

Central & Eastern Europe

Much needed lift safety & supporting employment

East Europe is in turmoil. The region's banks' vulnerability has triggered major market falls and currencies are suffering steep declines. Banking debts are perilously high and the Austrian Finance Minister, Josef Pröll has even warned recently against a potential economic "catastrophe" starting in the Ukraine and destroying the economies of the whole of Central Europe. The World Bank Chief, Robert Zoellik has called for a European Union-led, coordinated global support for the economies of Central & Eastern Europe: "20 years after Europe was united in 1989, what a tragedy if you allow Europe to split again". East European leaders have reinforced their calls for stronger EU-led region-wide action.

Construction bust

The construction sector in Central & Eastern Europe has practically come to a halt at the end of 2008, in both the industrial, office and residential sectors. Very few new contracts are being recorded and contractors are finishing current projects during the first half of 2009, with multiple cancellations and no new contracts in sight for the second half of 2009 and 2010. This is disastrous in the present circumstances and lay-offs are multiplying in all urban centres of the region. The lift industry is not recording any orders for 2009 and 2010 and expects a sharp downturn in new installations in the years to come.

Ex-communist countries have become nations of penniless home-owners

Social housing (multi-family housing stock and high-rise dwellings) are a mainstay of Central European countries, including Romania and Bulgaria. The number of inhabitants per household is higher (2.8 persons on average in EU10 for 2.4 in EU15 and 3 or more in Romania and Bulgaria) and the proportion of the population living in social high-rises (9-10 floors) is higher than in the EU15. The revenue of the inhabitants of these dwellings is also lower than the average for each country. Privatization of the public stock has been a main instrument to restructure the tenure structure of the housing stock in Central European states. Also cooperative stock was subject to privatization. In total 23% of the 1990's housing stock has been transferred into private hands. Most of these ex-communist countries can now be characterized as nations of home owners and the process is still ongoing (*Sustainable Refurbishment of High-Rise Residential Buildings in Europe – Report 14-3-05 European Housing Ministers Conference*). The main problem is that these new apartment owners do not have the first cent to upgrade or even maintain their building.

Dangerous lifts; tens of thousands to be stopped immediately

In Central & Eastern Europe, tens of thousands of lifts are really dangerous for the building occupants and must be upgraded for pure safety reasons. In some of the countries concerned, the continuity of maintenance is even threatened. Central European governments have few resources to dedicate

to this massive modernization effort and the application of programmes based on SNEL (Safety Norm for Existing Lifts – EN81-80) has not started anywhere in the region, despite the will of all stakeholders to move forward, including the owners' cooperatives.

This safety issue is a social problem for which the present economic crisis is the worst possible scenario, making it nearly impossible to find the resources needed to modernize the existing stock of lifts.

Lift modernization offers more employment for trained professionals

While new lift installations require a limited number of hands, so efficient it has become; modernization and lift upgrading to the contrary need trained technicians in numbers. A vast programme of modernization would solve a safety issue, which is also a social question and contribute efficiently to the support of economic activity in Central Europe, in a sector (construction) which is acutely suffering from the present crisis. Finally, modernization would significantly reduce the energy consumption of lifts. The European lift industry asks the European Commission and European Council of Ministers to consider devoting European structural funds over the coming five years, to the safety upgrading and modernization of the lift stock in residential buildings, in Central & Eastern Europe. If the European Commission support can ensure 50% of the financing of such programmes, national governments will support the remaining 50% with the apartment owners and cooperatives. This will support the work of some 16 000 workers in Central Europe over the coming years, in an industry severely hit by the crisis and which would incorporate and train new recruits to do the work. The total yearly cost over 5 years for the minimum modernization to be done urgently, is estimated at **510 M€/year**.

Central & Eastern Europe - Modernisation

| Country | Lifts to be modernized | Cost full modernization | |
|-----------------------|------------------------|-------------------------|-------|
| Total workforce | | | |
| Poland | 42 000 | 1 800 M€ | 4 600 |
| Hungary | 18 000 | 800 M€ | 1 600 |
| Czech Republic | 47 000 | 1 600 M€ | 3 820 |
| Slovakia | 18 000 | 720 M€ | 1 840 |
| Romania | 25 000 | 960 M€ | 2 470 |
| Bulgaria | 8 500 | 340 M€ | 750 |
| Slovenia | 7 800 | 312 M€ | 790 |
| Lithuania | 2 200 | 83 M€ | 450 |

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|------------------|-------|-------|-----|
| Latvia – Estonia | 2 200 | 82 M€ | 400 |
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| TOTAL | 170 700 | 6 697 M€ | 16 720 |
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The lifts indicated are those which have practically all operational risks. The majority should be stopped immediately for safety reasons. The large majority of these lifts are in housing estates and apartment blocks, where underprivileged social groups are living.

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