378 3228
Progres COOP	Velingrad	222, Saedinenie bul.	0359 24485
Slawiansko Izkustvo	Russe	64, Chr. Smirnenski str.	082 225252
Swoboda	Pazardjik	11, Rakovski str.	034 54966
Tchervena Zvezda	Aksakovo		95113 2195
Vatreschna architectura	Sofia	8, Rabotnicheska klasa str.	279262
Vitas	Dermantzi		0697 5066
ZPRK FBDG COOP	Dralfa		0601 26671

APPENDIX A3/2

COOPERATIVES - by range of production

COMPANY	ARTICLE	MATERIA	CHAIRS TABLES	KITCHE	LIVING-ROOM	BED ROOMS	NURSE	CORRI DOR	OUTDOO	HOTEL, REST.	TRADE NET.	OFFICE	EMPLO MENT	CAPITA th lv
Alfa 75	upholstered furniture	wood									x	x		
Anchialo 92	supplementary production/ cabinet	wood								x				
Balkan	supplementary production/ cabinet	metal								x	x			
Bor	cabinet furniture,upholstered furnitu	wood												
COOPles	cabinet furniture,upholstered furnitu	wood	x						x		x			2040
Dilo Jotov	cabinet furniture,upholstered furnitu	wood	x	x	x									
Edinstvo	cabinet furniture	wood,metal							x					
Elektromal COOP	cabinet furniture	metal,gl	x	x	x			x	x	x	x		150	
Geo Milew	supplementary production/cabinet f	wood												
Georgi Andrianow	supplementary production/services	wood												
Izgrev	cabinet furniture	wood		x										
Izkustvo	cabinet,upholstered furniture	wood	x	x	x	x				x	x	x		
Izkustvo-Trojan	cabinet furniture-stylish furniture	wood	x											
Jantra TPK	upholstered furniture	wood				x								
Jawor TPK	cabinet furniture	wood		x	x	x						x		
Masiv COOP	cabinet furniture	wood		x	x	x	x	x		x	x	x		
Mebel	cabinet furniture	wood												
Mebel COOP	cabinet furniture	wood			x	x	x	x					170	
Mebel COOP	cabinet furniture	wood		x	x	x	x	x		x	x			
Mebel LTD	cabinet furniture,upholstered furnitu	wood	x		x	x								
Mebel-Shumen COO	cabinet furniture	wood	x	x	x	x	x	x				x	120	
Mebel-Trojan COOP	cabinet furniture	wood	x	x	x									
Melnitzata	cabinet furniture	wood												
Mlada Sila	cabinet furniture	wood		x										
Oswobojdenie COOP	supplementary production/cabinet f	wood		x	x	x	x							
Parvi Maj	cabinet furniture	wood												
Parvi Maj	cabinet furniture	wood												
Petko Kunchev	cabinet furniture	wood												

APPENDIX A3/2

COOPERATIVES - by range of production

COMPANY	ARTICLE	MATERIA	CHAIRS TABLES	KITCHE	LIVING-ROOM	BED ROOMS	NURSE	CORRIDOR	OUTDOO	HOTEL, REST.	TRADE NET.	OFFICE	EMPLOMENT	CAPITA th lv
Progres COOP	supplementary production/services	wood												58189
Slawiansko Izkustvo	supplementary production/cabinet f	wood			x			x						
Swoboda	cabinet furniture	wood												
Tchervena Zvezda	supplementary production/cabinet f	wood	x											
Vatreschna architectura														
Vitas	cabinet furniture-stylish furniture	wood	x					x						
ZPRK FBDG COOP	upholstered furniture	wood			x									

APPENDIX A4/1

PRIVATIZED COMPANIES

COMPANY	SETTLEMENT	ADDRESS	TEL.
Albena GT JSC	G. Toshevo	8, Jantra str.	05722 2342
Augusta Mebel JSC	Shoumen	21, Madara str.	054 62851
Bdin-mebel JSC	Vidin	Jujna prom. zona	094 27653
Breza JSC	Kardjali	Industr. zona	0361 22445
Briast D JSC	Dobrich	6, Pop Bogomil str.	058 22272
Bukelon M JSC	Haskovo	44, Saedinenie str.	038 32010
Dajana 91 JSC	Velingrad	2, Han Asparuch bul.	0359 22321
Delina JSC	Burgas	Komluschka nizina	056 45757
Dobrudjanska Mebel JSC	Dobrich	49, 23 Sept. bul.	058 27253
Dub JSC	Vratza	8, Schipka str.	092 47000
Dubrava 7 JSC	Dabovo		94333 235
Emos JSC	Lovech	Sev. ind. zona	068 24110
Harmonia TM JSC	Teteven	30, Varschetz str.	0678 2396
Hemus JSC	Troyan	Chervjanska laka str.	0670 22354
Interior M LTD	Sofia	3, Tzv. Antonov str.	33 83 20
Izkustvo DV LTD	Russe	2, Rojdestvenski str.	082 225082
Izkustvo JSC	Tryavna	160, A. Kanchev str.	0677 2495
Izkustvo LTD	Isperih	145, V. Levski str.	0835 2165
Javor JSC	Petrich	18, Mesta str.	0745 23196
Javor JSC	Varna	2, Oreh str.	052 440195
Kamchia Mebel JSC	V.Preslav	Promischl. zona	0538 2187
Korabno obzavejdane JSC	Provadia	Promischlena zona	0518 3118
Kupena JSC	Peshtera		0350 2323
Lesko Dub LTD	Roman		909123 2005
Lesko JSC	Sofia	114, Gornobanski bul..	230532
Lipa 38 LTD	Silistra	Tutrakanska str.	086 23713
Lipan LTD	Russe	2a, Duhovno vazrajdane	082 223978
Lipnik JSC	Russe	12, Vit str.	082 227722
Lipra JSC	Cherven brjag	Ind. kvartal	0659 2418
Ludogorie 91 JSC	Kubrat	68. Tzar Osvoboditel str.	0837 2710
Mebel Fab JSC	Blagoevgrad	3, Sv. D. Solunski str.	073 23392
Mebel JSC	St. Zagora	kv. Industrialen	042 22366
Mebel Krivodol JSC	Krivodol	14, D. Blagoev str.	0929117 2475
Mebel Luxe JSC	Sliven	3, St. Karadja str.	044 22520
Mebel Luxe JSC	Pazardjik	27, K. Russinov bul.	034 2 51 80
Mebel Rustik JSC	Sofia	15, Rojen bul.	382851
Mebel Sistemi JSC	Pazardjik	119. Stambolijski str.	034 51167
Mebelkom LTD	Yambol	12, Jambolen str.	046 2 40 83
Modis JSC	Harmanli	3, G. M. Dimitrov	0373 2251
Napredak Plovdiv JSC	Plovdiv	6, Rogojko schosse str.	32552868
Narodna Mebel LTD	Blagoevgrad	86, Al. Velichkov str.	0701 23556
Nezavisimost 40 JSC	Gabrovo	Bojka kv.	066 26829
Novita JSC	Omourtag	2, Kl. Ochridski str.	0605 2078
Orion Luxe LTD	Sofia	1, 3019 str.	273242
Parvi maj JSC	Glavinitza	4, Dunav str.	
Pipra JSC	Cherven bryag	Industr. kv.	0659 2120
Pirinska mura JSC	Bansko		07443 2261

APPENDIX A4/1

PRIVATIZED COMPANIES

COMPANY	SETTLEMENT	ADDRESS	TEL.
Pobeda VT JSC	V. Tirnovo	Magistralna str.	062 20300
Poles LTD	Popovo	Promischlena zona	0608 2286
Registracionna Technika LTD	Samokov	9, Jastrebetz str.	0722 26852
Republika Pleven JSC	Pleven	p.b. 217	064 22482
Ton LTD	Sofia	9, Iskarsko schosse str.	429079
Trajana 91 LTD	St. Zagora	1, Industrialna str.	042 21056
Trubna Mebel LTD	Lovech	Ind. kvartal	068 22401
Trud LTD	Berkovitza	Kazanite str.	0953 2462
Trud LTD		Kazanite str.	

10

APPENDIX A4/2

PRIVATIZED COMPANIES - by range of production

COMPANY	ARTICLE	MATERIAL	CHAIR TABLES	KITCHEN	LIVING-ROOMS	BED ROOMS	NURSERY	CORRI-DOR	OUTDOO	HOTEL, REST.	TRADE NET.	OFFICE	EMPLOY-MENT	CAPITAL th lv
Albena GT JSC	cabinet furniture	wood	x		x	x								2397
Augusta Mebel JSC	cabinet furniture,upholstered furniture,stylish furniture	wood	x	x	x	x						x	355	47977
Bdin-mebel JSC	cabinet furniture	wood	x	x	x	x	x	x				x	83	37831
Breza JSC	cabinet furniture	wood		x	x	x	x						72	76786
Briast D JSC	cabinet furniture,upholstered furniture	wood	x	x	x	x	x			x		x	125	44049
Bukelon M JSC	cabinet furniture	wood		x	x	x	x			x				60456
Dajana 91 JSC	cabinet furniture	wood		x										5389
Delina JSC	cabinet,upholstered furniture	wood			x	x	x			x			101	
Dobrudjanska Mebel JSC	cabinet furniture,upholstered furniture	wood	x		x	x	x			x		x	241	103047
Dub JSC	cabinet furniture	wood			x	x	x						155	36130
Dubrava 7 JSC	cabinet furniture	wood			x	x	x	x					57	8999
Emos JSC	cabinet furniture,upholstered furniture	wood,metal			x	x	x	x		x		x	397	99166
Harmonia TM JSC	cabinet furniture	wood		x	x					x	x	x	757	13408
Hemus JSC	cabinet furniture	wood	x											54312
Interior M LTD	cabinet furniture,upholstered furniture	wood		x	x	x			x			x	300	7955
Izkustvo DV LTD	cabinet furniture,upholstered furniture	metal	x	x								x		4734
Izkustvo JSC	cabinet furniture,upholstered furniture- stylish furniture	wood		x	x	x	x	x	x			x	230	22806
Izkustvo LTD	cabinet furniture,upholstered furniture	wood		x	x	x	x	x	x	x	x	x	100	1576
Javor JSC	cabinet furniture,upholstered furniture,stylish furniture	wood,ma	x	x	x								170	40660
Javor JSC	upholstered furniture	wood			x	x	x						337	112537
Kamchia Mebel JSC	cabinet furniture,upholstered furniture.	wood		x	x	x	x						77	14920
Korabno obzavejdane JSC	ship equipment,nonstandard equipment	metal,wood								x			71	32775
Kupena JSC	cabinet furniture,upholstered furniture	wood	x	x	x	x	x					x	106	13176
Lesko Dub LTD	cabinet furniture+wood processing	wood			x									50
Lesko JSC	cabinet furniture	metal									x	x	34	41635
Lipa 38 LTD	cabinet furniture	wood			x	x				x			120	2211
Lipan LTD	cabinet furniture	wood												
Lipnik JSC	cabinet furniture,upholstered furniture	wood,me	x		x	x	x			x		x	395	61774
Lipra JSC	cabinet furniture	wood		x									147	43171
Ludogorie 91 JSC	cabinet furniture,upholstered furniture	wood	x	x		x				x			280	71690
Mebel Fab JSC	cabinet furniture	wood		x	x	x	x	x					163	25761
Mebel JSC	cabinet furniture,upholstered furniture	wood		x	x	x	x	x		x	x		498	130190

APPENDIX A4/2

PRIVATIZED COMPANIES - by range of production

COMPANY	ARTICLE	MATERIAL	CHAIR TABLES	KITCHEN	LIVING-ROOMS	BED ROOMS	NURSERY	CORRI-DOR	OUTDOO	HOTEL, REST.	TRADE NET.	OFFICE	EMPLOY-MENT	CAPITAL th lv
Mebel Krivodol JSC	cabinet furniture	wood											43	3514
Mebel Luxe JSC	cabinet furniture	wood,me	x	x	x					x	x	x	65	7488
Mebel Luxe JSC	cabinet furniture	wood		x	x	x	x	x					257	32615
Mebel Rustik JSC	cabinet furniture	wood	x	x					x				350	2803
Mebel Sistemi JSC	cabinet furniture	wood,me	x							x	x		143	58261
Mebelkom LTD	cabinet furniture,upholstered furniture	wood			x	x						x		80870
Modis JSC	cabinet furniture	wood		x	x	x	x						129	39145
Napredak Plovdiv JSC	cabinet furniture,upholstered furniture	wood		x	x	x	x					x	520	71916
Narodna Mebel LTD	cabinet furniture,upholstered furniture	wood	x	x	x									4425
Nezavisimost 40 JSC	cabinet furniture	wood	x	x	x	x	x					x	162	5559
Novita JSC	tubular furniture,upholstered furniture,cabinet furniture	wood,me	x	x								x	180	24695
Orion Luxe LTD	cabinet furniture	wood	x		x	x					x	x		59946
Parvi maj JSC	cabinet furniture	wood											44	
Pipra JSC	cabinet furniture,upholstered furniture	wood		x	x	x	x	x					147	42908
Pirinska mura JSC	cabinet furniture	wood	x										500	128693
Pobeda VT JSC	cabinet furniture,upholstered furniture	wood		x	x	x	x	x				x	200	57607
Poles LTD	tubular furniture	metal			x	x	x							683
Registracionna Technika L	cabinet furniture	wood,me	x		x	x						x	327	119286
Republika Pleven JSC	cabinet furniture,upholstered furniture	wood			x	x	x	x	x	x	x	x	238	28652
Ton LTD	upholstered furniture, theatrical furnitures	wood				x					x			13567
Trajana 91 LTD	cabinet furniture	wood		x	x		x			x	x	x		35764
Trubna Mebel LTD	cabinet furniture,upholstered furniture	metal		x	x	x				x	x	x		8223
Trud LTD	cabinet furniture	wood	x										60	2213
Trud LTD	cabinet furniture	wood	x										60	2213

APPENDIX A5/1

PRIVATIZED COMPANIES
with additional furniture production activities

COMPANY	SETTLEMENT	ADDRESS	TEL.
Alumina JSC	Shumen	2-d industr. zona	054 63231
Batoj MP JSC	Batoshevo		0675 8052
Bules JSC	Burgas	Severozapadna industr. zona	056 26146
Darvoobrabotvane VT JSC	V. Tirnovo	Cholakovtzi kvartal	062 20277
Djingieritza JSC	Razlog	the road to Banja	0747 2192
Elprom-trafo JSC	Sofia	41, Rojen str.	381068
Eskos-dograma LTD	Sofia	6, 5009, str.	428181
Gabrownitza LTD	G. Sachrane		0431 28276
Gerila JSC	Varbitza	51, Sept. vastanie	2022
Javor ID JSC	Asenovgrad	Vazrojdentzi	0331 24757
Jundola 91 JSC	Velingrad	Industr. kvartal	0359 22039
Kamashit JSC	Silistra	78, Makarenko str.	086 27875
Kapitan Vojnowski JSC	Cherni Vit	Kap. Vojnovski	996906 321
Ksilema JSC	Oryachovo	the road to Selanovtzi	091 2112
Lesoplast JSC	Trojan		0670 22846
Mechomia 49 LTD	Razlog	13, Opalchenska str.	0747 2078
Mura DM JSC	Targovishte	Industr. kvartal	0601 22219
Obnova- Cherni Osam JSC	Cherni Osam		0670 272
Parvi maj 91 JSC	Plachkovtzi	93, St. Planina str.	3104
Pobeda S JSC	Septemvri	18, Saranovo str.	03561 2101
Rodopi JSC	Belovo	83, Osvobojdenie str.	03581 2081
Slavinia LTD	Targovishte	Gerena	0601 44074

APPENDIX A5/2

PRIVATIZED COMPANIES - by range of production
with additional furniture production activities

COMPANY	ARTICLE	MATERIAL	CHAIR TABLES	KITCHE	LIVING ROOM	BED ROOMS	NURSER	CORRI DOR	OUTDOO	HOTEL REST.	TRADE NET.	OFFICE	EMPLOY-MENT	CAPITAL th lv
Alumina JSC	supplementary production/cabin	metal									x			
Batoj MP JSC	supplementary production/ cabi	wood	x								x	x	86	24878
Bules JSC	supplementary production/cabin	wood		x	x	x	x	x	x	x			1116	331748
Darvoobrabotvane VT	supplementary production/cabin	wood											421	128642
Djingieritza JSC	supplementary production/. cabi	wood											68	11123
Elprom-trafo JSC	supplementary production/cabin	metal,gla	x		x					x		x	1010	373467
Eskos-dograma LTD	supplementary production/cabin	wood	x	x	x				x				200	100235
Gabrownitza LTD	supplementary production/uphol	wood	x		x								332	
Gerila JSC	supplementary production/cabin	wood											56	
Javor ID JSC	supplementary production/cabin	wood											159	
Jundola 91 JSC	supplementary production/cabin	wood											506	
Kamashit JSC	supplementary production/cabin	(bitter) osi	x						x				768	103585
Kapitan Vojnowski JSC	supplementary production/cabin	wood	x										64	
Ksilema JSC	supplementary production/cabin	wood											42	
Lesoplast JSC	supplementary production/	wood												
Mechomia 49 LTD	supplementary production/cabin	wood		x	x	x					x	x	186	9676
Mura DM JSC	supplementary production/cabin	wood			x	x	x						115	
Obnova- Cherni Osam	supplementary production/cabin	wood												
Parvi maj 91 JSC	supplementary production/cabin	wood		x									72	
Pobeda S JSC	supplementary production/cabin	wood											206	15288
Rodopi JSC	supplementary production/cabin	wood	x										109	
Slavinia LTD	supplementary production/cabin	wood,metal			x	x	x			x	x		130	

APPENDIX A6/1

PRIVATE COMPANIES

COMPANY	SETTLEMENT	ADDRESS	TEL.
Abanos	Sevlievo		
ABV & Ko LTD	Sofia	2, Biser str.	655756
Aigens J. Lukov	Tvarditza		0454 28 51
Akris	Sofia		334085
Al 2000 LTD	Sofia		
Alba LTD	Devin	50, Oswobojdenie str.	30414641
Alexander KL	Velingrad	Industr. zona	0359 25010
Alustyle LTD	Sofia	102, V. Levski bul.	466002
Amesid	Sofia	15, Haschove str.	220062
Amko	Shoumen	121, Tzar Osvoboditel str.	054 50150
Ampir	Sofia	157 Chr. Botev str.	310181
Arexim LTD	Plovdiv	118, Oswobojdenie str.	032 273749
Armcomers	Varna	70, Slivnitza str.	052 258632
Art Design	Montana		096 21164
Artemida	Silistra		086 23718
Askania	Sofia	59, Nischava str.	5815007
Aspekt-Piponkov	Pazardjik	2, N. Rajankov str.	034 24065
Astra Mebel	V. Tirnovo	V. Levski str.	066 25993
Atelie Botev LTD	Sofia	2, Rodina str.	465393
Avel LTD	Sofia		520853
Barok LTD	Plovdiv	7, Opalchenska str.	032 222414
Beko Export-import LTD	Blagoevgrad	10, V. Kolarov bul.	
Bikomp	Kiustendil	5, Mesta str.	078 23235
BMD	Pazardjik	23, v. Levski str.	034 20423
BMD	Plovdiv	100, Skopije str.	032 671212
Bobi Denchev LTD	Dryanovo	1-9, M. Rajkovich str.	0676 2148
Bojoni LTD	Varna	Chajka kv. bl.25	052 650471
Boris Ivanov	Plovdiv	4, Lev Tolstoj str.	032 260018
Borovz	Russe		082 268038
Bul Dekor LTD	Sofia	51, Cherni vrach bul.	683305
Bul Wood LTD	Troyan		
Business service LTD	Vratza	36, Sofroni str.	092 24195
Cantek	Sofia	54, G.M. Dimitrov bul.	737553
Century Holdinas LTD	Plovdiv		
Chinar	Trjavna		
Chuguline	Sofia	6a, Kamenodelska str.	399073
Dani	Bansko	5, Chuchuline str.	07443 2468
Daro	Sofia	135, Bulg. morava str.	313809
Dekora	Sofia		9559801
Delina 95	Sofia	103, Rojen str.	9360045
Denimpeks	St.Zagora	1, Tzar Simeon bul.	042 51171
Design D LTD	Plovdiv		032 620554
Despotov-M LTD	Sofia	126, Boris 3-d bul.	557081
Devil 91	Burgas	69, Ferdinandova str.	056 48301
Dias	Sofia		9559034
Dibos	Plovdiv	125, Nezavisimost str.	032 861035
Dimchev	Sofia	bl.9, Borovo	597196

APPENDIX A6/1

PRIVATE COMPANIES

COMPANY	SETTLEMENT	ADDRESS	TEL.
Dimitar Debeliashki	Teteven		0678 2314
Disal LTD	Sofia	68, Br. Miladinovi str.	310556
Djiis	Burgas	bl.6/b Vazrajdane komplex	
Djuli	Sofia	62, Ami Bue str.	518429
Dograma LTD	Russe	56,3-d March str.	082 224094
Domuzov & Sinove	Sofia	bl.11, Vl. Vazov bul.	467033
DRF Vrajdebna	Sofia	bl.116, H. Dimitar kv.	471888
Ekip 90	Vidin	103, Tzar Simeon str.	094 36647
Ekip M	Russe	2. Bulgarka str.	082 235805
Elena JSC	Varna	17, Saborni bul.	052 258686
Elfi-77	Plovdiv	8, H. Kubrat str.	032 23 86 98
Elis ing. group LTD	Sofia	35, Buntovnik str.	
Elisava LIZ	Varna	8, D-r Golovina str.	052 880868
Elit 92	Targoviste	15, Chr. Botev str.	0601 27719
Elit Dekor	St.Zagora	48, P. Evtimij bul.	042 40056
Elit JU	Vidin	5, R. Knjaginja str.	094 27811
Elitza	Vratza	2, Iv. Nenov str.	092 20483
Elki style Gazov	Sofia	23, Kukusch str.	208774
Embos	Gabrovo		066 38061
Eos	Sofia	5a, Prof. Rajnov str.	393968
Excel	Kazanluk	31, 24 August str.	0431 21197
Faj service LTD	Pazardjik	40, Dunav str.	034 56734
Faragers Bulgaria	Plovdiv		032 44 75 97
Faram LTD	Sofia	4, V. Levski str.	882470
Fedar	Varna	11, Dragan Tzankov str.	052 234070
Gama Christova & Co	Pernik	7, Rajko Daskalov	076 22105
GDJ Dobrev	St. Zagora	bl.71, Tri Chuchura kv.	042 46165
Gloub Industries LTD	Sofia	4, Montevideo str.	565081
Gospodinov & Sinove LTD	Dobrich	2, An. Stoyanov str.	058 77767
Heda comfort	Sofia	25, Ivajlo str.	656939
Hiite 91	Blagoevgrad	5a, Dame Gruev str.	073 62913
Himiplast	Kolokovetz		2101
Impos SB LTD	Sofia	39, Oborishte str.	438465
Insta LTD	Plovdiv	1, Prjaporetz str.	032 438179
Integral engeneering LTD	Sofia	bl.254, Em. Markov komplex	
Interior I	Sofia	20, Avitzena str.	687571
Intermodul LTD	Sofia	bl.9, Borovo	597196
Irakomfort			0357 5332
Jandi	Varna	42b, D. Jeljazkow str.	052 828851
Javor 222	Kubrat	11, Gagarin str.	0837 2703
Javor LTD	St.Zagora	Industrialen kv.	042 39410
Jo-ko K. Doktorov	Bansko	2, Ochrid str.	07443 5120
Julian Mazalov	Velingrad		0359 27942
Jumrukchal 2	Apriltzi		0670 26540
Juri Tomev	Plovdiv	Panaira	032 273259
Kalacerka	Kavarna	66, Bulgaria str.	0570 4278
Kam- N. Stojkov	Sofia	bl.251/g Em. Markov komplex	397416
Karabulev LTD	Pleven	6, Russe bul.	064 37462

APPENDIX A6/1

PRIVATE COMPANIES

COMPANY	SETTLEMENT	ADDRESS	TEL.
Kaza moderna	Plovdiv		
KiG LTD	Sofia	48, Vojv. mogila str.	574791
Klasicheska mebel	Sofia	Bankja	
Kobako D LTD	Sofia	11, Gurguljat str.	521123
Kochen LTD	Sofia	22a, Dondukov bul.	895591
Konsult engeneering M LTD	Sofia	26, Kojuch Planina str.	659848
Koral 99 LTD	Burgas	47, Industrialna str.	056 45062
Kosara M LTD	Sofia		
Kosina	Sofia	22, Andezit str.	688785
KPU Fenix	Sofia	Saedinenie str.	03181/2191
Kron 93	Pazardjik	2, Prespa str.	034 23456
Kronos	Plovdiv	4, Zname str.	032 433975
Kuvet	St. Zagora	bl.1, IPKU	042 23102
Kvalit LTD	St.Zagora	84a, L. Karavelov str.	042 39697
Lesko mex LTD	Sofia		664486
Lilia style LTD	Sofia	5, Karnigradska str.	871346
Lobos	Sofia	27 Tajga str.	390539
Logos	Gabrovo	7a, Makedonia str.	066 25455
Lordjina	Sofia	3, Mladost j.k.	749188
M Style	Bansko		0744 35095
Magazin za kuchnensko obzavejda	Varna	2, Gabrovo str.	052 259054
Mahagon	Kalekovetz		0993124 216
Makedonski	Asenovgrad	1 Il. Makariopolski str.	0331 27985
Malakov & sin	St.Zagora		042 51550
Maria MM JSC	Plovdiv	24, Komatevsko schosse	032 770676
Maria Stoeva	Sofia	54, G.M. Dimitrov str.	731263
Matrakom LTD	Sofia	2, Iv. Jonchev str.	477949
Mebeli Bergamin JSC	Sofia	2, Ilianski pat str.	366503
Mebelna compania Kedar	St. Zagora	103, H.D. Asenov str.	042 43209
Mebelna Kashta Dimow	Kazanluk	23 Schipch. polk str.	0431 24357
Melona-Gospodinow	Dobrich	2, An. Stoyanov str.	058 77767
Mig Ltd	Bansko		
Mila 909	Sofia		781745
MIM Buigaria LTD	Sofia	33, Geo Milev str.	9712291
Mirdana	St. Zagora	3a, Kiril & Metodi str.	042 51147
Mis Triawna	Tryavna		
Moscomco LTD	Sofia	122, Gornobanski bul.	223640
Motiv	Kiustendil	44, Gorotzvetna str.	078 26193
Mron LTD	Sofia	11, Djerman str.	368711
Multiform LTD	Sofia	14a, Srebarna str.	629013
Nagi LTD	Krichim		03145 2128
Nanto	Sofia	164, Slivnitza bul.	316183
Nick LTD	Sofia	48, K. Irechek str.	545180
Nicka 2	Smolyan		30127082
Nickrom LTD	Sofia	33, Geo Milev str.	736381
Niva tours karuzo LTD	Asenovgrad	9, Buzludja str.	0331 27895
Oksan	St. Zagora	17a, Dojran str.	042 52811
Omnil LTD	Troyan		

APPENDIX A6/1

PRIVATE COMPANIES

COMPANY	SETTLEMENT	ADDRESS	TEL.
ORT	Sofia	27, Kr. Sarafov str.	656659
Pinus LM LTD	Sofia	5, Arch. Milanov str.	656049
Planeks LTD	Varna	10, Solun str.	052 236054
Plastika designerska kashta LTD	Sofia	66, Bacho Kiro str.	832339
Poly F LTD	Sofia	20, Parensov str.	9801377
Pridiz LTD	Sofia	31, D. Vojnikov str.	669094
Prol 91 LTD	Shoumen	4, Han Kormissosch str.	054 69766
Rademo LTD	Varna	Dvoretz na sporta	
Radop LTD	Sofia	163, Rakovski str.	818022
Radop-Nikos LTD	Plovdiv	16, Trakia str.	032 227501
Raja	Pernik		076 23876
Razles LTD	Raslog	10, Bjala reka str.	
Rial	Dobrich		058 48424
Rro ujut	Yambol	1, Jambolen str.	046 22098
Rupchin & sinove	Bansko	3, St. Stambolov str.	07443 4419
Salix MX	Pleven	97, Gradinarska str.	064 24196
Sandi	Gabrovo		0662 4421
Sato-Bulgaria LTD	Sofia	5, Kalojan str.	804681
Sedia	Sofia		7555174
Sekvoja LTD	Montana		0583 0174
Shu gold parket LTD	Shumen		054 41811
Shu orbek LTD	Shumen		0546 8604
Simona 26	V. Tirnovo	20, Elin Pelin str.	062 39215
Sormak LTD	Teteven	65, Iv. Vazov str.	0678 2272
SRS	Plovdiv		
Stankov	Bodjuriste		07112 3019
Stefan Vasilev	Tryavna		
Stradise	Varna	3, Breza str.	052 449704
Style A LTD	Shoumen	107, Saedinenie str.	054 30154
Style M	Sofia	60, Iv. Assen str.	449247
Super Time LTD	Pernik	6, An. Stoyanov str.	076 20582
Tanja Delivalcheva	Haskovo	1, Chr. Botev str.	038 32052
Targovsko obzavejdane LTD	Pazardjik		
Tenis Bel LTD	Vratza	OKS	092 48054
Terra-art	Troyan	5, Han Asparuch str.	
Tilia	Varna	3, Drama str.	052 773856
Torex LTD	Sofia	1 N. Gabrovski str.	686048
Total Gatev & Iliev	Shoumen	71, Saedinenie str.	054 52177
Trafic LTD	Sofia	40, Latinka str.	650669
Trans codex LTD	Sofia	34, floor 3, Gurko str.	656039
Trimax LTD	Teteven		
Trubni mebeli - Chasten zavod	Plovdiv	50, Trakia str.	032 452007
Truvex	Sofia	113, Tzarigradsko schosse bul.	716651
Tzvan Iliev Arbi	Sofia		
Ujut Aleksiev	Sofia	68, Kiril & Metodi str.	831040
Ujut-D. Jeljazkov	Plovdiv	35, P. Petkov str.	032 237968
Vadi EN	Dobrich	2, Borjana str.	058 25666
Valiani	Varna	1, Cherna str.	052 226277

APPENDIX A6/1

PRIVATE COMPANIES

COMPANY	SETTLEMENT	ADDRESS	TEL.
Vals	Pazardjik	35, Gr. pazar str.	034 28534
Valtos	Varna	35, Tzari Brod str.	052 222578
Variant Luxe	Gabrovo	2, Acatziite str.	066 35180
Vedro	Vidin	Papundjijska str.	086 35031
Vega LTD	Slivnitza	2, Han Krum str.	0727 2428
Velga Dochev & Co LTD	Lovech	Mizia bul.	068 29116
Vesta Sofia	Sofia	62, Bregalnitza str.	206096
Vianda	Plovdiv	23, Zvezda str.	032 444956
Victor & Milena	Shoumen	Industr. zona	054 62071
Vidar Dianov & Co	Russe	14, Samokov str., bl. 25	082 708203
Vidichi Nick LTD	Velingrad	Chepino kv.	0359 22732
Vidiles LTD	Troyan		0670 8438
Virni	Plovdiv	15, Koprivschtitza str.	032 434884
Viston 90 LTD	Plovdiv		032 232435
Vizatel LTD	Sofia	13, Postojanstvo str.	737702
Zara D LTD	St. Zagora	Industr. kv.	042 35049
Zlatnia luki	Separeva Banya	20, St. Karadja str.	0701 25650
Zodiak LVT	Russe	23, Sinite kamani str.	082 443846
Zora KK	Bansko	Ind. zona	07443 4521

APPENDIX A6/2

PRIVATE COMPANIES - by range of production

COMPANY	ARTICLE	MATERIAL	CHAIRS, TABLES	KITCHE	LIVING-ROOMS	BED ROOMS	NURSER	CORRIDOR	OUTDO	HOTEL REST.	TRADE NET.	OFFICE	EMPLOYMENT	CAPITA th lv
Abanos	cabinet furniture	wood		x										
ABV & Ko LTD	cabinet furniture	metal										x		50
Aigens J. Lukov	?												10+	0
Akris														0
Al 2000 LTD	?												10+	50
Alba LTD	cabinet furniture	wood		x						x			10+	50
Alexander KL	cabinet furniture	wood	x	x										0
Alustyle LTD	cabinet furniture-plaited fu	metal							x	x	x			50
Amesid	upholstered furniture,cabin	wood			x	x							20	0
Amko	cabinet furniture	wood		x	x	x	x			x			12	
Ampir	upholstered furniture	wood			x								3	
Arexim LTD	cabinet furniture	metal	x							x	x			50
Armcomers														
Art Design	cabinet furniture	wood,metal			x						x			
Artemida	cabinet furniture,upholster	wood									x			0
Askania	upholstered furniture	wood			x	x								
Aspekt-Piponkov	cabinet furniture	wood	x	x	x								10	0
Astra Mebel	cabinet furniture,upholster	wood			x	x								
Atelie Botev LTD	cabinet furniture	wood				x	x					x		50
Avel LTD	cabinet furniture,upholster	wood		x	x	x	x							50
Barok LTD	upholstered furniture-wood	wood	x		x									50
Beko Export-import LTD	?												10+	60
Bikomp	cabinet furniture	wood			x									10
BMD	cabinet furniture	wood,ma	x	x									10	
BMD	upholstered furniture	wood				x							20	
Bobi Denchev LTD	upholstered furniture ?													50
Bojoni LTD	cabinet furniture	wood			x					x		x		50
Boris Ivanov	cabinet furniture,upholster	wood-deciduous		x	x	x								0

APPENDIX A6/2

PRIVATE COMPANIES - by range of production

COMPANY	ARTICLE	MATERIAL	CHAIRS, TABLES	KITCHE	LIVING-ROOMS	BED ROOMS	NURSER	CORRIDOR	OUTDO	HOTEL REST.	TRADE NET.	OFFICE	EMPLOYMENT	CAPITA th lv
Borovz	cabinet furniture	wood			x			x						
Bul Dekor LTD	cabinet furniture	wood,metal								x	x	x		50
Bul Wood LTD	?												10+	50
Business service LTD		wood												50
Cantek	cabinet furniture	wood										x		
Century Holdinas LTD	?												10+	50
Chinar	cabinet furniture	wood			x	x	x	x						0
Chuguline	cabinet furniture	wood			x							x		
Dani	cabinet furniture	wood		x	x	x	x	x					30	0
Daro	services	?												0
Dekora	cabinet furniture	wood	x		x									
Delina 95	upholstered furniture				x								30	0
Denimpeks		wood												
Design D LTD	cabinet furniture	wood		x	x									50
Despotov-M LTD	cabinet furniture	wood	x								x	x	50 ?	50
Devil 91		wood												
Dias	cabinet furniture,upholster	wood										x		
Dibos	cabinet furniture	metal								x	x	x		0
Dimchev														0
Dimitar Debeliashki													10+	0
Disal LTD	cabinet furniture	metal								x	x	x		200
Djiis	upholstered furniture-uniq	wood			x									0
Djuli	upholstered furniture													0
Dograma LTD	cabinet furniture+wood pr	wood		x										50
Domuzov & Sinove	upholstered furniture	wood			x									
DRF Vrajdebna	cabinet furniture	wood												
Ekip 90	cabinet furniture,upholster	wood		x	x			x					10+	
Ekip M		wood												

APPENDIX A6/2

PRIVATE COMPANIES - by range of production

COMPANY	ARTICLE	MATERIAL	CHAIRS, TABLES	KITCHE	LIVING-ROOMS	BED ROOMS	NURSER	CORRI DOR	OUTDO	HOTEL REST.	TRADE NET.	OFFICE	EMPLOY MENT	CAPITA th lv
Elena JSC	cabinet furniture	wood			x							x		5000
Elfi-77	cabinet furniture-вкл uniqu	wood		x	x							x		0
Elis ing. group LTD	cabinet furniture	wood										x		50
Elisava LIZ	cabinet furniture-stylish fur	wood			x									
Elit 92	cabinet furniture	wood												
Elit Dekor		wood												
Elit JU	cabinet furniture	wood			x							x		
Elitza		wood												
Elki style Gazov	upholstered furniture	wood			x	x							10+	0
Embos		wood												
Eos	cabinet furniture	wood		x	x						x	x		
Excel	cabinet furniture	wood			x							x		
Faj service LTD	cabinet furniture	metal,wood								x	x			50
Faragers Bulgaria	supplementary production	wood												50
Faram LTD	cabinet furniture	wood,pla	x									x		50
Fedar	cabinet furniture,upholster	wood		x	x							x		
Gama Christova & Co	cabinet furniture	metal								x	x	x		
GDJ Dobrev	cabinet furniture,upholster	wood		x	x					x	x	x		0
Gloub Industries LTD	upholstered furniture	wood			x	x	x							50
Gospodinov & Sinove LTD	cabinet furniture	metal								x	x	x	30	50
Heda comfort	cabinet furniture	wood		x	x	x	x				x			0
Hiite 91	tubular furniture	metal												0
Himiplast	cabinet furniture-woodcarv	wood								x	x	x		0
Impos SB LTD	cabinet furniture	wood								x	x	x		50
Insta LTD	cabinet furniture	metal,wood									x	x		50
Integral engeneering LTD	cabinet furniture	metal									x			50
Interior I	cabinet furniture	wood		x								x	20	
Intermodul LTD	cabinet furniture	wood												50

APPENDIX A6/2

PRIVATE COMPANIES - by range of production

COMPANY	ARTICLE	MATERIAL	CHAIRS, TABLES	KITCHE	LIVING-ROOMS	BED ROOMS	NURSER	CORRIDOR	OUTDO	HOTEL REST.	TRADE NET.	OFFICE	EMPLOYMENT	CAPITA th lv
Irakomfort	cabinet furniture	wood												0
Jandi														
Javor 222														
Javor LTD	cabinet furniture	wood		x										50
Jo-ko K. Doktorov	cabinet furniture	wood		x	x	x	x	x					7	0
Julian Mazalov	cabinet furniture	wood			x							x		0
Jumrukchal 2	cabinet furniture	wood	x										9	0
Juri Tomev	cabinet furniture,upholster	wood			x	x	x							0
Kalacerka														
Kam- N. Stojkov	cabinet furniture	wood												0
Karabulev LTD	cabinet furniture	wood		x								x		50
Kaza moderna	cabinet furniture	wood		x										
KiG LTD	cabinet furniture-unique fu	wood												50
Klasicheska mebel	cabinet furniture-stylish fur	wood			x									
Kobako D LTD														50
Kochen LTD	cabinet furniture,upholster	wood		x	x	x	x	x		x	x	x		1000
Konsult engeneering M LTD		wood												50
Koral 99 LTD	cabinet furniture	wood								x	x	x		50
Kosara M LTD		wood			x									50
Kosina	upholstered furniture	wood			x	x								0
KPU Fenix	cabinet furniture	wood							x					0
Kron 93	cabinet furniture	wood,gla	x										5	0
Kronos	cabinet furniture,upholster	metal,gla	x					x		x	x		35	
Kuvet	cabinet furniture	wood		x	x									0
Kvalit LTD	cabinet furniture+B35	wood								x	x	x		50
Lesko mex LTD	?												10+	50
Lilia style LTD	cabinet furniture	wood												50
Lobos	supplementary production	wood,gla	x		x									0

PRIVATE COMPANIES - by range of production

COMPANY	ARTICLE	MATERIAL	CHAIRS, TABLES	KITCHE	LIVING-ROOMS	BED ROOMS	NURSER	CORRIDOR	OUTDO	HOTEL REST.	TRADE NET.	OFFICE	EMPLOYMENT	CAPITA th lv
Logos	upholstered furniture	metal			x					x			8	
Lordjina	cabinet furniture	wood												
M Style	cabinet furniture	wood		x	x	x	x	x					12	
Magazin za kuchnensko obza	cabinet furniture	wood		x										
Mahagon	cabinet furniture	wood												0
Makedonski		wood												20
Malakov & sin		wood												
Maria MM JSC	cabinet furniture	wood				x							73	1000
Maria Stoeva	upholstered furniture	wood			x									0
Matrakom LTD	mattress					x								50
Mebeli Bergamin JSC	cabinet furniture,upholster	wood			x									2380
Mebelna compania Kedar														
Mebelna Kashta Dimow		wood												0
Melona-Gospodinow	cabinet furniture	metal	x		x									0
Mig Ltd	cabinet furniture	wood											8	
Mila 909	cabinet furniture	metal									x			
MIM Buigaria LTD	cabinet furniture	wood,me	x	x						x	x	x	30	50
Mirdana	cabinet furniture	wood		x								x		
Mis Triawna	upholstered furniture-stylis	wood		x	x									
Moscomco LTD		wood												50
Motiv	cabinet furniture	wood		x							x	x		0
Mron LTD	cabinet furniture	wood		x										50
Multiform LTD	cabinet furniture	wood								x	x			50
Nagi LTD	cabinet furniture,upholster	wood		x		x								50
Nanto	cabinet furniture	wood		x	x	x						x		50
Nick LTD	cabinet furniture,upholster	wood		x	x							x		50
Nicka 2	?												10+	
Nickrom LTD	tubular furniture	metal									x	x		50

APPENDIX A6/2

PRIVATE COMPANIES - by range of production

COMPANY	ARTICLE	MATERIAL	CHAIRS, TABLES	KITCHE	LIVING-ROOMS	BED ROOMS	NURSER	CORRIDOR	OUTDO	HOTEL REST.	TRADE NET.	OFFICE	EMPLOYMENT	CAPITA th lv
Niva tours karuzo LTD	cabinet furniture,upholstered furniture					x								50
Oksan	cabinet furniture	wood	x											0
Omnil LTD	?												10+	50
ORT	cabinet furniture	wood		x						x	x	x		
Pinus LM LTD	cabinet furniture,дограма	wood												50
Planeks LTD														50
Plastika designerska kashta L	cabinet furniture,upholster	wood	x		x	x	x					x		50
Poly F LTD	cabinet furniture	metal									x			50
Pridiz LTD														50
Prol 91 LTD	cabinet furniture	(bitter) os	x		x	x			x	x	x			50
Rademo LTD	cabinet furniture	wood	x		x	x								100
Radop LTD	cabinet furniture	wood		x								x		50
Radop-Nikos LTD	cabinet furniture	wood		x								x		50
Raja														
Razles LTD		wood												50
Rial														
Rro ujut	upholstered furniture-stylis	wood	x	x	x	x	x						92	0
Rupchin & sinove	cabinet furniture	wood		x	x	x	x	x					53	0
Salix MX														
Sandi	cabinet furniture-stylish fur	wood			x									
Sato-Bulgaria LTD	cabinet furniture	wood,pla	x									x		50
Sedia	cabinet furniture	wood										x		
Sekvoja LTD	?													50
Shu gold parket LTD	?	wood											10+	50
Shu orbek LTD	?	wood											10+	50
Simona 26														
Sormak LTD	cabinet furniture	wood		x										50
SRS	?												10+	

APPENDIX A6/2

PRIVATE COMPANIES - by range of production

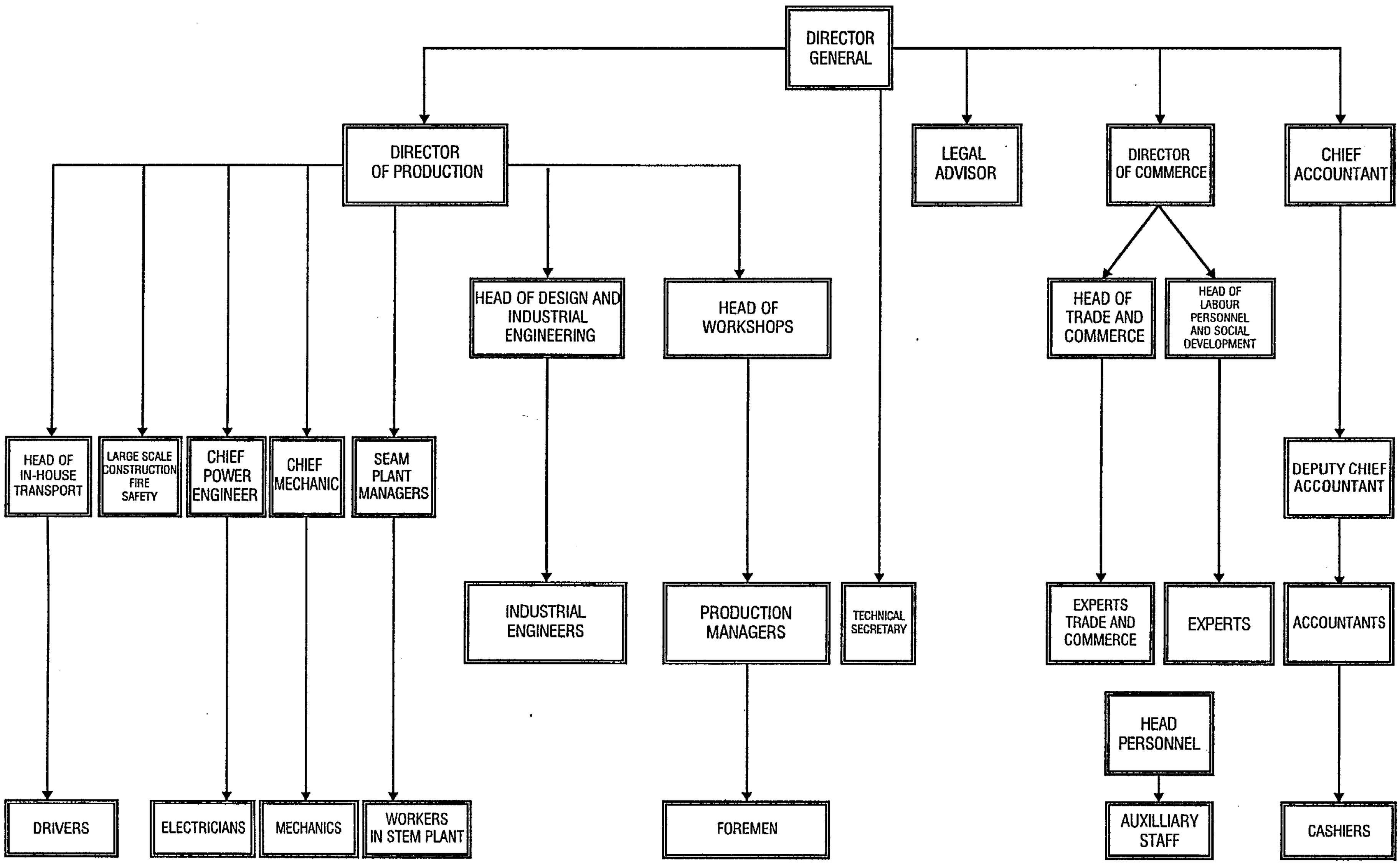
COMPANY	ARTICLE	MATERIAL	CHAIRS, TABLES	KITCHE	LIVING-ROOMS	BED ROOMS	NURSER	CORRI DOR	OUTDO	HOTEL REST.	TRADE NET.	OFFICE	EMPLOY MENT	CAPITA th lv
Stankov	upholstered furniture	wood			x	x								0
Stefan Vasilev	cabinet furniture	wood			x	x	x	x						0
Stradise	cabinet furniture/houses	wood												
Style A LTD	cabinet furniture	wood									x	x		50
Style M	cabinet furniture	wood			x								15	
Super Time LTD		wood												50
Tanja Delivalcheva														0
Targovsko obzavejdane LTD	cabinet furniture	metal									x			50
Tenis Bel LTD	cabinet furniture,upholster	wood		x	x	x	x			x	x	x		50
Terra-art	cabinet furniture,upholster	wood		x	x	x						x		
Tilia	cabinet furniture	wood			x									0
Torex LTD		wood												50
Total Gatev & Iliev	cabinet furniture	metal									x	x		
Trafic LTD	cabinet furniture	wood			x	x						x		50
Trans codex LTD	cabinet furniture,upholster	wood			x									50
Trimax LTD	cabinet furniture	wood,metal											10+	50
Trubni mebeli - Chasten zavod		metal												
Truvex														
Tzvan Iliev Arbi	?												10+	0
Ujut Aleksiev	upholstered furniture	wood				x								0
Ujut-D. Jeljazkov	cabinet furniture-stylish fur	wood			x			x		x	x	x		0
Vadi EN	cabinet furniture	wood	x	x	x					x	x	x		0
Valiani														
Vals	cabinet furniture	wood	x									x	15	0
Valtos	cabinet furniture	wood			x							x		
Variant Luxe	cabinet furniture+wood pr	wood			x					x	x	x		
Vedro														
Vega LTD	supplementary production	metal								x				50

APPENDIX A6/2

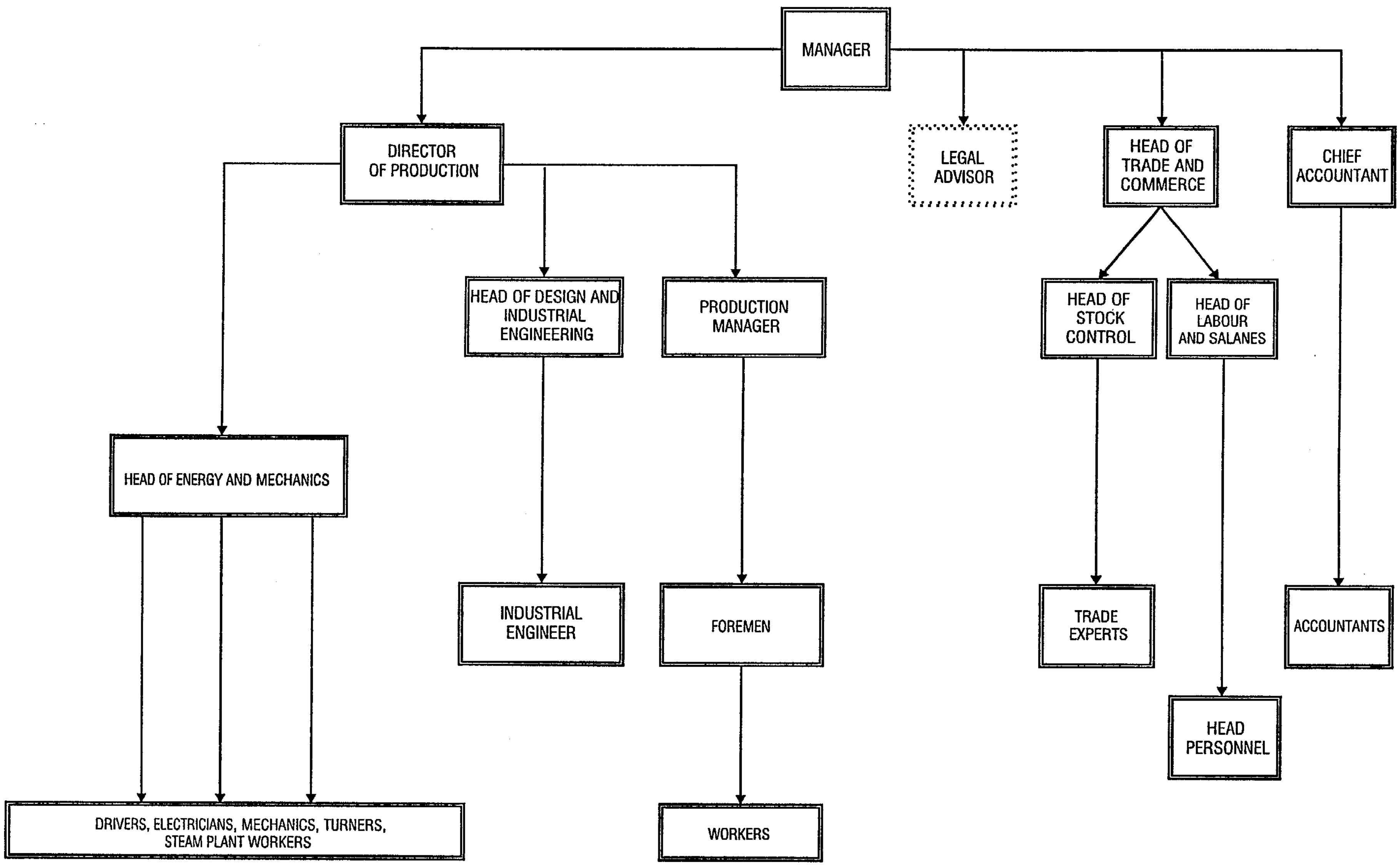
PRIVATE COMPANIES - by range of production

COMPANY	ARTICLE	MATERIAL	CHAIRS, TABLES	KITCHE	LIVING-ROOMS	BED ROOMS	NURSER	CORRIDOR	OUTDO	HOTEL REST.	TRADE NET.	OFFICE	EMPLOYMENT	CAPITA th lv
Velga Dochev & Co LTD	upholstered furniture	wood			x					x	x	x	100	50
Vesta Sofia	cabinet furniture	wood		x	x	x				x		x		0
Vianda	cabinet furniture	wood,пласт			x	x		x						0
Victor & Milena	tubular furniture	metal											60	
Vidar Dianov & Co	cabinet furniture	wood			x					x	x	x		
Vidichi Nick LTD	cabinet furniture	wood	x	x	x	x						x	80	50
Vidiles LTD	cabinet furniture	wood		x	x								10+	50
Virni	services	wood												0
Viston 90 LTD	cabinet furniture	wood												50
Vizatel LTD	cabinet furniture	wood										x		50
Zara D LTD	cabinet furniture	wood		x								x		52
Zlatnia luki	cabinet furniture	wood		x	x									
Zodiak LVT														
Zora KK	cabinet furniture	wood		x	x	x	x	x					25	

TYPICAL MANAGEMENT HIERARCHY OF GROUP 1 FACTORIES

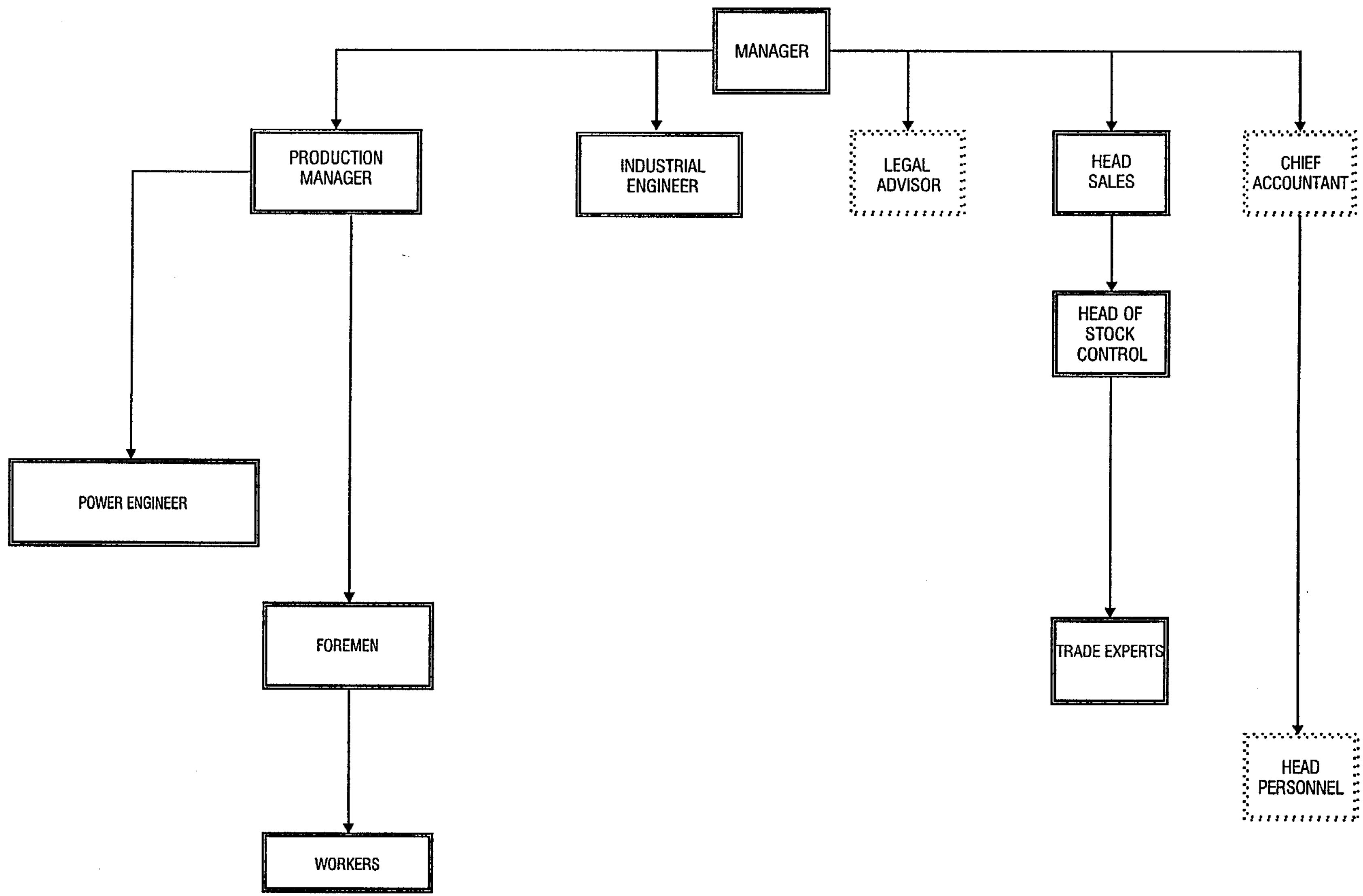


TYPICAL MANAGEMENT HIERARCHY OF GROUP 2 FACTORIES

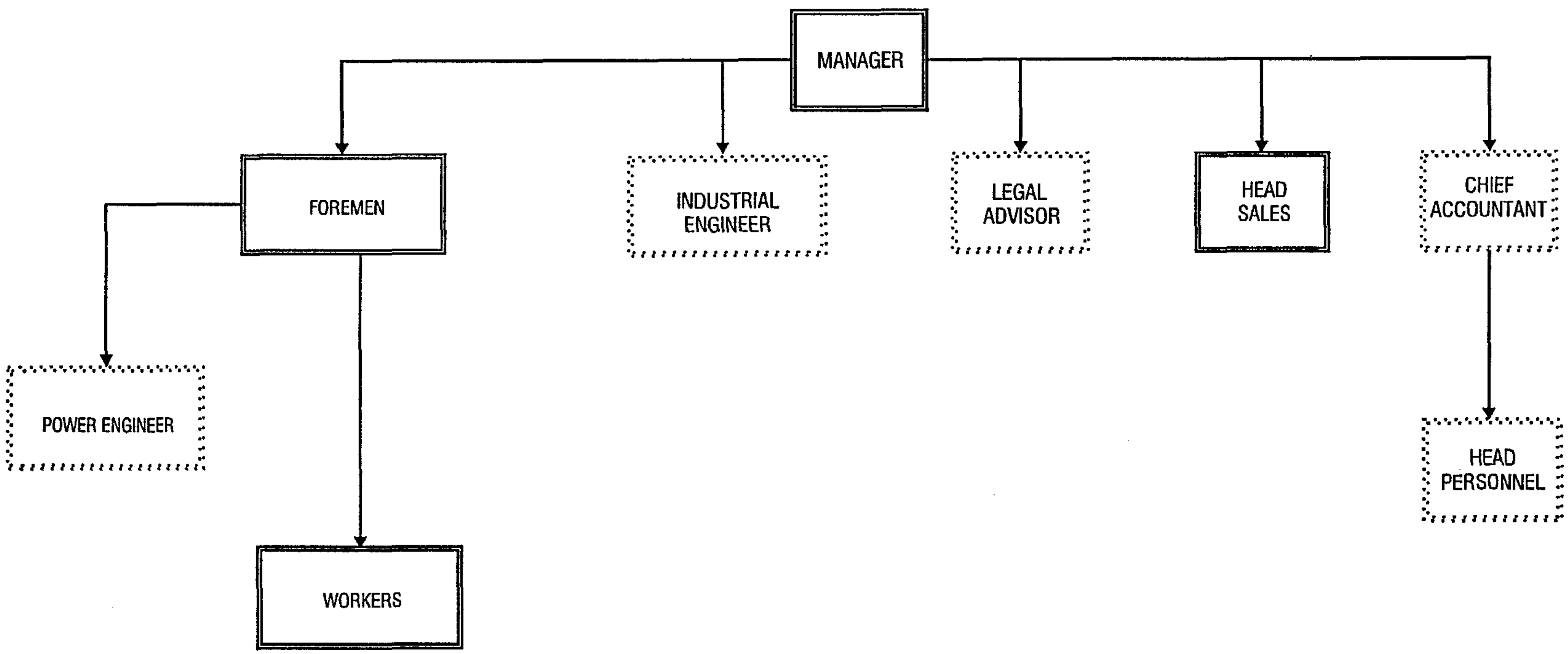


TYPICAL MANAGEMENT HIERARCHY OF GROUP 3 FACTORIES

Appendix B3



TYPICAL MANAGEMENT HIERARCHY OF GROUP 4 FACTORIES



APPENDIX C1

EXPORT (USD)						
TARIFF N	**PRODUCT**	**1992**	**1993**	**1994**	**1995**	**1996**
	1.CHAIRS, SEATS					
9401 30	with mechanism	17,353	40,039	46,251	45,900	0
9401 40	chair-bed	26,265	14,829	9,733	23,925	1,864
9401 50	wicker chair	12,426	67,672	7,816	7,236	1,293
9401 61	wooden, upholstery	227,131	0	270,725	3,805,101	793,289
9401 69	wooden, other	3,753,974	3,249,277	3,739,211	5,868,792	3,643,288
9401 71	metallic, upholstery	157,290	67,636	73,313	269,533	283,960
9401 79	metallic, other	31,150	62,898	96,540	127,218	195,567
9401 80	other	130,211	43,728	115,398	212,170	1,938,807
9401 90	components	224,003	91,074	119,306	589,581	460,986
	TOTAL	4,579,802	3,637,153	4,478,294	10,949,455	7,319,054
	2. SUITS OF FURNITURE					
9403 10	metallic office furniture	516,218	281,720	117,835	385,779	302,015
9403 20	metallic other	0	894,350	772,743	1,088,643	481,794
9403 30	wooden office furniture	566,648	908,131	1,210,039	639,397	745,316
9403 40	wooden kitchen cabinets	7,604,310	4,977,901	5,483,271	7,025,444	4,370,404
9403 50	wooden bedroom cabinets	3,391,962	5,020,472	2,615,960	3,678,642	3,980,907
9403 60	wooden other	9,411,286	9,402,561	8,366,841	9,470,775	10,301,202
9403 70	plastic furniture	5,784	63,440	274,393	321,865	81,912
9403 80	rattan,bamboo furniture	257,852	344,835	257,176	374,241	200,011
9403 90	components	304,426	472,692	833,889	1,236,779	1,464,637
	TOTAL	22,058,486	22,366,102	19,932,147	24,221,564	21,928,198
9404	**3. SPRING BEDS, MATTRASSES**	372,724	324,038	647,243	2,047,240	1,997,320
	TOTAL EXPORT	27,011,012	26,327,293	25,057,684	37,218,259	31,244,572

APPENDIX C2

EXPORTS BY COUNTRIES (USD)

	1992	1993	1994	1995	1996
AFRICA					
ALGERIA	0	0	55	0	4,834
COTE D'IVOIRE	0	0	0	0	985
EGYPT	0	36	719	0	0
LIBERIA	0	0	845	0	0
LIBYA	1,539	0	45,440	13,712	11,253
NIGERIA	0	2,496	0	0	0
SOUTH AFRICA	0	0	461	74	2,125
SUDAN	0	0	295	0	0
TOTAL	1,539	2,532	47,815	13,786	19,197
AMERICAS					
BARBADOS	17,693	0	0	0	0
BOLIVIA	0	0	0	0	1,566
CANADA	166,973	195,132	197,873	197,873	148,230
HONDURAS	85	0	0	0	0
USA	430,830	336,299	560,160	560,160	941,778
TOTAL	615,581	531,431	758,033	758,033	1,091,574
ASIA					
ARMENIA	7,137	57,328	13,051	141,972	923,740
AZERBAIJAN	0	39,786	79,580	0	467,177
BAHRAIN	24,573	0	0	0	0
CHINA	149,494	0	0	1,117	0
CYPROS	15,172	15,878	37,919	89,562	46,844
GEORGIA	25,899	0	9,033	23,925	171,486
INDONESIA	0	1,519	0	5,777	0
IRAN	0	0	9,973	46,421	28,629
IRAQ	0	0	0	0	0
ISRAEL	46,669	0	9,162	143,327	462,480
JAPAN	0	506	4,830	252,695	71,740
JORDAN	32,053	0	0	45	0

APPENDIX C2

EXPORTS BY COUNTRIES (USD)

	1992	1993	1994	1995	1996
QATAR	727	1,085	55	0	0
KAZAKHSTAN	12,522	2,149,957	316,478	102,340	52,397
KIRGHISTAN	0	2,894	0	35,344	46,612
KUWAIT	147,399	26,801	0	0	52,257
LEBANON	21,069	0	498	6,655	0
OMAN	0	0	22,877	0	10,886
SAUDI ARABIA	1,743,280	496,853	140,340	169,173	456,378
SINGAPORE	0	0	0	0	11,428
SYRIA	0	70,674	0	0	0
TAJIKISTAN	17,949	0	0	0	0
TURKMENISTAN	0	1,157	2,360	138,533	14,624
UN.ARAB EMIRATES	33,890	15,082	0	0	2,176
UZBEKISTAN	855	144,748	532,232	82,569	251,852
VIETNAM	0	0	0	4,005	0
YEMEN	0	47,779	0	0	0
TOTAL	2,278,688	3,072,047	1,178,388	1,243,460	3,070,706
EUROPE					
ALBANIA	452,113	1,350,441	1,141,943	739,013	216,819
AUSTRIA	2,254,925	1,695,530	1,085,129	2,946,120	3,544,887
BELGIUM	997,649	318,432	595,959	1,168,979	2,674,585
BOSNIA AND HERZEGO	15,214	470	0	0	9,811
BYELORUSSIA	66,242	207,791	235,995	30,104	3,226
CROATIA	171	0	15,651	13,831	0
CZECH REPUBLIC	70,345	48,937	33,753	29,657	63,713
DENMARK	221,762	209,563	205,173	488,149	1,110,606
ESTONIA	0	6,076	0	849	0
FINLAND	34,873	33,709	0	9,171	2,454
FRANCE	2,154,066	1,628,038	2,050,362	3,360,290	2,784,971
GERMANY	4,218,001	3,555,013	3,955,666	3,701,405	3,058,678
GREECE	1,146,716	618,309	1,143,842	5,984,129	734,393
HUNGARY	15,642	54,543	55,708	78,103	10,134
ICELAND	769	0	0	0	0

APPENDIX C2

EXPORTS BY COUNTRIES (USD)

	1992	1993	1994	1995	1996
IRELAND	45,558	175,637	78,143	177,972	132,673
ITALY	1,046,241	701,606	565,801	2,969,762	1,617,616
LATVIA	0	940	9,807	22,153	9,083
LIECHTENSTEIN	0	0	0	6,819	0
LITHUANIA	0	169,705	3,797	0	0
MACEDONIA	253,814	542,571	1,406,953	1,211,589	557,522
MALTA	182	0	0	3,141	458
MOLDOVA	8,205	196,434	64,354	187,649	370,747
NETHERLANDS	897,773	450,376	445,831	688,959	476,713
NORWAY	0	22,533	0	10,139	0
POLAND	31,326	42,354	53,220	32,694	25,378
PORTUGAL	0	36	0	0	0
ROMANIA	43,421	182,002	98,807	363,953	324,165
RUSSIA	2,999,829	4,435,077	4,314,303	4,380,687	2,388,705
SLOVAKIA	0	36	1,198	11,657	6,766
SLOVENIA	0	0	88,871	175,679	54,035
SPAIN	101,714	44,452	76,668	0	62,519
SWEDEN	1,992,777	841,218	1,372,260	1,612,137	1,181,711
SWITZERLAND	943,587	945,710	661,603	1,249,911	708,212
TURKEY	41,925	47,614	5,420	50,828	7,304
UKRAINE	1,012,479	1,642,759	1,573,064	1,551,185	1,513,684
UNITED KINGDOM	1,814,863	1,820,349	1,710,417	3,121,993	3,376,890
YUGOSLAVIA	90,944	6,944	61,017	51,781	505,104
TOTAL	22,973,126	21,995,205	23,110,715	36,430,488	27,533,562
AUSTRALIA	0	0	0	0	49
BULGARIA FTZ	0	0	235,995	42,252	10,818
unspecified	1,072,866	724,899	0	0	0
TOTAL EXPORTS	26,941,800	26,326,114	25,330,946	38,488,019	31,725,906

6

APPENDIX C3

IMPORT (USD)

TARIFF N	PRODUCT	1992	1993	1994	1995	1996
	1.CHAIRS, SEATS					
9401 30	with mechanism	138,909	948,423	1,094,346	1,191,684	638,116
9401 40	chair-bed	2,057	10,489	8,609	3,067	2,085
9401 50	wicker chair	24,851	1,194	4,277	2,933	10,815
9401 61	wooden, upholstery	65,470	357,856	187,107	3,119,670	209,811
9401 69	wooden, other	69,712	101,020	165,429	477,936	41,631
9401 71	metallic, upholstery	310,510	274,269	179,107	484,263	182,802
9401 79	metallic, other	62,813	217,122	35,725	120,400	58,273
9401 80	other	153,777	318,902	227,976	202,671	155,479
9401 90	components	206,778	175,673	282,615	497,931	537,411
	TOTAL	1,034,877	2,404,948	2,185,190	6,100,554	1,836,423
	2. SUITS OF FURNITURE					
9403 10	metallic office furniture	933,416	1,822,700	1,726,105	2,342,440	862,746
9403 20	metallic other	370,624	481,735	294,118	580,425	1,545,350
9403 30	wooden office furniture	1,868,675	4,137,153	4,483,787	4,939,808	2,370,056
9403 40	wooden kitchen cabinets	345,516	743,851	1,291,795	1,541,389	1,337,540

APPENDIX C3

IMPORT (USD)

TARIFF N	PRODUCT	1992	1993	1994	1995	1996
9403 50	wooden bedroom cabinets	248,682	255,534	463,565	1,052,183	414,993
9403 60	wooden other	1,218,090	2,372,938	2,427,895	3,772,957	2,036,317
9403 70	plastic furniture	983,932	1,064,779	743,709	758,278	526,112
9403 80	rattan,bamboo furniture	70,654	313,079	266,835	387,610	462,327
9403 90	components	193,881	396,267	975,095	1,374,911	949,850
	TOTAL	6,233,472	11,588,035	12,672,904	16,750,000	10,505,291
9404	**3. spring beds, mattresses**	109,173	150,282	289,528	1,141,154	434,740
	TOTAL 1+2+3	7,377,523	14,143,265	15,147,621	23,991,707	12,776,454
	other		4,268	25,587	240,785	307,960
	TOTAL IMPORT	7,377,523	14,147,533	15,173,208	24,232,492	13,084,414

APPENDIX C4

IMPORTS BY COUNTRIES (USD)

	1992	1993	1994	1995	1996
AFRICA					
ANGOLA	0	0	0	372	0
EGYPT	0	4,630	0	30	0
LESOTHO	0	0	0	0	34
LIBYA	0	0	793	0	0
MAURITANIA	0	0	2,728	0	0
NIGERIA	0	0	0	4,660	0
TANZANIA	0	0	0	700	0
UGANDA	0	543	0	0	0
TOTAL	0	5,172	3,521	5,762	34
AMERICAS					
CANADA	171	36	55	9,335	5,370
CUBA	2,014	0	0	0	0
USA	112,344	12,153	77,608	38,590	29,661
ARGENTINA	0	3,979	0	0	0
BRAZIL	0	0	8,351	13,593	0
ECUADOR	0	181	0	0	0
TOTAL	114,529	16,348	86,014	61,517	35,031
ASIA					
AFGHANISTAN	857	0	0	0	0
ARMENIA	5,827	0	0	0	0
AZERBAIJAN	4,070	0	0	0	0
CHINA	2,014	5,679	39,044	19,995	14,259
CYPROS	8,569	21,484	14,028	57,989	25,211
GEORGIA	15,382	0	2,986	0	0
HONG KONG	0	0	0	149	366
INDIA	0	7,089	34,933	18,759	4,970
INDONESIA	15,211	20,652	69,184	146,007	95,457
IRAN	0	4,376	30,269	57,780	36,664
ISRAEL	6,470	14,142	1,917	6,387	3,337
JAPAN	14,268	37,218	11,061	32,903	8,639
JORDAN	23,908	434	0	0	0

APPENDIX C4

IMPORTS BY COUNTRIES (USD)

	1992	1993	1994	1995	1996
KAZAKHSTAN	0	0	5,014	0	0
KIRGHISTAN	1,457	1,989	0	0	0
KOREA DPR	0	0	2,304	298	31
KOREA REP.	6,084	904	23,688	87,646	69,021
KUWAIT	343	0	0	208	0
LEBANON	5,784	10,887	0	3,856	1,383
MALAYSIA	0	253	16,462	33,587	5,273
MARIAN ISLANDS+A24+	0	0	0	0	541
PAKISTAN	0	0	0	0	242
SINGAPORE	11,140	35,699	8,295	39,424	48,194
SRI LANKA	0	0	0	0	2,170
SYRIA	1,671	5,570	3,945	5,479	3,096
TAIWAN	0	62,826	29,310	17,568	13,110
THAILAND	0	5,968	221	13,042	11,801
UN.ARAB EMIRATES	1,371	39,207	31,817	33,156	11,972
UZBEKISTAN	13,197	0	0	0	0
VIETNAM	43	1,338	24,665	27,990	40,527
TOTAL	137,667	275,716	349,144	602,221	396,265
EUROPE					
ALBANIA	43	0	13,973	60	0
AUSTRIA	409,486	643,048	443,269	941,713	268,557
BELGIUM	126,484	330,802	123,786	227,281	129,186
BOSNIA AND HERZEGO	232,101	311,994	0	0	0
BYELORUSSIA	10,583	17,144	3,392	4,809	0
CROATIA	2,228	96,354	5,364	12,223	6,608
CZECH REPUBLIC	10,369	7,053	32,168	529,717	552,332
DENMARK	9,855	26,259	15,116	10,675	76,872
ESTONIA	214	1,519	0	0	0
FINLAND	1,200	14,865	356,259	406,652	68,274
FRANCE	204,036	934,823	477,851	942,160	449,128
GERMANY	833,155	1,540,075	2,039,855	2,455,902	2,644,153
GREECE	2,004,885	3,437,355	3,125,297	3,369,566	1,927,374
HUNGARY	37,448	15,951	1,069	3,424	4,452

APPENDIX C4

IMPORTS BY COUNTRIES (USD)

	1992	1993	1994	1995	1996
IRELAND A155	0	0	0	45	102
ITALY	1,299,370	3,400,752	4,515,181	6,206,795	3,969,771
LATVIA	0	0	332	0	0
LIECHTENSTEIN	43	75,738	0	0	0
LITHUANIA	0	8,934	0	11,985	4
MACEDONIA	206,993	1,372,287	2,090,328	6,666,835	233,864
MALTA	0	0	0	149	0
MOLDOVA	343	6,981	0	20,828	0
NETHERLANDS	28,065	128,689	419,581	147,615	352,751
NORWAY	0	0	332	625	2,384
POLAND	158,362	24,269	11,116	227,832	186,088
PORTUGAL	0	6,655	0	0	0
ROMANIA	188,140	260,055	85,590	244,536	38,678
RUSSIA	403,745	244,538	48,205	48,833	83,146
SLOVAKIA	0	89,482	160,046	135,615	43,394
SLOVENIA	86	110,713	155,806	142,851	94,554
SPAIN	7,541	72	13,512	71,775	41,236
SWEDEN	39,890	72,627	211,201	73,353	243,577
SWITZERLAND	15,682	16,638	126,588	47,552	57,307
TURKEY	139,595	234,122	280,218	414,498	436,183
UKRAINE	39,333	133,681	12,646	40,629	866
UNITED KINGDOM	181,413	285,663	39,228	124,598	469,310
YUGOSLAVIA	455,804	6,402	1,438	22,898	237,141
TOTAL	7,046,489	13,855,541	14,808,745	23,554,029	12,617,290
AUSTRALIA	0	0	0	0	889
BULGARIA FTZ	0	0	52,372	8,963	34,905
unspecified	83,294	11,900	0	0	0
TOTAL IMPORTS	7,381,979	14,164,677	15,299,795	24,232,492	13,084,414

APPENDIX D1

BALANCE SHEET /USD /

LIABILITIES	1992	1993	1994	1995
A. CAPITAL				
I. CAPITAL				
1. Authorized capital	68,111,016	90,607,484	64,694,914	54,194,855
2. Additional (reserve) capital	755,645	243,791	651,631	660,999
Group I Total:	68,866,661	90,851,275	65,346,545	54,855,854
%	100	132	95	80
II. RESERVES	1,671,580	1,817,001	1,961,454	2,292,327
%	100	109	117	137
III. PROFIT				
1. Undistributed profit from previous years	69,455	134,167	395,782	265,439
2. Current year profit	510,133	640,367	1,979,040	2,467,544
Group III Total:	579,588	774,535	2,374,823	2,732,983
%	100	134	410	472
Section A Total (I+II+III)	71,117,829	93,442,811	69,682,821	59,881,164
%	100	131	98	84
B. BORROWED CAPITAL				
I. LOANS				
1. Short-term loans	12,984,318	15,674,824	10,684,277	11,989,787
2. long-term loans	6,356,356	7,830,096	3,021,586	2,970,656
3. Debenture loans	0	574,674	2,818,294	2,373,362
Group I Total:	19,340,674	24,079,593	16,524,158	17,333,805

BALANCE SHEET /USD /

LIABILITIES	1992	1993	1994	1995
%	100	124	85	90
II. PAYABLES				
1. To suppliers	4,702,387	4,958,118	4,321,271	7,231,628
2. for participations	17,267	382,018	42,399	48,773
3. To employees	1,190,025	1,804,784	1,683,632	1,877,844
4. To the budget	5,344,702	10,395,954	7,354,213	8,003,796
5. For social security	1,236,985	1,869,198	1,500,138	1,608,251
6. Other	3,721,453	7,007,389	5,989,105	8,918,116
Group II Total:	16,212,820	26,417,462	20,890,759	27,688,408
%	100	163	129	171
III. FINANCING				
1. Investments	71,683	50,148	165,945	253,514
2. Other financing	36,677	622	30,527	57,825
Group III Total:	108,359	50,770	196,472	311,339
%	100	47	181	287
Section B Total (I+II+III):	35,661,854	50,547,825	37,611,389	45,333,552
%	100	142	105	127
C. DEFERRED INCOME	467,458	221,917	1,076,207	640,379
%	100	47	230	137
TOTAL LIABILITIES (Selection A+B+C)	107,247,140	144,212,553	108,370,417	105,855,095
%	100	134	101	99

APPENDIX D2

BALANCE SHEET / USD /

ASSETS A. FIXED ASSETS	1992	1993	1994	1995
I. TANGIBLE ASSETS				
1.Buildings, land, forests and perennials	43,678,478	56,053,148	41,519,236	34,445,525
2. Plant and equipment	15,614,251	22,446,871	14,454,329	11,640,588
3. Other	1,731,822	1,977,834	1,676,277	1,569,527
4. Acquisition cost of tangible non-current assets	4,861,048	5,005,816	2,612,403	2,587,497
Group I Total:	65,885,599	85,483,668	60,262,245	50,243,137
%	100	130	91	76
II. INTANGIBLE ASSETS				
1. Incorporation and expansion costs	11,783	19,203	11,835	6,878
2. Products of research and development	471	28,238	5,125	7,965
3. Patents, licenses, concessions, know-how, trade marks, goodwill and sof	20,566	16,862	30,619	32,114
Group II Total:	32,821	64,304	47,579	46,957
%	100	196	145	143
III. FINANCIAL ASSETS				
1. Participations	128,754,445	132,740,773	124,209,634	198,651,143
2. Securities	14,439,350	37,601,961	22,913,710	618,464,150
3. Loans	22,537,384	98,101,613	27,540,693	15,081,586
Group III Total	165,731,180	268,444,347	174,664,037	832,196,879
%	100	162	105	502
Section A Total (I+II+III):	66,084,151	85,816,416	60,484,488	51,122,290
%	100	130	92	77

APPENDIX D3

BALANCE SHEET / USD /

ASSETS B. CURRENT ASSETS	1992	1993	1994	1995
I. TANGIBLE ASSETS				
1. Materials	10,408,886	10,174,586	8,558,482	9,779,374
2. Work in progress	1,933,759	2,506,712	1,790,422	2,202,269
3. Production, commodities and packaging	7,198,038	9,066,937	6,042,399	7,843,735
4. Young and fattening livestock	5,013	1,427	313	0
Group I Total:	19,545,696	21,749,662	16,391,616	19,825,378
%	100	111	84	101
II. RECEIVABLES				
1. From customers	2,580,530	3,108,819	3,734,308	3,537,399
2. From participations	3,471	2,451	26,545	22,064
3. From shortages and deficiencies	50,473	33,542	49,938	63,929
4. From court claims and arbitration judgements	328,163	435,312	303,759	413,486
5. Other	1,108,574	2,265,152	2,050,547	2,140,930
Group II Total:	4,071,211	5,845,276	6,165,834	6,177,808
%	100	144	151	152
III. FINANCIAL ASSETS				
1. Cash in leva	1,144,993	1,304,473	1,901,064	2,059,374
2. Cash in foreign currencies	1,171,815	1,146,311	1,873,836	1,230,928
3. Valuables	52,102	27,031	20,591	10,437
Group III Total:	2,368,910	2,477,816	3,795,491	3,300,738
%	100	105	160	139

APPENDIX D3

BALANCE SHEET / USD /

ASSETS B. CURRENT ASSETS	1992	1993	1994	1995
IV. DEFERRED COSTS	2,813,060	3,941,805	4,262,909	3,932,438
%	100	140	152	140
Section B Total (I+II+III+IV):	28,798,877	34,014,558	30,615,850	33,236,363
%	100	118	106	115
C. RECEIVABLES ON SUBSCRIBED SHARES	0	22,386	0	5,345
D. LOSS	12,364,112	24,359,194	17,270,079	21,491,097
%	100	197	140	174
TOTAL ASSETS (Selections A+B+C+D)	107,247,140	144,212,553	108,370,417	105,855,095
%	100	134	101	99

APPENDIX D4

STATEMENT OF INCOME AND EXPENSES (USD)

EXPENSES	1992	1993	1994	1995
I. EXPENSES				
1. Depletion of inventories of products, work in progress and deferred costs	1,052,787	842,898	1,435,379	1,345,283
2. Cost of materials and hired services:				
a) cost of materials	52,000,171	51,491,423	43,710,141	60,401,664
b) cost of hired services	4,606,838	5,399,320	4,297,712	6,070,659
3. Personnel costs:				
a) wages and other remuneration	13,126,269	15,920,114	12,505,982	15,655,759
b) social security and allowances	4,999,700	6,240,718	4,976,072	6,149,789
4. Depreciation costs	1,088,993	2,965,141	2,025,439	2,181,128
5. Other expenses,	1,999,272	2,294,854	1,728,132	2,501,667
incl.inventory write-downs	0	39,760	39,836	16,496
6. Book value of sold merchandise and live-stock	1,701,144	1,269,103	1,536,232	2,730,780
Total I:	80,575,175	86,423,571	72,215,090	97,036,729
%	100	107	90	120
II. FINANCIAL EXPENSES				
7. Interest on loans	7,402,031	10,635,393	7,496,894	6,624,166
8. loss on securities:				
a) from sale	19,281	2,780	17,347	9,558
b) from devaluation	24,723	21,325	2,028	4,839
9. Loss from exchange rate fluctuations	431,038	530,780	1,383,284	911,312
Total II:	7,877,073	11,190,278	8,899,552	7,549,875
%	100	142	113	96

APPENDIX D4

STATEMENT OF INCOME AND EXPENSES (USD)

EXPENSES	1992	1993	1994	1995
III. EXTRAORDINARY EXPENSES				
11. For management operations	1,304,812	2,343,904	1,208,730	2,439,614
12. Other extraordinary charges	1,623,591	1,541,168	1,250,465	1,816,162
Total III:	2,928,403	3,885,073	2,459,196	4,255,777
%	100	133	84	145
IV. TAXES				
13. Tax on profit	354,214	439,848	1,315,778	762,923
14. Other taxes	172,287	93,127	441,370	228,323
Total IV:	526,501	532,975	1,757,148	991,246
%	100	101	334	188
TOTAL EXPENSES (I+II+III+IV)	91,907,151	102,031,896	85,330,986	109,833,626
%	100	111	93	120
V. CURRENT PERIOD PROFIT	510,133	640,367	1,550,242	2,467,544
%	100	125	304	484
GRAND TOTAL (I+II+III+IV+V):	92,417,284	102,672,263	86,881,228	112,301,170
%	100	111	94	122

APPENDIX D5

STATEMENT OF INCOME AND EXPENSES (USD)

INCOME	1992	1993	1994	1995
I. INCOME				
1. Net income from sales	74,900,767	80,121,365	74,599,241	94,155,848
2.Subsidies, incl.state grants	0	13,168	0	5,479
3. Acquisition and liquidation of non-current assets cost	229,744	197,227	125,537	494,357
4. Growth of inventories of products, work in progress and deferred income	3,730,665	3,873,514	1,667,373	4,156,012
5. Other income	669,095	1,811,734	1,297,804	1,952,567
Total I:	79,530,271	86,017,009	77,689,955	100,764,263
%	100	108	98	127
II. FINANCIAL INCOME				
6.Interest	294,914	212,992	224,270	260,779
7. Participations,	28,664	31,786	10,637	715
incl.dividends	21,552	9,803	1,548	342
8. Gains from trading securities	20,095	7,645	147	12,119
9. Gains from exchange rate fluctuations	211,020	307,034	788,947	394,876
Total II:	554,694	559,457	1,024,001	666,999
%	100	101	185	120
III. EXTRAORDINARY INCOME				
11. From management operations	529,457	540,546	243,866	403,300
12. Other extraordinary income	1,939,672	1,719,924	1,518,222	2,522,600
Total III:	2,469,129	2,260,470	1,762,088	2,925,932
%	100	92	71	119

APPENDIX D5

STATEMENT OF INCOME AND EXPENSES (USD)

INCOME	1992	1993	1994	1995
TOTAL INCOME (I+II+III)	82,554,094	88,836,936	80,476,045	104,357,194
%	100	108	97	126
IV. CURRENT PERIOD LOSS	9,863,190	13,835,327	6,405,184	7,943,976
%	100	140	65	81
GRAND TOTAL (I+II+III+IV)	92,417,284	102,672,263	86,881,228	112,301,170
%	100	111	94	122

APPENDIX D6

APPENDIX D6

BALANCE SHEET

	STATE COMPANIES		PRIVATE COMPANIES	
	1994	1995	1994	1995
B. CURRENT ASSETS				
I. TANGIBLE ASSETS				
1. Materials	8,050,215	8,733,132	508,268	1,046,242
2. Work in progress	1,681,181	2,132,265	109,241	70,004
3. Production, commodities and packaging	5,225,579	6,827,835	816,819	1,015,900
4. Young and fattening livestock	313			
Group I Total:	14,957,288	17,693,232	1,434,328	2,132,146
II. RECEIVABLES				
1. From customers	3,406,032	3,043,250	328,276	494,149
2. From participations	5,143	4,779	21,402	17,285
3. From shortages and deficiencies	49,809	63,885	129	45
4. From court claims and arbitration judgements	290,965	402,424	12,793	11,062
5. Other	1,901,156	1,787,473	149,391	353,457
Group II Total:	5,653,105	5,301,810	512,729	875,997
III. FINANCIAL ASSETS				
1. Cash in leva	1,633,528	1,808,168	267,536	251,206
2. Cash in foreign currencies	1,748,650	1,130,881	125,187	100,048
3. Valuables	20,591	10,437		
Group III Total:	3,402,769	2,949,485	392,722	351,254

APPENDIX D6

BALANCE SHEET

	STATE COMPANIES		PRIVATE COMPANIES	
	1994	1995	1994	1995
III. PROFIT				
1. Undistributed profit from previous years	200,140	70,629	195,642	194,810
2. Current year profit	1,744,207	1,805,681	234,833	661,863
Group III Total:	1,944,347	1,876,310	430,475	856,673
Section A Total (I+II+III)	65,288,292	54,951,644	4,394,529	4,929,520
B. BORROWED CAPITAL				
I. LOANS				
1. Short-term loans	10,162,203	11,269,206	522,075	720,581
2. long-term loans	2,990,912	1,949,753	30,675	1,020,903
3. Debenture loans	2,817,372	2,364,176	922	9,186
Group I Total:	15,970,487	15,583,135	553,671	1,750,670
II. PAYABLES				
1. To suppliers	3,358,029	5,977,311	963,242	1,254,318
2. for participations	1,788	25,980	40,611	22,794
3. To employees	1,554,372	1,702,686	129,261	175,158
4. To the budget	6,915,922	7,356,971	438,292	646,826
5. For social security	1,445,923	1,516,258	54,215	91,993
6. Other	5,410,087	7,413,962	579,018	1,504,154
Group II Total:	18,686,121	23,993,166	2,204,638	3,695,242

APPENDIX D6

BALANCE SHEET

	STATE COMPANIES		PRIVATE COMPANIES	
	1994	1995	1994	1995
III. FINANCING				
1. Investments	33,882	30,431	132,063	223,082
2. Other financing	15,042	40,734	15,485	17,091
Group III Total:	48,924	71,165	147,547	240,174
Section B Total (I+II+III):	34,705,532	39,647,466	2,905,857	5,686,086
C. DEFERRED INCOME	825,686	409,481	250,521	230,899
TOTAL LIABILITIES (Selections A+B+C)	100,819,511	95,008,590	7,550,906	10,846,504

APPENDIX D7

STATEMENT OF INCOME AND EXPENSES (USD)

	STATE COMPANIES	PRIVATE COMPANIES
	1995	1995
I. EXPENSES		
1. Depletion of inventories of products, work in progress and deferred costs	1,168,399	176,885
2. Cost of materials and hired services:		
a) cost of materials	54,538,888	5,862,777
b) cost of hired services	4,684,344	1,386,315
3. Personnel costs:		
a) wages and other remuneration	14,301,319	1,354,440
b) social security and allowances	5,720,239	429,550
4. Depreciation costs	1,896,349	284,778
5. Other expenses,	2,194,215	307,453
incl.inventory write-downs	11,613	4,883
6. Book value of sold merchandise and live-stock	876,563	1,854,216
Total I:	85,380,315	11,656,414
II. FINANCIAL EXPENSES		
7. Interest on loans	6,240,010	384,156
8. loss on securities:		
a) from sale	8,843	715
b) from devaluation	1,176	3,662
9. Loss from exchange rate fluctuations	847,025	64,287
Total II:	7,097,055	452,820
III. EXTRAORDINARY EXPENSES		
11. For management operations	2,178,418	261,196

APPENDIX D7

STATEMENT OF INCOME AND EXPENSES (USD)

	STATE COMPANIES	PRIVATE COMPANIES
	1995	1995
12. Other extraordinary charges	1,555,800	260,362
Total III:	3,734,219	521,558
IV. TAXES		
13. Tax on profit	693,366	69,557
14. Other taxes	226,864	1,459
Total IV:	920,230	71,016
TOTAL EXPENSES (I+II+III+IV)	97,131,819	12,701,807
V. CURRENT PERIOD PROFIT	1,805,681	661,863
GRAND TOTAL (I+II+III+IV+V):	98,937,500	13,363,670
	STATE COMPANIES	**PRIVATE COMPANIES**
	1995	**1995**
I. INCOME		
1. Net income from sales	82,870,013	11,285,836
2.Subsidies, incl.state grants	5,479	0
3. Acquisition and liquidation of non-current assets cost	204,011	290,347
4. Growth of inventories of products, work in progress and deferred income	3,808,495	347,517
5. Other income	1,832,242	120,325
Total I:	88,720,239	12,044,024

APPENDIX D7

STATEMENT OF INCOME AND EXPENSES (USD)

	STATE COMPANIES	PRIVATE COMPANIES
	1995	**1995**
II. FINANCIAL INCOME		
6.Interest	223,231	37,548
7. Participations,	715	0
incl.dividends	342	0
8. Gains from trading securities	10,541	89
9. Gains from exchange rate fluctuations	362,033	32,843
Total II:	596,519	70,480
III. EXTRAORDINARY INCOME		
11. From management operations	392,330	11,002
12. Other extraordinary income	2,111,913	410,687
Total III:	2,504,243	421,689
TOTAL INCOME (I+II+III)	91,821,001	12,536,193
IV. CURRENT PERIOD LOSS	7,116,499	827,477
GRAND TOTAL (I+II+III+IV)	98,937,500	13,363,670

APPENDIX E

A list of furniture manufacturing companies, suitable for visiting.

Privatized companies

- EMOS , Lovech
- DAYANA 91, Velingrad
- MEBEL LUX, Pazardjik
- LIPNIK, Russe
- TRABNA MEBEL, Lovech
- TRAYANA, Haskovo
- MEBEL, Stara Zagora

Cooperative companies

- MEBEL - Troijan
- MEBEL - Shumen
- MEBEL - Plovdiv

Private companies

- BMD, Plovdiv
- MIM, Sofia
- ORT, Sofia
- BULDECOR, Sofia
- VIDICHI NIK, Velingrad
- INTERIOR I, Sofia
- KRONOS, Plovdiv
- GOSPODINOV & SINOVE, Dobrich
- ZORA KK, Bansko
- MARIA MM, Plovdiv
- PROLET 91, Shumen
- UYUT, Plovdiv

The Wood-workers' Chamber of Crafts in Bansko

16