

Bulgaria:

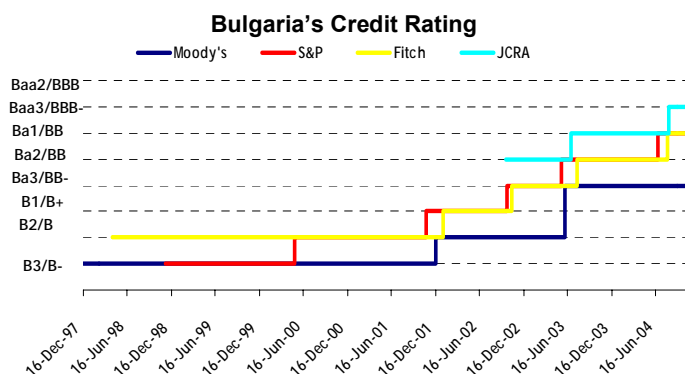
Business Environment and Key Sectors



Investment climate in Bulgaria

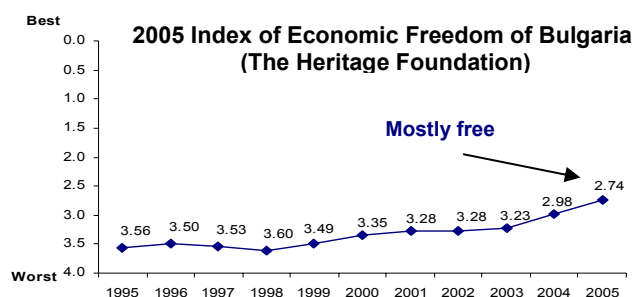
Predictability

- EU accession in 2007
- NATO member since 2004
- National currency pegged to Euro (EUR 1 = BGN 1.95583)
- Investment grade rating (BBB-) by S&P & Fitch as of June-August 2004
- Robust fully liberalized banking sector with 90% foreign ownership



Quality

- Institutional support for foreign investment by IBA
- Well-educated people (education levels among Europe top 5%)
- Highly skilled (approximately 7% of total workforce have engineering or related degrees)
- Foreign languages wide spoken (approximately 70% of students study English)
- Fast track company registration



Competitiveness

- 15% corporate tax – one of the lowest in Central and Eastern Europe
- The lowest operating cost in a European market economy
- Duty free movement of goods and services within a market of more than 550 million consumers
- Existing Double Taxation Treaty and Agreement on the mutual protection and promotion of foreign investment with Italy
- Corporate tax base is decreased with R&D expenditures made in cooperation with R&D institutes and/or universities



Indicators

	2000	2001	2002	2003	2004P	2005F
GDP (EUR bn)	13.68	15.19	16.53	17.59	19.5	21.1
GDP growth (%)	5.4	4.1	4.9	4.3	5.5	4.5
GDP per capita (EUR)	3,274	3,704	4,109	4,398	4,901	5,329
Population (m)	8.2	8.0	7.9	7.8	7.7	7.7
Unemployment (eoy, %)	18.7	18.1	17.7	14.3	12.7	11.9
Average monthly gross wage (eoy, EUR)	127	135	140	147	156	162
Export (EUR m)	5,253	5,714	6,063	6,668	7,994	8,618
Import (EUR m)	7,085	8,128	8,411	9,611	11,617	11,556
FDI (EUR m)	1,103	903	980	1,851	1,958	2,000
FDI (as % of GDP)	8.1	5.9	5.9	10.5	10.1	9.5
Inflation (avg, %)	10.3	7.4	5.8	2.3	6.1	4.1
Budget deficit (% of GDP)	-1.0	-0.9	-0.7	0.0	1.7	-0.3
Government debt (% of GDP)	85.8	69.9	55.9	48.4	43.5	41.0
Exchange rate (EUR/BGN)	1.96	1.96	1.96	1.96	1.96	1.96
Exchange rate (USD/BGN)	2.10	2.22	1.88	1.55	1.44	1.42
Base interest rate (avg, %)	4.62	4.67	3.35	2.67	2.36	N/A

Estimates or forecasts by EIU and AEA

*eoy – end of year

Demographic data on Bulgaria

Population by sex, official estimate, end-2003

	Total ('000)	Male ('000)	Female ('000)	Urban population (%)
Total	7,801	3,791	4,010	69.8

Population by age-group, official estimate, end-2003

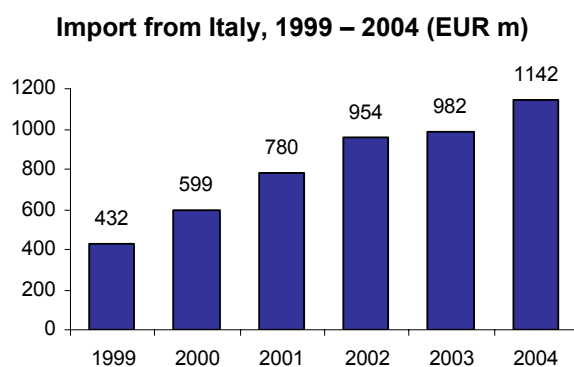
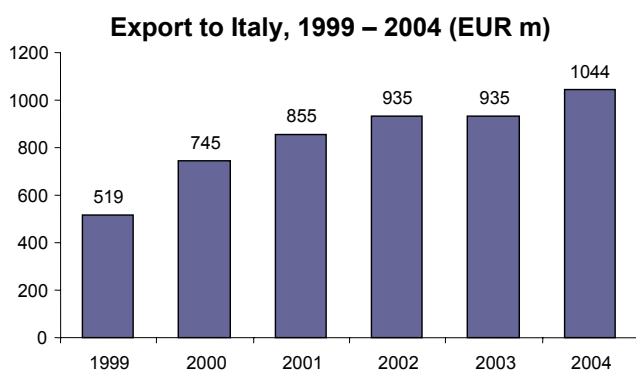
Age group	0 - 14	15 - 29	30 - 44	45 - 59	60 - 74	75 +
% of total	14.2	21.4	20.6	21.2	16.0	6.7

Bulgaria and Europe

	GDP 2004 (USD m)	Average GDP growth, 2003 - 2005	Average inflation, 2003-2005	Corporate tax rate, 2005	Labour costs (USD/hour), 2005	Average labour cost growth, 2004-2006
Bulgaria	24	5.1%	5.3%	15%	1.2	2.33%
Italy	1,682	0.7%	2.1%	33%	23.5	0.65%
Turkey	293	6.7%	10.2%	33%	2.5	0.85%
Russia	582	6.8%	11.9%	24%	1.6	5.70%
Romania	71	7.1%	11.0%	16%	1.4	5.59%
Greece	195	3.3%	3.2%	30%	15.1	1.46%
EU-15	12,094	2.0%	1.8%	N/A	28.3	0.90%

Source: The Economist Intelligence Unit (EIU)

Italy and Bulgaria



Most exported goods to Italy

Flat-rolled steel products	15.9
Footwear parts	6.5
Suits, jackets, trousers, dresses, skirts etc.	5.0
Footwear	4.1
Petroleum oils	3.2

Most imported goods from Italy

Processed leathers	6.2
Woven fabrics of cotton	3.9
Passenger cars	3.2
Woven fabrics of worsted wool	3.1
Cargo transportation vehicles	2.4

Incentives

Investment incentives are available to companies registered in Bulgaria, regardless owner nationality.

1. The Investment Encouragement Law regulates the terms and procedures of investing in Bulgaria.

The Investment Encouragement Law sets forth preferential treatment measures for investments meeting certain criteria specified as follows:

1. The investment to be in fixed assets acquisition with the purpose of creating new or enlarging, or modernizing existing production of goods and/or services;
2. New jobs to be created;
3. The investment project to be implemented within 3 years;

The measures are differentiated according to the class of the investments, as the latter are grouped in three classes, depending on the investment project value. The value thresholds are set forth in the Rules on the Enforcement of the Investment Encouragement Law as follows:

- 1st class – investment over BGN 100 million (€ 51 million);
- 2nd class – investment from BGN 50 to 100 million (€ 26-51 million)
- 3rd class – investment from BGN 10 to 50 million (€ 5-26 million)

For all investment classes, central and territorial executive authorities, as well as local self-government authorities provide **administrative services** (issue of licences, permits, etc.) **to investors within time limits which are 1/3 shorter than the normal ones.**

Apart from faster administrative service, 3rd-class investments receive **information services** by InvestBulgaria Agency as follows:

- Country economic analysis and sector information materials.
- Information about potential partners in the country
- Advice regarding all administrative procedures concerning the implementation of the investment project.

For 2nd-class investments InvestBulgaria Agency provides investors with:

- **Information services** and
- **Individual administrative services** with respect to all central and regional bodies of the Government. Investors will have the opportunity to **authorize officials of the Agency to obtain from the corresponding competent bodies** on investors' behalf and for investors' account **any documents necessary for implementation of the particular investment project** as may be required under the existing legislation.

For 1st-class investments, InvestBulgaria Agency assists investors by providing:

- **Individual informational and administrative services**
- **Assistance with real estate “titling” issues** – On the request of the 1st-class investor the Agency may propose to the corresponding authorities to transfer ownership rights or establish limited ownership rights over real estate, necessary for the implementation of the investment project (private, state or municipal property) without a tender or on preferential prices.
- **Resources for building elements of technical infrastructure**, necessary for the implementation of the investment plan to the borders of the investment project site

2. Programmes and measures for employment of young people and risk groups on the labour market in Bulgaria

1. If the following requirements are met, the Employment Agency may cover the sums for salaries and the due installments on account of the employer to the funds of Social Security Institute and to the Health Insurance Fund for the duration of the employment contract for each hired person (but for no longer than 12 months), as well as the expenses for training for acquiring professional qualification (no longer than 6 months).

Requirements:

- **The person has to be directed by the division of the Employment Agency on the basis of contract between the Agency and the employer**
- **Unemployed up to 29 years of age without time of service**

- Unemployed up to 29 years with reduced working capacity
- Young people from social institutions who have completed their education
- Unemployed with permanently reduced working capacity
- Unemployed – single parents (adoptive parents) or mothers (adoptive mothers) with children up to 3 years of age
- Unemployed women over 50 years of age and men over 55 years of age

The same incentive is valid for employer who admits for training for acquiring professional qualification and/or work on probation unemployed persons under 29 years of age, directed by the divisions of the Employment Agency on the basis of the contract concluded, for the term of education or work on probation, but for no longer than 6 months.

Programmes and measures for training during the lifetime:

1. An employer who provides maintaining and improvement of the qualification of the hired workers and employees can apply for granting of half of the maximum determined size of the sums for training of one person (the maximum sum is BGN 450 according to the National Operative Employment Plan).

Steps of the procedure:

- The local division of the Employment Agency - "Employment bureau" announces every month on the information board and in at least two local or regional mass media the encouragement measures, for which contracts can be concluded with employers during the following month
- The employer submits an application at the local "Employment bureau" and files a declaration to preserve the employment of the employees for at least 6 months after the successful end of the training
- In 3 days term after the expiry of the term for application the Council for co-operation discuss the submitted applications and propose to the director of "Employment bureau" list of the employers, with whom contract could be concluded during the respective month
- List of the approved employers is put on the information board of the "Employment bureau"

The employer has the right to carry out training for acquiring professional qualification appointing a training organization, within the frames of the maximal size of resources for training of one person (BGN 450).

3. a) Tax incentive for investments in regions with high unemployment

As of 1 January 2005 corporate income tax in Bulgaria is 15%.

Regions with high unemployment

Incentives are available for investments in high unemployment regions included in a list approved by the Minister of Finance. The incentives are subject to some advance and subsequent filing requirements and notifications. Where the value of the exemptions/incentives and other state aids for regional development exceeds BGN 75 million, a clearance from the Commission for Protection of the Competition is required. Where the amount of the state grants and subsidies (excluding the grants provided tax incentives) does not exceed BGN 200,000 in a three-year period, the tax incentives can be used under less strict conditions.

Tax exemption for manufacturing companies

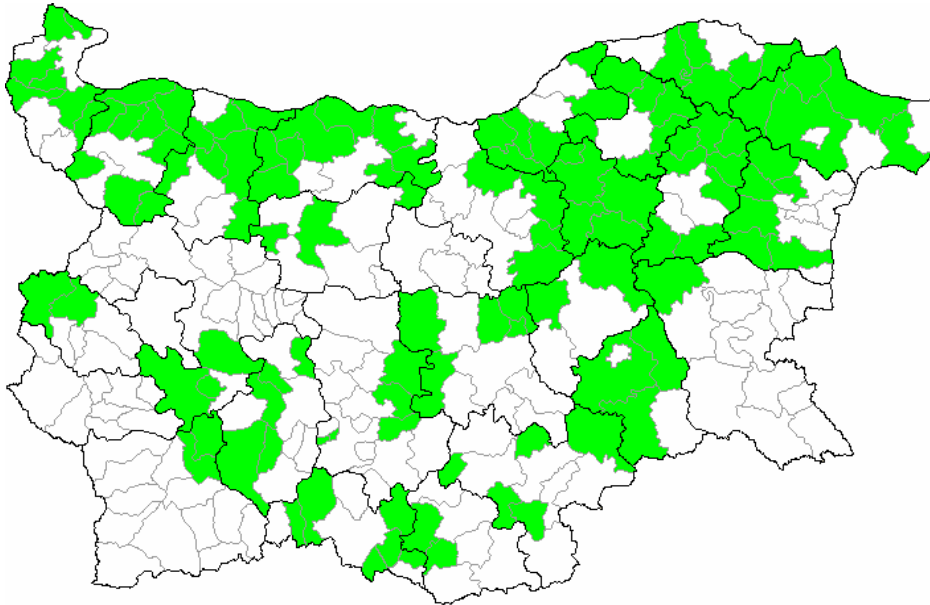
Manufacturing companies which invest in high unemployment regions are entitled to complete exemption from corporate income tax, subject to the following basic conditions:

- All business sites and premises of the taxpayer have to be located in the respective high unemployment region;
- All assets of the taxpayer (except for cash in bank accounts and investments in associates and subsidiaries) have to be located in the respective high unemployment region;
- The taxpayer should not have outstanding and non-disputable liabilities for taxes or social insurance or penalty interest thereon for the respective year in which the exemption is claimed;

The amount of the tax credit for each year should be invested in manufacturing activities within a period of three years after the end of the year in which the exemption was claimed. The eligible investment should consist of fixed tangible assets or licenses, patents and know-how at a value not exceeding 25% of the costs of the fixed tangible assets. The investor is also required to invest own funds of at least 25% of the amount of tax credit. Some other additional conditions are also required to be met. The assets acquired could not be disposed for a period of 5 years, except for in cases of merger or reorganization.

The incentive is available for a period of five subsequent years, subject to meeting its conditions in each respective year. If during the five-year period the respective region is excluded from the list of the high unemployment regions, the incentive survives the exclusion and can be applied until the expiry of its term. Where a company started preparatory activities for investing in a high unemployment region, but prior to commencement of manufacturing the region was excluded from the list, the company is still eligible to use the incentive for a period of 4 years.

High unemployment municipalities providing opportunities for corporate tax breaks in 2005 (in green)



3. b) Dividends and liquidation shares, calculated by a local person in favour of a foreign natural or legal person, local for an EU member-country, are not subject to withholding tax under the conditions that:

1. According to the tax legislation of the respective EU member-country the person is considered as local of this country for tax purposes and by force of an agreement for avoiding the double tax levying with a third state is not considered as local person of a state out of the EU
2. The person is levied with corporate tax, without having right of choice or exemption from levying with this tax
3. The person is the actual possessor of the income and holds at least 20% of the shares/stocks of the local entity

3. c) Special preferential VAT regime for imports of goods necessary for implementation of an investment project

VAT-registered investors performing certain eligible investment projects are entitled to import assets needed for the project without effective payment of import VAT. Moreover, such investors are entitled to refund VAT incurred on local purchases within 10 days after filing of the tax return, provided that at least 80% of the monthly VAT charges incurred on purchases are paid through a VAT account.

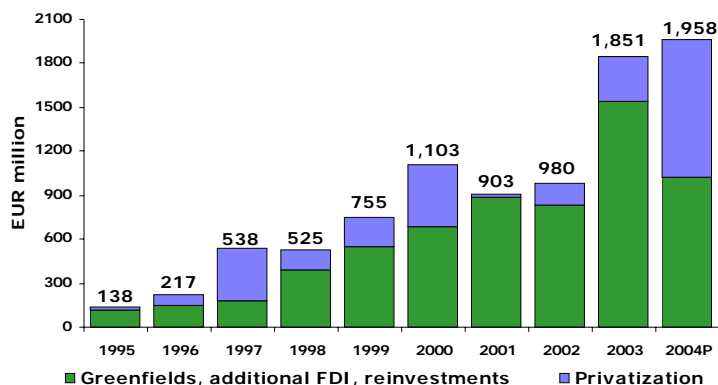
In order to benefit from the special investment rules, the investor needs to obtain an advance approval from the Ministry of Finance. In order to receive the approval, the investment project must meet certain conditions:

- The size of investment should be at least BGN 10 million (EUR 5 m) for a period not exceeding 2 years;
- The period for the completion of the project should not exceed two years;
- The project should result in creation of at least 50 new jobs;
- The project should be eligible for state aids for regional development;
- The investor should prove an ability to finance the project.

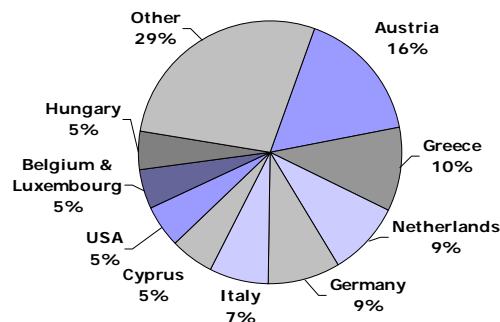
4. Reduction of the corporate tax base with the expenditure made for research and development (R&D) in cooperation with research institutes and/or universities

Foreign direct investment in Bulgaria: the leader in Southeast Europe in attracting FDI

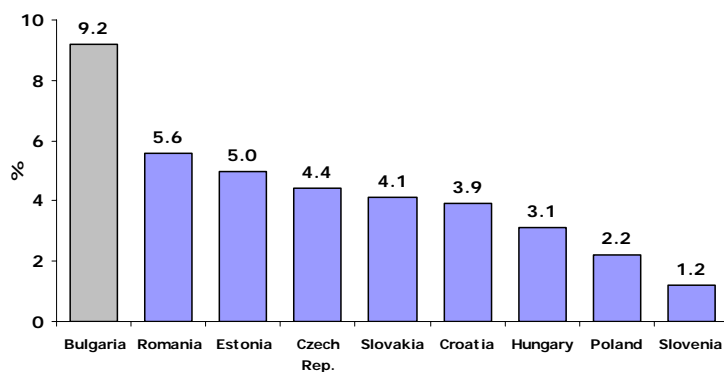
FDI inflow in Bulgaria 1995-2004P, EUR m



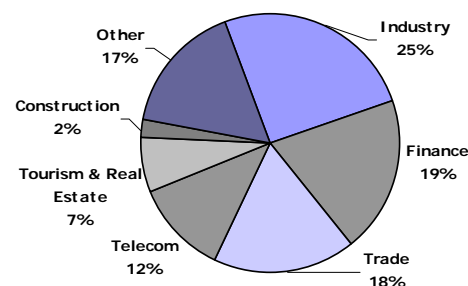
FDI stock by country, 1992 – 2004



FDI as % of GDP, 2004E



FDI stock by sector, 1998 – 2004



Top 25 foreign investors in Bulgaria for the period 1992 – 2004

Investor	Country	Bulgarian company	Sector
OTE	Greece	Globul, Cosmo Mobile	Mobile telecommunications
OTP	Hungary	DSK Bank	Banking
Unicredit Group	Italy	Bulbank	Banking
CEZ	Czech Republic	ER Sofia, ER Sofia - region, ER Pleven	Electricity distribution
EVN	Austria	ER Plovdiv, ER St. Zagora	Electricity distribution
Viva Ventures / Advent International	USA / UK	BTC AD	Telecommunications
LUKOIL	Russia	Neftochim AD, Petrol AD	Petrochemicals, retail fuel
Solvay	Belgium	Sodi Devnya	Chemicals (soda ash)
Umicore	Belgium	Umicore Pirdop MED	Copper smelter
National Bank of Greece	Greece	UBB	Banking
American Standard	USA	Vidima, Ideal Standard	Sanitary ware
E.ON	Germany	ER Varna, ER G. Oryahovitza	Electricity distribution
Miroglio	Italy	Miroglio Bulgaria, Interpret	Textile
Bank Austria / HVB	Austria	Bank Biochim	Banking
OMV	Austria	OMV Bulgaria	Retail fuel
Shell	UK / Netherlands	Shell Bulgaria, Shel Gas Bulgaria	Retail fuel
Şişecam	Turkey	Trakia Glass	Glass industry
EMTF+ Mobiltel Holding	Austria	Mobiltel AD	Mobile telecommunications
Knauf	Austria	Knauf Gipsfaser	Building materials
Raiffeisen Bank	Austria	Raiffeisen Bank Bulgaria	Banking
METRO	Germany	Metro Cash & Carry Bulgaria	Department stores
Bareck Overseas	Cyprus	Druzha - Plovdiv	Glass industry
Willi Betz	Germany	SO MAT	Transport & logistics
Holcim (Holderbank)	Switzerland	Beloizvorski Cement	Cement industry
Carlsberg	Denmark	Shumensko Pivo, Pirinsko Pivo	Brewery

Legal conditions for investment in Bulgaria

Company registration

Registration of Limited Liability Company

Authority	District court of its headquarters
Required documents and procedure	<p>The LLC /OOD in Bulgarian/ is founded or owned by one or more persons, including foreign natural or legal persons. The minimum authorized capital is BGN 5,000.</p> <p>Forming a Limited Liability Company</p> <ul style="list-style-type: none">• Composing articles of association or founding a deed for a single-member LTD;• Formation of company's share capital (at least 5000 BGN)• Issuance of bank deed certifying that at least 70 % of the registered capital has been paid;• Appointment of management body;• Registration in the commercial register of the relevant district court by the appointed manager who possesses representative power – BGN 120;• Issuance of a permit from the competent body for performing specific Commercial Law activity before entry into the commercial register (e.g. investment broker);• Completion of the establishment: court decision for entry into the commercial register;• Publication of the registration into the state gazette – BGN 25;• Registration at the national statistic institute (issuance of a BULSTAT number) within three days after the establishment of the company – BGN 60; <p><u>Necessary documents for registration in the Commercial Register</u></p> <ol style="list-style-type: none">1.application form for registration2.memorandum of association3.constituent meeting minutes4.notary certified consent with specimen of signature for each of the managers5.declaration in compliance with art.142 CA6.bank document of capital deposited7.company name uniqueness certificate8.certificate for actual state of a shareholder-legal person9.decision of the managing body of a shareholder-legal person10.receipt for paid state taxes11.receipt for paid state tax for publishing in the State Gazette
Fees	<p>Pursuant to Tariff №1</p> <ol style="list-style-type: none">1.Registration - BGN 1202.Duplicate of court decision - BGN 1.5 and BGN 1 per page3.Registration of changes in circumstances - BGN 20 <p>Minimum capital for establishing LLC - BGN 5,000</p> <ol style="list-style-type: none">4.Publication in the State Gazette - BGN 25
Timeframe	1 month
Legal framework	Commercial Law

Registration of Joint-Stock Company

Authority	Competent district court for the company's registered office
Required documents and procedure	<p>Persons entitled to request registration-only the relevant managing body of the company could request registration in the Commercial register.</p> <p>Preliminary preparation for the registration procedure:</p> <ol style="list-style-type: none">1. Reservation of company name and obtaining a certificate for uniqueness of the company name2. Holding a Constitutive Meeting, where the memorandum of association is accepted and the managing bodies are voted. At the meeting all shares of the JSC capital should be subscribed.3. Founders Contributions, which must be made by the founders-in money or non-cash. <p><u>Necessary documents for Registration in the Commercial Register:</u></p> <ol style="list-style-type: none">1. Application signed by all members of the managing body2. Memorandum of association, accepted on the constitutive meeting3. Minutes of the constitutive meeting, drawn in compliance with the terms and conditions of art.232 and subsequent from Commercial Law4. List of the persons, subscribing shares upon the incorporation /founders/ attested by the managing body5. Bank document for pecuniary contributions, installed by the subscribers6. Written consent with a notary certified signature of the contributor of a non-cash contribution7. Notary certified signature specimens of the persons, who shall represent the company8. Founders' declarations-if natural persons-stating that they are not declared insolvent subject and court certificates for the founders-legal persons are not declared insolvent9. Declarations of the members of the managing authorities that they agree to become members of the relevant authority10. Experts' statement duly admitted by the district court if non-cash contributions are made11. For founder-legal person-registration judgment, certificate for actual status, managing body resolution for participation in the joint-stock company and an express notary certified power of attorney of the person who represents the legal person at the constitutive meeting12. Receipt for paid state taxes13. Receipt for paid fee for publishing in "State Gazette"
Fees	<p>For JSC registration - BGN 400</p> <p>For registration of banking or insurance JSC - BGN 1,500</p> <p>For registration of JSC branch - BGN 200</p>

	Minimum capital for establishing JSC - BGN 50,000 For publication in the State Gazette - BGN 25
Timeframe	Not specified
Legal framework	Commercial Law

Registration of trade representative office of a foreign person

Authority	Bulgarian Chamber of Commerce and Industry
Required documents and procedure	<ol style="list-style-type: none"> 1. Application form with a registration request 2. Official document for the registration of the foreign person, issued by the competent authority in compliance with the national legislation of the person 3. Resolution of the managing body of the foreign person to open a trade representation office in Bulgaria 4. Special power or attorney in the original, notary attested issued by the person in item 2 to the person authorized to register and govern the representation office. As well as the volume of permitted rights 5. Official document indicating the persons representing and binding the foreign person 6. Original specimens of the persons, representatives in the Republic of Bulgaria by right or by special powers, notary attested 7. Document for paid fee for registration in BCCI 8. Filled-in registration card for the information system of BCCI
Fees	USD 100
Timeframe	Not specified
Legal framework	Law for the foreign investments

Tax registration

Authority	Competent territorial tax directorate
Required documents and procedure	<p>Tax form as per a sample, approved with ordinance №1 dated 12.01.2000 of the Chief Tax Director</p> <p>The obligatory entry is performed by submitting a declaration with respective enclosures by the following persons:</p> <ol style="list-style-type: none"> 1. The sole proprietors, the local legal persons, including non-profit organizations and branches or foreign companies-within 14 days from the day of the court decision for registration at the Tax Subdivision of the Regional Tax Directorate per place of domicile and respective registered office 2. Foreign legal persons which had registered trade agency or a branch In Bulgaria, within 14 days from the date of coming into force of the decision of BCCI for the trade representation, respectively from the day of the court decision for entry in the Commercial register at the Tax Subdivision of RTD per place of domicile and respective registered office of the agency or the branch, enclosing a copy of the decision of BCCI for registration of the representation/copy of the court decision of registration 3. Foreign person executing economic activities in Bulgaria, including place of economic activity or specific base or whose effective management is from Bulgaria-within 14 days from the beginning of the activity or from the day of decision for effective management from Bulgaria at the Tax Subdivision of the RTD per place of performance of the activities, enclosing a copy of the contract on the grounds of which the activities is performed or a copy of the document confirming the effective management from Bulgaria. 4. The foreign legal person for which a right or an obligation had originated for registration under material tax laws, which don't possess an object on the territory of Bulgaria at RTD-Sofia 5. The foreign persons who have acquired e real estate and are not included in paragraph 2, 3, 4 at the RTD per place of location of the real estate. <p>The persons liable to registration under the Statistic Act enclose to the declaration a copy of the registration certificate from the National Statistic Institute with Unified Identification Card according to BULSTAT</p>
Fees	N/A
Timeframe	7 days from the entry in the tax register is issued a certificate of tax registration
Legal framework	Tax Procedure Code Order №1 about the terms and procedures for tax registration

Registration under BULSTAT

Authority	Relevant Municipal Administration for registration in the BULSTAT Register located in the central Administration, in the National Bureau of Statistics and in the Territorial Bureau of Statistics of the National Bureau of Statistics
Required documents and procedure	<p>Documents must be submitted within 3 days period from the establishment respectively the registration of the legal entity</p> <p>At the submission of the documents the Registration Administration shall issue BULSTAT Classifier Registration Certificate to the applicant, which shall be valid for a period of 1 month. Up to 3 days after the expiration of the one-month period the applicant must return the Registration Certificate to the Registration Administration against which they shall obtain Identification Card in conformity with a sample form ratified by the Order of the Chairman of NSI</p> <p>Necessary documents:</p> <ol style="list-style-type: none"> 1. Juristic persons /LLC, JSC/: <ol style="list-style-type: none"> a. Certified by the Court copy of the court decision for registration in the relevant Court register b. Copy of the Decision which authorizes and defines the persons who represent and manage the company c. Copies of the contracts or memorandums of association, the constitutive acts respectively, and for JSC- copies of the Minutes of association 2. Sole proprietors: <ol style="list-style-type: none"> a. Certified by the Court copy of the court decision for registration in the relevant court register b. Identity cards 3. Branches of foreign banks, foreign insurers and foreign persons who are not legal entities/foreign natural persons, partnerships/who can carry Commercial Lawivity according to their own national legislation:

	<p>a. Certified by the Court copy of the court decision for registration for registration in the relevant court register</p> <p>4. Trade representation offices of foreign persons:</p> <p>a. Documents for registration in Bulgarian Chamber of Commerce and Industry</p> <p>5. Branches and divisions of the subjects in items 1,2</p> <p>a. Certified by the Court copy of the court decision for registration for registration in the relevant court register</p> <p>b. Statutory on the grounds of which they were established</p> <p>c. Copy of the Decision which authorizes and defines the persons who represent and manage the branch or the division</p> <p>d. Certificates pertaining to the BULSTAT classifiers of the traders who opens the branch or the division</p> <p>Applicants shall present copies of their identity papers and in events when documents are submitted by authorized persons-Power of Attorney</p> <p>Documents for stamp duties paid are also needed</p> <p>Registration shall be performed by the proprietors of the companies, persons managing them or partners or by authorized responsible employees of the companies with Power of Attorney, certified by signatures of the proprietors or managers and bearing the seal of the company.</p>
Fees	<p>1. Sole proprietor - BGN 25</p> <p>2. LLC - BGN 60</p> <p>3. JSC - BGN 120</p> <p>4. Foundation, partnership - BGN 40</p> <p>5. Branch of foreign person - BGN 100</p> <p>6. Branch of LLC - BGN 20</p> <p>7. Branch of JSC - BGN 40</p> <p>8. Foreign person executing economic activities in Bulgaria, including place of economic activity or specific base - BGN 40</p> <p>9. Trade representation or agency - BGN 70</p> <p>10. Branch of a non-profit organization - BGN 15</p>
Timeframe	Approximately 1 month
Legal framework	Statistics Act

CONSTRUCTION

Procedure	1. Preparation and approval of draft architectural project
Authority	The chief architect of the municipality; The district governor if the project includes more than one municipality; The minister of the regional development and the public utilities if the project includes more than one district or is of national significance
Required documents and procedure	1. Application form; 2. Document proving the property or the construction right; 3. Design visa
Fees	Article 7 and 9 from the Law for the local Fees and art. 1 (1) from the Law for the State taxes
Timeframe	1 month (14 days)
Legal framework	Law for Spatial Planning
Procedure	2. Coordination of technical or working investment project
Authority	The chief architect of the municipality; The district governor if the project includes more than one municipality; The minister of the regional development and the public utilities if the project includes more than one district or is of national significance
Required documents and procedure	1. Application form; 2. Document proving the property; 3. Design visa; 4. Three copies form the investment project; 5. Environment influence impact assessment; (Art. 144 Law for Spatial Planning)
Fees	Article 7 and 9 from the Law for the Local Fees and art. 1 (1) from the Law for the State Taxes
Timeframe	1 month (14 days)
Legal framework	Law for Spatial Planning
Procedure	3. Approval of investment project
Authority	The chief architect of the municipality; The district governor if the project includes more than one municipality; The minister of the regional development and the public utilities if the project includes more than one district or is of national significance
Required documents and procedure	1. Application form; 2. Document proving the property; 3. Design visa; 4. Three copies form the investment project; 5. Environment influence impact assessment; (Art. 144 Law for the spatial planning)
Fees	Article 7 and 9 from the Law for the local Fees and art. 1 (1) from the Law for the State taxes
Timeframe	1 month (5 days)
Legal framework	Law for Spatial Planning
Procedure	4. Design Visa

Authority	The chief architect of the municipality
Required documents and procedure	1.application form 2.documents for ownership title 3.documents certifying the right to build 4.documents for limited property rights 5.other documents
Fees	Article 9 from the Law for local Fees the municipality council shall fix the taxes for issuing design visas for each municipality
Timeframe	14 days (5 days)
Legal framework	Law for spatial planning
Procedure	5. Construction permit
Authority	The chief architect of the municipality and for the towns with district division - upon decision of the municipal council - by the chief architect of the district.
Required documents and procedure	A permission for construction in the cases when approval of investment design is not required, shall be issued only on the basis of the application for permission to the chief architect and document for ownership, established construction right or right to build on other's property by force of special law. If approval of investment project is required it must be enclosed with the written application.
Fees	Tariff №14 for the fees gathered by the Ministry of regional development and public works
Timeframe	7 days
Legal framework	Law for spatial planning
Procedure	6. Assessment of the need of Environmental influence impact assessment
Authority	The Minister of Environment and Water The Director of the Regional Environment and Water Inspectorate
Required documents and procedure	1. The documents required according to Annex 2 form the Ordinance for the Environmental influence impact estimation; 2. Documents proving that the investment proposition is connected with the national security, if such connection exists; 3. Document for paid fee;
Fees	BGN 70
Timeframe	1 month (5 days)
Legal framework	Law for the protection of the environment
Procedure	7. Environmental influence impact assessment
Authority	The Minister of the environment and water The Director of the Regional environment and water inspectorate
Required documents and procedure	Documents listed in Ordinance for the Environmental influence impact estimation
Fees	1. BGN 1,500 for investment projects included in Annex 1 from the Law for protection of environment 2. BGN 700 for investment projects included in Annex 2 from the Law for protection of environment
Timeframe	About 6 months (About 48 days)
Legal framework	Law for the protection of the environment
Procedure	8. Transformation of the legal status of the land from agricultural to industrial - The change of the designation of the agricultural lands is admitted only as an exception, for proven needs and under conditions and by an order, determined by Law for preservation of the agricultural lands
Authority	The change of the designation of the agricultural lands for needs different from agricultural shall be permitted depending on the productive qualities and the purposes of the change by: 1. Commissions to the regional directorates "Agriculture and forests" - when the requested area is up to 5 ha and the land is located in the land areas of the settlements on the territory of the respective region; 2. The Commission for the farm lands - in the remaining cases.
Required documents and procedure	During the procedures for change of the designation of the agricultural lands they shall be categorized in 10 categories according to the productive capacities of the soil and climatic conditions, the relief and technological qualities of the land, its fitness for production of different kinds of vegetal production, and the imposed restrictions of land usage, under conditions and by an order, determined by an ordinance, issued by the Council of Ministers Preliminary steps and documents: 1. Act for categorization of the agricultural lands at the change of their designation issued in order to The Ordinance for categorization of the agricultural lands at the change of their designation 2. Determined necessary platform or track with a project for detailed development plan and a positive decision for environmental impact assessment, issued by the order of the Law for protection of the environment. 3. Approved detailed development plan according to article 129 from the Law for spatial planning. 4. Ownership title on the land In the presence of an approved detailed development plan the owner of the land or the investor of the site shall propose a change of the designation of the necessary agricultural land for purposes other than agricultural. The commissions shall within 14 days from filing the proposal, take decision for change of the designation of the agricultural lands. Along with the proposal the applicant must file 2 copies of the approved detailed development plan. Copy of the decision for change of the designation of farm lands for purposes other than agricultural shall be sent within 7 days from its enactment by the respective commission to the cadastre office at the location of the real estate for entry into the cadastre.
Fees	For change of the purpose of agricultural land shall be paid state fee determined by a tariff of the Council of Ministers. The fee shall be paid by the owner of the agricultural land who has required the change of its purpose or by the investor of the site for state or municipal needs.
Timeframe	14 days for the competent commission to take decision

Legal framework	Law for preservation of the agricultural lands
Procedure	9. Certificate for the compliance with the fire safety rules
Authority	Director of the National Directorate "Fire and Accident Safety"
Required documents and procedure	<ol style="list-style-type: none"> 1. Written request to the National Directorate "Fire and Accident Safety" Director 2. Construction, technical and technological documentation 3. Presence of specialists and experts when it is necessary for the certificate examinations 4. Receipt for paid state tax 5. Other requested documents when necessary <p>The authorities of the National Directorate "Fire and Accident Safety" shall examine the site for the compliance with the rules for fire safety within 1 month from the date of the written request. They shall make a record for the results from the examination, on the basis of which, shall be decided if the site is in compliance with the fire safety rules. The certificate shall be valid for 3 years.</p>
Fees	Tariff №4 for the fees, gathered by the Ministry of Interior
Timeframe	1 month (14 days)
Legal framework	Ordinance №I-117 issued 15 .05 2003 for state fire prevention control, fire extinguishing and rescue activity
Procedure	10. Preparation of the project
Required documents and procedure	<ol style="list-style-type: none"> 1. Design Visa 2. Signing a preliminary contract for connecting to the electricity distribution network with NEK (National Electric Company) 3. Signing a preliminary contract for connecting to the water and sewage network with VIK (Water and Sewage Company) 4. Permit issued by HEI (Institute for Hygiene and Epidemics) 5. Preparation of a geodetic map 6. Preparation of a geodetic survey 7. Preparation of an architectural map 8. Preparation of draft architectural project. Approval by the corresponding authorities 9. Preparation of working architectural project. Approval by the corresponding authorities 10. Preparation of an installation projects 11. Coordination of the project with HEI 12. Coordination of the project with the local authorities for fire and accident safety 13. Application of the project in the municipality 14. Examination of the project by the Expert Council for the spatial planning 15. Approval of the engineering projects 16. Contract conclusion by independent construction supervision 17. Construction permit issue 18. Construction line report issue
Fees	N/A

Food & Beverage / Agriculture

Food & Beverage

- The country of the largest mineral water deposits in Europe - more than 250 mineral water deposits and over 500 sources and boreholes in the country (France – 64; Spain - 89)
- Strong traditions in wine making – 2% of the world market share
- Very high quality organic products (ban on GM products)
- EU food legislation integrated in the Bulgarian legislation

Agriculture

- 1/3 of Bulgaria's population is rural
- Unique climate conditions support wide variety of crops, fruit and vegetables
- Availability of substantial agricultural areas available for cultivation
- Environmentally clean and fertile soil
- Long traditions in agriculture

Latest deals

Vendor	Investor	Target	Size (EUR m)
Modernization	Karnobat Winery	Upgrade of production facilities	9
Danish Investment Fund	Carlsberg Bulgaria	20% of Carlsberg Bulgaria	7.5
Ikken/Bora consult	Discopm Holding	Bankya Water (mineral water bottling)	7
Greenfield	Domain Menada	New winery	4
Extension	Nestle Bulgaria	Distribution center	2.6
Greenfield	Azi Agro Holding, Italy	Processing plant	2
Greenfield	Brewinvest (Coca Cola HBC/Heineken joint venture)	New high-tech brewing facility	2
Modernization	Vitabal	Meat processing plant modernization	1.2
Greenfield	Tefenlili Gida, Turkey	Nuts factory	0.5
Government	Coca Cola HBC	20-year mineral water concession	2.1 EUR/m ³
Rusteco Protein	Provimi, Holland	Animal feed producer	Undisclosed

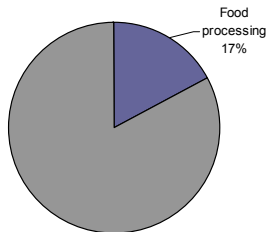
Pipeline

Vendor	Investor	Target	Size (EUR m)
Greenfield	Wine sector	Planting 5,000 ha of new vineyards a year in 2005 and 2006	200
Additional investment	Mayr-Melnhof	Modernization and improving energy efficiency	20
Extension	Carlsberg Bulgaria	New production facilities in its two Bulgarian breweries	18
Greenfield	Sammisound (South Korea)	Spaghetti Factory (Korean type of spaghetti)	15
Belvedere Capital Management	EBRD	EUR 7 m long-term secured debt + EUR 2 m for acquisition of 10-20%	9
Greenfield	Icefruit	Processing, freezing and canning plant	6
Modernization	BBB Group	Implementation of new technologies	5
Greenfield	Boni Holding	New slaughterhouse	3.6
Extension	Lactina	Probiotics plant completion	2
Extension	Norex Agro (Bulgarian-Dutch J/V)	8 silos and auxiliary facilities	1.5
Greenfield	BiV Herbs (Bulgarian-Dutch J/V)	Herb processing plant	1

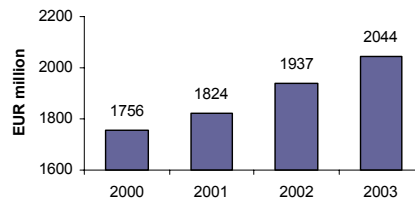
Food & Beverage Fact Sheet

Importance of Food & Beverage industry for Bulgaria / Output

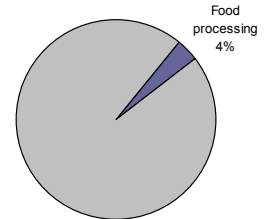
Share of Food processing in Bulgaria's industrial gross output, 2003



Production of Food, beverages and tobacco, 2000-2003

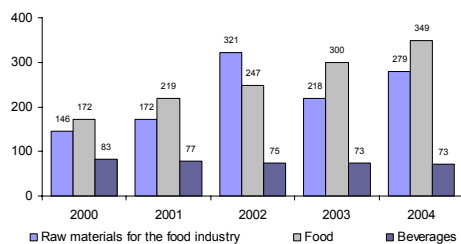


Share of employees in Food processing in the total workforce, 2003

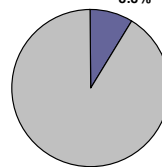


Export

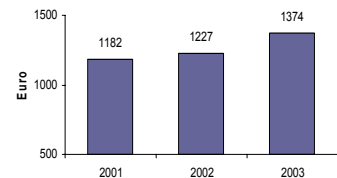
Export of Food & Beverage industry, 2000-2004 (EUR m)



Export of Food & Beverage industry as % of the total export of Bulgaria, 2004
Total export of Bulgaria - EUR 8 bn



Average annual gross salary in production of food, beverages and tobacco (Private sector)



Sources: National Statistics Institute, Bulgarian National Bank

Attractive subsectors

Mineral water

- More than 250 mineral water deposits and over 500 sources and boreholes in the country (France – 64; Spain – 89)
- Capacity of different mineral sources varies from 0.5 to 63 l/sec
- Overall capacity of mineral water sources in Bulgaria - over 3100 l/sec
- Depth of water sources – 400-1500 meters
- Temperature varies from 13°C to 102°C
- Hottest mineral spring in Bulgaria – Sapareva Bania (102°C)
- Degree of mineral water resources usage – 37%
- Annual consumption of soft drinks in 2003 – 916 million liters which is 117 l/capita
- Market share of soft drinks in 2003 – 55%
- Consumption of mineral water has increased 5 times since 1991 and is still rising
- Mineral water consumption in 2003 - 40 l/capita

Wine-making

- 2% of the world market share
- Amongst the top 15 wine producing and exporting nations in the world
- Industry is 100% private as of 2000
- About 50 cellars producing bottled and bulk red, white and sparkling wines
- More than 80% export production
- Wine export has 2% share of Bulgarian exports in value terms
- Total production of wine industry in 2003 is 1.7 million hl and is expected to rise to 3.6 million hl in 2005

Success stories

Amylum Bulgaria

- Amylum entered the Bulgarian market in 1993
- The company produces wide range of starches, glucose syrups, crystalline and liquid dextrose, high fructose corn syrups (HFCS) and maltodextrins
- The produce of the company is applicable to different sectors of the industry - Food & Beverages, Pharmaceuticals, Fermentation, Paper and Corrugated Board, Compound Feed Industry, etc.
- Investment value – USD 52 m (1993-2004)
- Employees in 2004 - 210

Carlsberg Bulgaria

- Present in Bulgaria since 2002
- Carlsberg Breweries A/S (Denmark) purchased Shumensko Pivo JSC and Pirinsko Pivo JSC
- USD 70 m invested till the end of 2004
- About 20% market share (3rd place in Bulgaria)
- 670 employees
- Major Carlsberg brands in Bulgaria: Shumensko pivo, Pirinsko pivo and Tuborg
- In 2004, Carlsberg Bulgaria JSC sold 20% of the shares to Investment Fund for Central and Eastern Europe
- Shumensko Pivo is the most dynamically developing brewery in Carlsberg group

Nestle Bulgaria

- The largest food company in Bulgaria
- Nestlé S.A. entered the Bulgarian market in 1994 after the purchase of the largest confectionery plant in the country, located in the outskirts of the capital Sofia.
- Investment (1994-2004) – USD 33 m
- The company's microbiological laboratory in Bulgaria was certified as the Nestle laboratory ensuring the most precise analyses in the world
- 25% year-on-year sales increase in 2004
- Capital in 2004 - EUR 4.3 m
- Employees in 2004 – 924

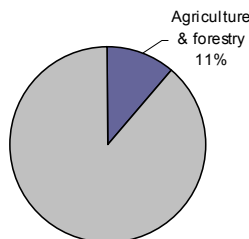
Trakia Water

- TRAKIA Water JSC is a Swiss-German-Bulgarian company, based in Plovdiv
- Size of investment – EUR 1 million
- TRAKIA Water JSC holds the concession for the "Vojvodinovo" mineral source in Voivodinovo village, Municipality of Maritsa
- The main scope of activities of the company is bottling of natural mineral water, sparkling natural mineral water and production of soft drinks based on natural mineral water
- The company owns a modern bottling factory, provided with high-tech and completely automatic equipment
- TRAKIA Water JSC realizes its production on the export and home markets under the trade mark AquaTRAKIA.

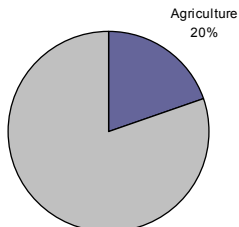
Agriculture Fact Sheet

Share of agriculture in the Bulgarian economy

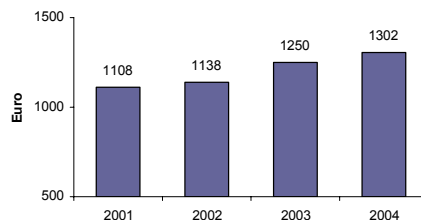
Share of Agriculture & Forestry in Bulgaria's Gross Value Added, 2004



Share of employees in Agriculture in the total workforce, 2003
Total workforce - 3.02 m

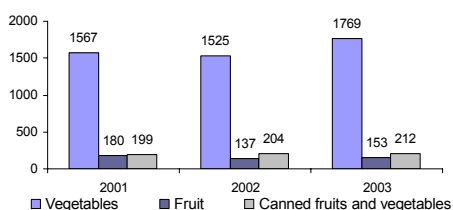


Average annual gross salary in Agriculture, hunting and forestry (Private sector)

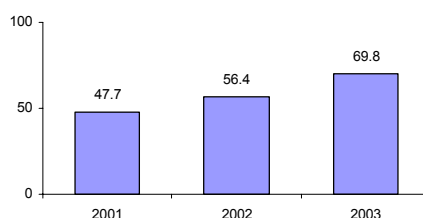


Output

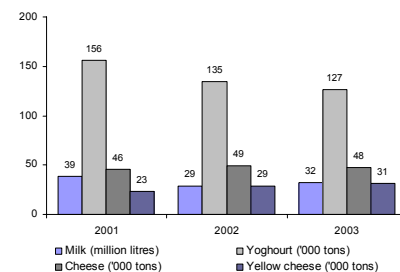
Production of fruit & vegetables, 2001-2003 ('000 tons)



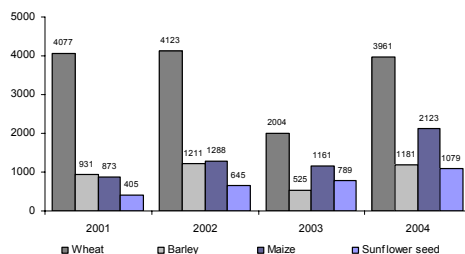
Production of red meat, 2001 - 2003 ('000 tons)



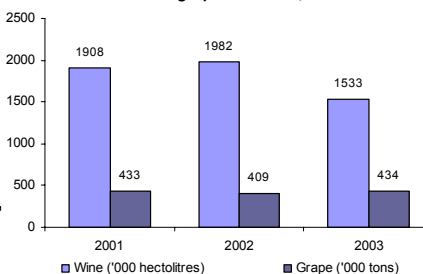
Production of main dairy products, 2001 - 2003



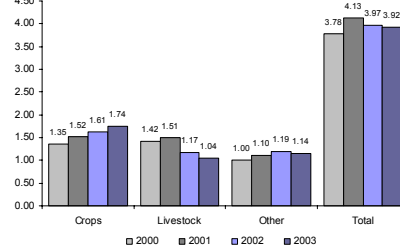
Production of main crops, 2001-2004 ('000 tons)



Production of grape and wine, 2001-2003

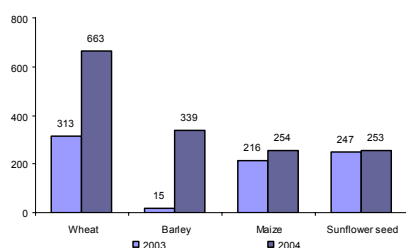


Gross agricultural output (EUR bn)

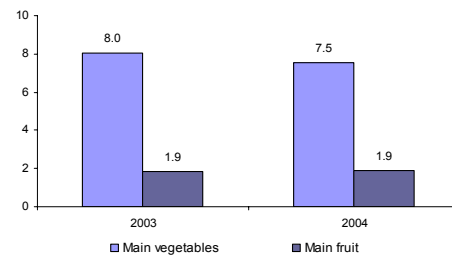


Export

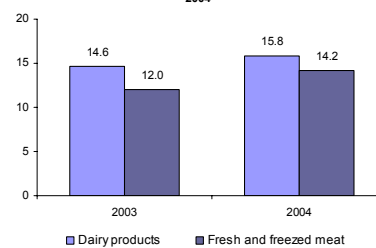
Export of main crops ('000 tons), 2003-2004



Export of main fruit & vegetables ('000 tons), 2003-2004



Export of meat and dairy products ('000 tons), 2003-2004



Sources: Ministry of Agriculture, National Statistics Institute, Bulgarian National Bank, The Economist Intelligence Unit

Legal

Registration of the vine farms

Authority	Executive Agency for the vine and wine under the Ministry of Agriculture and Forestry
Required documents	The individuals and the companies who produce wine grape are obliged to register in the Executive Agency for the vine and wine the vine farms managed by them. The application for registration must be accompanied by: <ol style="list-style-type: none"> 1. Informative declaration in a form issued by the Executive Agency for the vine and wine for the location of the vine plants; 2. Original copy of a certificate of incorporation/registration – for corporate bodies; 3. Copy of an identification card of BULSTAT register and copy of a certificate for tax registration
Timeframe	14 days
Legal framework	Law for the Wine and Alcoholic Beverages

Registration for production of spirits, distillates and alcoholic beverages

Authority	Minister of Economy
Required documents	The production of spirits, distillates and alcoholic beverages can be carried out only by persons registered as entrepreneurs in the meaning of the Commercial Law, entered in the register of the producers of spirit, distillations and alcoholic beverages at the Ministry of Economy upon submitting an application accompanied by: <ol style="list-style-type: none"> 1. Copy of the court decision for registration and certificate for actual state 2. Technical information about opened and closed production sites and storehouses 3. Copy of the permit for using the production site 4. Copy of the technical specifications for the production of spirits, etc. 5. Copy of the sanitary permission for exploitation of the production site 6. List of the technologists managing the production process 7. Copy of the identification BULSTAT card and of the certificate for tax registration 8. Declaration of the producer that he has not produced spirits without license 9. Receipt for paid state taxes
Timeframe	14 days
Legal framework	Law for the wine and alcoholic beverages

Registration of enterprises – producers of food

Authority	<ol style="list-style-type: none"> 1. Regional office of the Regional Inspection for Preservation and Control of the Public Health (RIPCPH) at the Ministry of Health 2. Regional office of the Veterinary Supervision at the Ministry of Agriculture and Forestry
Required documents	The RIPCPH registers the sites of production of foodstuffs of non-animal origin and of the trading places of foodstuffs, with exception of the wholesale trading places for foods of animal origin. The regional veterinary office registers the sites for obtaining, production, processing, storing, packing and re-packing of raw materials and foodstuffs of animal origin, as well as the sites of wholesale trade of foodstuffs of animal origin. In order to register the persons file an application form, accompanied by: <ol style="list-style-type: none"> 1. Certificate for actual state of the applicant 2. Permit for use of the production site under Law for spatial planning 3. List of the foods that will be produced
Timeframe	30 days for inspection of the documents and 14 days for completing the registration
Legal framework	Law for the Foods

Production and trade of animal foods

Authority	Ministry of Agriculture and Forestry
Required documents	The individuals and the corporate bodies producing and/or trading with products or substances designated for animal food are obliged to declare their activity for registration before the Ministry of Agriculture and Forestry in one month term after the start of the activity. The registration is made upon submitting an application to the Minister of Agriculture and Forestry
Timeframe	Not specified
Legal framework	Law for the Fodder

Competition & Suppliers

Top companies in Food & Beverage

Company	Activity	Net sales (EUR '000)	Number of employees	Year
Nestle Bulgaria (Sofia)	Sugar and chocolate products	41,752	924	2003
Chipita Bulgaria (Kazitchene)	Croissants, flour and food-stuffs	38,200	548	2003
Sugar Plants (Gorna Oryahovitza)	Sugar	30,611	1,250	2003
Danone Serdika (Sofia)	Dairy products	23,267	294	2003
Meat Factory Lovech (Lovetch)	Meat and meat products	20,847	430	2003
Sofia Mel (Mill factory - Kraps - Mel1) (Sofia)	Production of flour, grain	19,959	218	2003
Kaliakra-Dobrich (Dobrich)	Refined oils and fats	19,165	410	2003
Domaine Boyar (Sofia)	Wines	16,558	580	2003
Biser - Oliva (Stara Zagora)	Refined oils and fats	16,236	282	2003
Rodopa Commerce (Meat Factory Haskovo) (Haskovo)	Production and preserving of meat	14,325	318	2003
Agrima (Sofia)	Beverages	13,973	573	2003
Kendy (Bankya)	Mineral water and soft drinks	12,685	121	2003
United Milk Company - Holding (Sofia)	Dairy products	12,330	387	2003
Domaine Boyar (Vinprom - Rousse) (Sofia)	Wines	11,768	N/A	2003
Pitseklannitsa (Dobrich)	Poultry and poultry meat products	10,402	320	2003
Dobrudzhanski hlyab (Dobrich)	Bread	9,917	330	2003
Pobeda - Bourgas (Bourgas)	Rusks, biscuits; pastry goods and cakes	9,239	594	2003
Zlatna Trakia - Harmanli (Harmanli)	Refined oils and fats	9,024	120	2003
Tandem-V (Sofia)	Meat and meat products	8,826	157	2003
Olineza (Kostinbrod)	Condiments and seasonings	7,604	271	2003
Kenar (Sofia)	Salads, semi-manufactured products	7,425	537	2003

Top companies in agriculture

Company	Activity	Net sales (EUR '000)	Number of employees	Year
Gradus - Ivan Angelov - 55 (Panagyurishte)	Farming of poultry	18,104	N/A	2003
Viand (Sofia)	Growing of crops, farming of animals	10,636	48	2003
V & VGD Green-houses - Petrich (Petrich)	Seedlings, vegetables, agricultural products	6,708	262	2003
Eggs and Chicken Company - Zora (Donchevo)	Poultry and eggs	6,235	350	2003
Klokotnica - Haskovo (Haskovo)	Farming of swine	5,988	140	2003
Svinekomplex Vereya (Stara Zagora)	Farming of swine	2,918	70	2003
Hybrid Centre for Pig-breeding (Shoumen)	Farming of swine	2,702	29	2003
Val (Belovo)	Growing of crops, farming of animals	2,394	N/A	2003
Sikonko - Agria (Sofia)	Growing of crops, farming of animals	2,360	71	2003
Slaviana (Slavyanovo)	Poultry-breeding, eggs	1,829	75	2003

Energy

- Bulgaria is the main exporter of electricity in Southeast Europe
- Bulgaria has a number of potential renewable energy sources – hydro, solar and biomass; geothermal and wind energy potential is considered as the highest
- Electricity consumption in Bulgaria is expected to grow with 1.7 - 2.3% on an annual basis until 2020
- 2001-2005 – Government policy towards liberalization of the energy market through providing free access to the energy transmission network and direct contracting between generators, traders and eligible customers under bilateral contracts at freely negotiated prices
- 2005 – Bulgaria will create a national electricity exchange in a further step to deregulate its power market
- 2007 – The monopoly of National Electricity Company (NEC) over transmission, including export of power will expire upon Bulgaria's EU accession

Latest deals

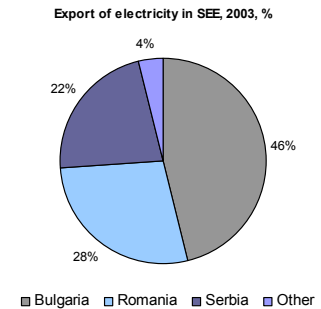
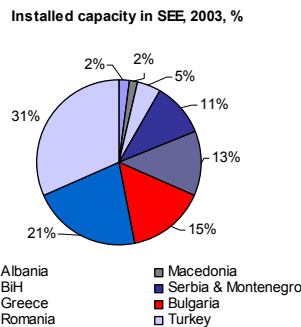
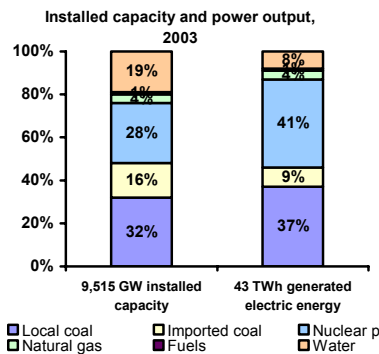
Vendor	Investor	Target	Size (EUR m)
Government	Mitsui / Toshiba (85% financed by JBIC)	Rehabilitation of TPP Maritsa East 2	230
Government	VA TECH Hydro (Austria)	Tsankov Kamuk hydro power project	200
Government	EBRD, Soci�t� General	Rehabilitation of TPP Maritsa East 3	518
Privatization	Energopro (Czech Republic)	"Petrohan" HPP cascade	17.2
Privatization	CEZ (Czech Republic)	"Western Bulgaria" package of Electricity Distribution Companies (EDC)	281.5
Privatization	EVN AG (Austria)	"South-East Bulgaria" package of EDCs	271
Privatization	E.ON Energie AG (Germany)	"North-East Bulgaria" package of EDCs	140.7
Siemens	National Electricity Company (NEC)	Upgrade of a 400 kV power substation	9
Government	EBRD / EIB	Rehabilitation of Bulgaria's high-voltage network	153
Government	Global Environment Facility (GEF) Trust Fund (The World Bank)	Energy Efficiency Project for Bulgaria	7.6
Government	Varna Heating Utility	2 co-generating units with an installed capacity of 2.2 MW each	2.1
Greenfield	Horizon Energy Development Inc. (USA)	100 MW co-generation unit project	75.4
Government	Siemens (Germany), Framatome (France) and Atomenergoexport (Russia)	Modernization of units 5 and 6 of Kozloduy NPP	491

Forthcoming significant projects

Project	Value (EUR m)	Period
Construction of new replacing capacity on the site of Maritsa East 1 – 2 units x 335 MW together with FGD plants	989	2005 - 2009
Construction of Belene NPP	2,045	2005 - 2011
Construction of highway gas pipeline for natural gas transit from Central Asia through Turkey to Central and Western Europe	350 - 400	2008 - 2012
Privatization of 12 Hydro Power Plants	N/A	2005
Privatization of DHC Plovdiv, DHC Pravetz, DHC Lovech and DHC Pernik	N/A	2005

Energy sector fact sheet

Basic data



Source: Ministry of Energy and Energy Resources

Investment in the Energy sector

Opportunities for financing energy investment projects:

- Bank loans
- EU funds
- Joint implementation mechanism
- Privatization
- State guaranteed credits for significant projects of social importance
- Financial leasing

Investment opportunities in energy sector exist in:

- Modernization of existing TPPs
- Greenfield wind power park projects
- Construction of new HPPs, privatization of existing ones
- New gas retail distribution projects
- Privatization of the electricity generation companies

For more information, please, visit:

Ministry of Energy and Energy Resources www.doe.bg
 State Energy Regulatory Commission www.dker.bg
 Privatisation Agency www.priv.government.bg

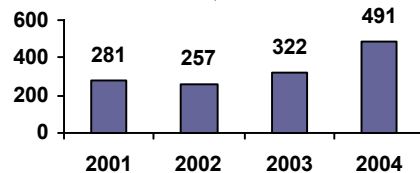
Va Tech – Tsankov Kamuk HPP and dam

- Project implemented under Kyoto Protocol and the respective MoU between Austria and Bulgaria
- Construction of new HPP and dam – 80 MW/185 MWth per year
- Partners: NEC and Va Tech (Austria) as major EPC contractor
- Financial agreement for EUR 220 m signed in Nov. 2003
- Project financing: through Bank Austria Creditanstalt and Credit Suisse First Boston
- Austrian Verbundplan GmbH and Alpine Mayreder BAU GmbH have been awarded the contract for construction works and engineering services
- Jobs to be created: 700
- Project to be completed in 2010

Overgas Inc.

- Established in 1992 as a joint venture with Gasprom (Russia), Overgas Inc. is the biggest Bulgarian natural gas distributor
- Currently, the company operates about 1,000 km of gas distribution networks, 369 km of which were built in 2004
- The company holds 26 exclusive licenses for natural gas distribution and 60% of the potential national gas market
- The company has planned to invest EUR 96 m for the period 2004 – 2005
- For the first quarter of 2005, Overgas has increased its household customers to more than 10,000, which is 5 times more as compared to Q1, 2004. The number of business customers has tripled for the same period
- The household's potential of local gas distribution companies of Overgas Inc. is expected to reach 4 million in 2010.

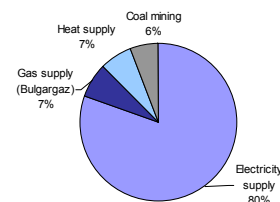
Investment in Bulgarian energy sector, 2001-2004, EUR m



EUR 1.351 bn invested in the energy sector in 2001-2004

Source: Ministry of Energy and Energy Resources

Structure of the Energy sector



Source: Ministry of Energy and Energy Resources

Mitsubishi and Societe Industrielle d'Atlantique – wind energy project in Kaliakra

- Construction of a wind park near Kaliakra at the Black Sea coast
- Land provided by the municipality through a tender procedure
- Project to be implemented by Mitsubishi and Societe Industrielle d'Atlantique
- Evaluation of the environmental impact and power equipment application is under way

ENEL – Maritsa East 3

- Rehabilitation of 4x210 MW units and construction of flue gas desulphurization plants for the four units to raise the output capacity of Maritsa East 3 to 904 MW from 840 MW and extend its operational life by 15 years
- The project is carried out JV Power Company Maritsa East 3 controlled by ENEL (44 %), NEC (27%) and Entergy (29 %)
- Project value: EUR 600 m - financed by 14 banks
- Investment: USD 36 m in 2003; EUR 112 capital investments planned in 2005
- Project to be implemented by 2006

Legal

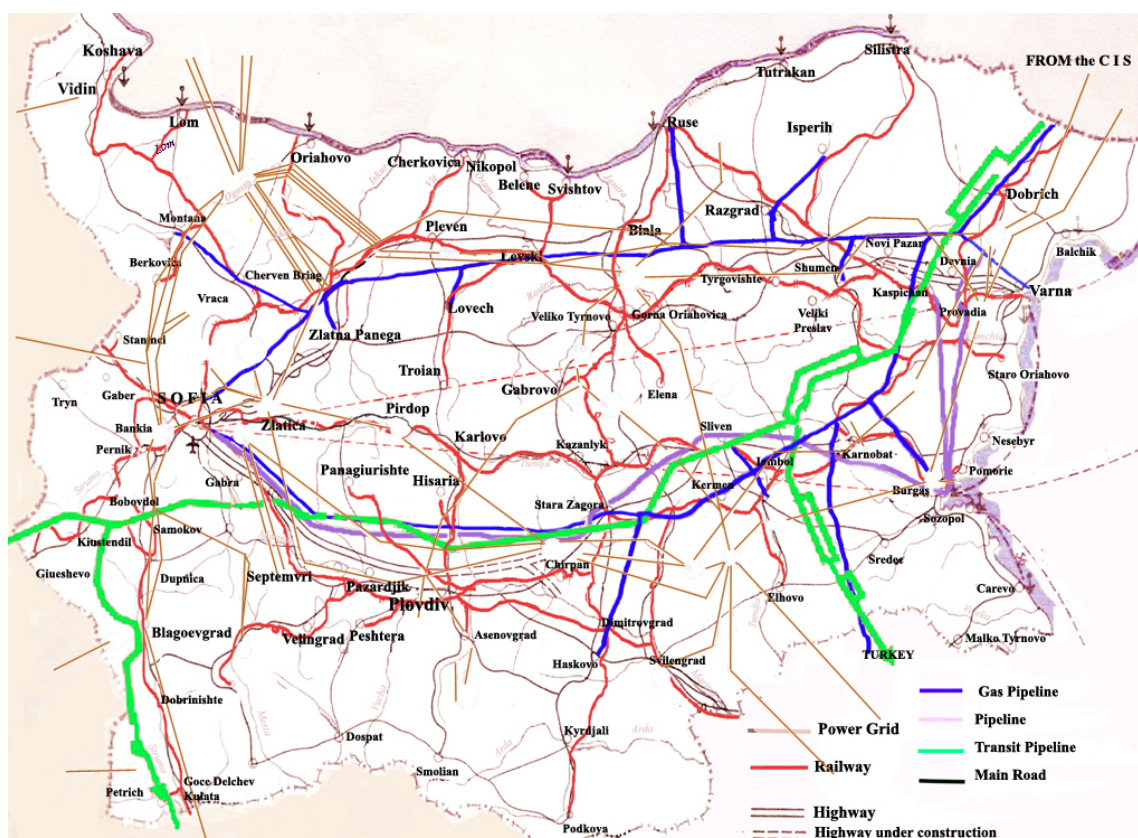
Licensing in the Energy sector	
Description of the procedure	<ol style="list-style-type: none"> 1. Licence for the production of electric power above 5 MW 2. Licence for the production of thermal power above 5 MW 3. Licence for electric power transmission 4. Licence for thermal power transmission 5. Licence for natural gas transmission 6. Licence for natural gas distribution 7. Licence for electric power distribution 8. Licence for natural gas preservation 9. Licence for trans-border natural gas and oil transmission 10. License for production of electric/thermal power above 5MW of biomass/gas
Authority	State Energy Regulatory Commission (SERC)
Required documents for each of the above procedures	<ol style="list-style-type: none"> 1. Application form; 2. Copy of the court decision for the registration of the company-applicant; 3. Certificate for the actual state of the company-applicant; 4. Copy for the certificate for tax registration of the applicant; 5. Certificate from the relevant court that the applicant is not under insolvency procedure; 6. Declaration that the license for the performance of the same activity was not withdrawn or the term of the withdrawal of the license is expired; 7. Declaration that after the refusal for the issuance of the license for the same activity 6 months have passed, if such refusal exists; 8. Declaration that the law requirements for safe conditions of work are fulfilled; 9. Declaration for the fulfillment of the technical requirements; 10. Document proving the ownership right; 11. Data for the technical condition of the electric power object and its technical and exploitation characteristics and information for the infrastructure; 12. Environment impact estimation when it is necessary; 13. Future plan for the development of the activity; 14. Applicant background for the fulfillment of similar activities; 15. Documents proving the managerial and organization structure of the applicant and proving the education and experience of the managerial body of the applicant; 16. Information for the entitled representative of the applicant, who will represent him in the relations with the State energy regulatory commission; 17. Permit for water use if such is necessary; 18. Document for paid state fee; 19. Official documents proving the financial condition of the company for the last 3 years unless this is a newly registered company;
Fees	See Tariff for fees collected by the State Energy Regulatory Commission. Different fees collected for issuance of different types of licences.
Timeframe	3 months from the application of the documents (1 month for Procedure №10)
Legal framework	<ol style="list-style-type: none"> 1. Energy Act 2. Ordinance on Licensing of Activities in the Energy Sector (Prom. Official Gazette # 53/2004)

Competition, partners & suppliers

Top companies in the Energy sector

Company	Activity	Net sales (EUR '000)	Number of employees	Year
National Electricity Company (Sofia)	Electricity distribution	1,021,438	7,036	2003
CEZ*	Electricity distribution	349,831	4,937	2003
Nuclear Power Plant Kozloduy (Kozloduy)	Electricity generation	346,437	5,364	2003
EVN*	Electricity distribution	250,250	4,120	2002
E.ON*	Electricity distribution	201,937	3,798	2002
Heat Supply - Sofia (Sofia)	Heat supply	150,215	2,509	2003
TPP Maritsa East 2 (Kovachevo-SZ)	Electricity generation	137,094	2,074	2001
Topenergy (Sofia)	Gas distribution	74,825	34	2003
Thermal Power Plant Varna (Varna)	Electricity generation	72,058	1,200	2001
Thermal Power Plant Bobov dol (Dupnitsa)	Electricity generation	68,400	1,084	2001
Briquette (TPP Maritsa East 1) (Galabovo)	Briquette production	43,685	1,550	2001
Overgas Inc. (Sofia)	Gas distribution	43,414	154	2003
Deven (TPP - Devnia) (Devnia)	Electricity generation	39,512	553	2003
Heat Supply - Rousse (Rousse)	Heat supply	23,729	847	2003
Heat Supply - Pernik (Pernik)	Heat supply	19,948	712	2003
Heat Supply - Pleven (Pleven)	Heat supply	11,451	225	2002
Heat Supply - Plovdiv (Plovdiv)	Heat supply	10,678	467	2001
TPP Maritsa 3 (Dimitrovgrad)	Electricity generation	8,644	289	2003
Brunata Bulgaria (Sofia)	Heating and water costs billing solutions	7,708	82	2003
Heat Supply - Sliven (Sliven)	Heat supply	7,436	212	2003
Heat Supply - Burgas (Bourgas)	Heat supply	5,947	150	2002

* Ownership as of 2004



Environment

- In 2004, Bulgaria completed harmonization of its environmental legislation with the EU;
- With the ratification of the Kyoto Protocol in 2002, Bulgaria committed to reducing the release of greenhouse gas emissions into the atmosphere by 8% compared with 1990 levels;
- Bulgarian companies have to triple their annual spending to EUR 460 million in order to meet EU environmental requirements till 2014 (current annual spending to meet EU environmental standards is about EUR 150 – 180 million);
- Most intensive investment required in:
 - Chemical and biological treatment of waste water;
 - Waste disposal, separation, composting and recycling, and incineration;
 - Reconstruction and modernization of central heating systems;
 - Reconstruction of existing facilities in the metallurgy sector;
 - Installation of filters for reduction of heavy metal and persistent organic pollutants emissions.

Latest deals

Vendor	Investor	Target	Size (EUR m)
Government	EBRD / RWE NUKEM and GNB (Germany)	Construction of a dry storage facility for spent nuclear fuel at the Kozloduy NPP	48.7
Government	ISPA / MNG Group (Turkey)	Construction of a waste water treatment plant (WWTP) in Northern Bulgaria	16.6
Greenfield	French TEC EM; EU pre-accession funds	Waste Treatment Plant- to start operations in summer 2005	10
Government	Bulgarian NEC, JAERI, IAEA	Ecological installation in Maritsa East II TPP	6.1
Government	TPP Rousse	Noxious gases decrease	5.1
District Heating Rousse	Komerčni Banka (Czech Rep.) - creditor; ZVVZ (Czech Rep.) - supplier	Rousse District Heating Company - Dust filter installation	4
Government	PHARE - National program	Reconstruction of "Buhovo" Tailings Pond Reconstruction – II Phase	3.1
Government	DEPA, National Trust Ecofund	Low Nox Burners for Sofia – East Thermal Power Plant	2.7
Government	EMEPA - MoEW	Kremikovtzi JSC	1.8
Government	DEPA	Grant for Modernization of Urban Waste Water Treatment Plant /UWWTP/ Varna- II Phase	1.5
KCM JSC	KCM JSC	Designing and Reconstruction of the Hazardous and Industrial Waste Landfill of KCM JSC, Plovdiv	1.1
Greenfield	Government	Construction of a Nuclear Waste Depot by 2015	51.3
Greenfield	J/V between Biosphere Development Corp (USA) with USD 4.3 m and Silistra city	Solid Waste Processing Plant	6.5
Government	EBRD	Maritsa East II to install pollution control equipment	34
Government	ISPA	Administrative preparation of water and waste management	15.9
Government	ISPA	Water, solid waste and air pollution projects	91

JI projects implemented in Bulgaria

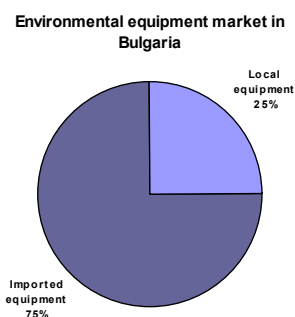
Country of cooperation	Project name	Location	Project developer
Kingdom of the Netherlands	Reduction of greenhouse gases through gasification of the towns	Veliko Turnovo, Lyaskovets and Gorna Oryahovitsa	Overgas Inc.
	Co-generation power station Biovet	Peshtera	Biovet JSC
	Plovdiv South co-generation project	Plovdiv	District Heating Plovdiv
	Reduction of greenhouse gas by gasification of Sofia municipality	Sofia	Overgas Inc.
Austria	Tzankov Kamak hydro power plant	River Vacha	NEC EAD
	Industrial energy efficiency and co-generation	Nikopol	Mayr-Melnhof Nikopol AD
	PFS biomass and energy efficiency project	Stambolijski	Paper Factory Stambolijski AD
Denmark	Agropolychim N2O reduction	Devnya	DEPA
Prototype Carbon Fund	Biomass Utilization in Svilosa	Svishtov	Svilosa AD
	Rehabilitation of district heating system in District Heating Sofia EAD	Sofia	District Heating Sofia EAD
	Rehabilitation of district heating system in District Heating Pernik EAD	Pernik	District Heating Pernik EAD

Environment fact sheet

Forthcoming projects

Project name	Main beneficiary	Main donor	Total amount (EUR)	Start / Completion
TPP "Rousse Iztok" (Refitting of the Ignition Burners for Operation on Natural Gas)	District Heating Power Plant - Sofia	Own financing and foreign financial institutions	350,000	2005 - 2007
Heating Central "Lyulin" (Installation of Low –Emission Burners in Water Boilers 2 and 5)	District Heating Power Plant - Sofia	Own financing and foreign financial institutions	900,000	2004 - 2005
Heating Central "Zemlyane" (Installation of Low-NOx Burners in WB 3)	District Heating Power Plant - Sofia	Own financing and foreign financial institutions	450,000	2004 - 2005
TPP "Shoumen" (Installation of Low – emission Burners in Four Steam Generators and Termination of the Use of Residual Oil)	District Heating Power Plant - Shoumen and MEER	Own financing and foreign financial institutions	1,000,000	2004 - 2008
TPP "Sliven" (Installation of Low –Emission Burners in Water Boiler 1)	District Heating Power Plant - Sliven and MEER	Own financing and foreign financial institutions	350,000	2004 - 2006
TPP "Sliven" (Installation of Two Natural Gas Combined Cycle Units with Electricity Generating Capacity 10-15 MW)	District Heating Power Plant - Sliven and MEER	Own financing and foreign financial institutions	10,000,000	2004 - 2008
Heating Central "Mladost" - Vratza (Rehabilitation of the Burners in WB1 and 2)	District Heating Power Plant - Vratza	Own financing and foreign financial institutions	600,000	2004 - 2008
Heating Central "VI. Varnenchik" (Rehabilitation of Burners)	District Heating Power Plant – VI. Varnenchik	Own financing and foreign financial institutions	450,000	2004 - 2007
Heating Central " Veliko Tarnovo" (Construction of Distribution Gas Pipes and Replacement of the Burners in WB 1 and 2)	District Heating Power Plant - Veliko Tarnovo and MEER	Own financing and foreign financial institutions	825,000	2004 - 2007
Design and Construction of Central WWTP from KCM JSC, Plovdiv (Non-ferrous metals smelter)	KCM JSC, Plovdiv	Black Sea Trade and Development Bank (Greece)	4,500,000	2003 - 2005
Regional Danube River Project (Bulgaria, Georgia, Romania, Russia, Turkey, Ukraine)	Ministry of Environment and Water	GEF	4,707,692	2004 - 2007
Rhodope Project	Ministry of Environment and Water	GEF	2,988,960	2004 - 2009

Environmental equipment



JI case study

District Heating Sofia AD

- Emission reduction purchase agreement with the Prototype Carbon Fund (PCF);
- PCF will be buying the reduction in the greenhouse gas emission for the period 2004 - 2012;
- Transaction is based on greenhouse gas swap generated by a project started in 2003 by District Heating Sofia AD for Sofia district heating rehabilitation;
- The project comprises the modernization of about 7,500 district heating substations in residential buildings in Sofia and the replacement of over 70 km of pipelines of the city heating transmission network;
- The project is financed through loans from the World Bank, EBRD, PHARE and Kozloduy International Decommissioning Fund grants and own financing;
- The implementation of the joint investment project for Sofia district heating rehabilitation will lead to the reduction of greenhouse gases emission into the atmosphere with over 1.08 million tons for the period 2004 – 2012;
- Total cost of the project is EUR 114 million

Legal

Environmental Impact Assessment of Investment Proposals	
Authority	Ministry of Environmental Protection or the respective Regional Inspectorate on Environmental Protection
Main steps of the procedure	Timeframe
1. Notification to the competent authorities and the public concerned of the proposal - The investor is obliged to notify in writing about his investment intention the competent authority and the mayor of the relevant municipality/ies and region/s, local administration and the population through the mass media and/or in another way.	
2. Assessment of the need for EIA (Screening of EIA) - The competent authority assesses the need for EIA (screening) by determining the degree of significance of the environmental impact on the grounds of the criteria set forth in EPA (Article 93, paragraph (4) of the EPA.	1 month as of submission of the request (5 days)
3. Identification of the scope, the contents and the form of the EIA statement (Scoping of EIA) - The investor undertakes consultations with the competent authorities and the public concerned and based on the information received commissions the elaboration of a Terms of Reference for the scope of the EIA and submits the TOR to the competent authority for approval. The investor assigns the elaboration of EIA statement in compliance with the approved TOR to a team of certified experts registered in the public register at the MEP	
4. Reviewing EIA Statement - The competent authority evaluates the content of the EIA statement conforming to the consultations with the specialized institutions and the public concerned and the satisfaction of the requirements of the legislative framework regulating the environment.	14 days as of deposition (5 days)
5. Public discussion on the EIA statement - The investor must ensure public access to the EIA documentation.	30 days (5 days)
The investor submits to the competent authority the minutes of the discussion and the deposited statements of opinion in writing.	Within 7 days after discussion (1/3 shorter)
The investor submits to the competent authority a statement of opinion on the proposals, recommendations and objections resulting from the public discussion.	Within 14 days after discussion (14 days)
6. Taking decision on the EIA - The competent authority takes decision on the EIA, taking into account the EIA statement and the results of the public discussion, inclusive of the statement of opinion of the investor.	Within 3 months after discussion (1/3 shorter)
The competent authority should provide the decision to the investor and announce it through the national media or in another appropriate manner.	Within 7 days after the decision (5 days)
Fees	BGN 700 – 1,500 (EUR 360 – 770)
Legal framework	1. Environmental Protection Act 2. Regulation on the terms and conditions for carrying out Environmental Impact Assessment
Complex Permit	
Authority	Minister of Environment and Water, Executive Environment Agency (EEA), Regional Inspectorate of Environment and Water (RIEW)
Main steps of the procedure	Timeframe
1. The procedure starts when application has been filed. The application should be presented in written form as well as electronic. The application should contain also: <ul style="list-style-type: none"> ▪ Draft of program for achieving of compliance with the content and the form ▪ Plan for own monitoring in compliance with the normative provisions for environment. ▪ Decision on environmental impact assessment (EIA) 	30-45 days
2. The competent authority places the application at public disposal.	30 days
3. The competent authority prepares technical assessment, including <ul style="list-style-type: none"> ▪ Assessment of the opportunities for reduction of the consumption of energy and raw materials; ▪ Assessment of the measures for optimization of the production process; ▪ Assessment of the measures for preventing of the formation of waste. 	Not defined
4. Issuance of complex permission project. The draft for complex permission has to be coordinated with MEW and the respective RIEW and the basin directorate.	37 days
5. The competent authority places the project at public disposal.	30 days
6. Issuance of complex permission document: <ul style="list-style-type: none"> ▪ New installations and facilities ▪ Existing installations and facilities 	5 months 8 months
The decision to issue a permit must be announced through the media of mass communication.	14 days
Fees	Different fees apply for different industrial activities for the amount between BGN 1,000 - 20,000 (EUR 500 – 10,000)
Legal Framework	Environmental Protection Act; Ordinance for the conditions and the order for issuing of complex permits for construction and exploitation of new and exploitation of operational industrial installations and facilities

Note: According to the Investment Encouragement Law certified investors are provided with faster administrative servicing - time in **bold**

Companies

Top companies in environmental activities

Company	Activity	Net sales (EUR '000)	Number of employees	Year
Chistota-Sofia (Sofia)	Waste disposal and street cleaning	13,316	781	2003
Wolf-96 (Sofia)	Waste disposal and street cleaning	5,579	520	2003
DITTs (Sofia)	Waste disposal and street cleaning	5,127	329	2003
Volf (Sofia)	Waste disposal and street cleaning	3,910	127	2003
Scheele Bulgaria (Sofia)	Waste disposal and street cleaning	3,625	317	2003

Companies in environmental engineering

Company	Activity	Net sales (‘000 EUR)	Number of employees	Year
Ruvex	Design, assembly and technical support of ecological heating systems	3,612,277	57	2003
Ecotech Products	Eco-tech products; environmental engineering	817,044	15	2002
Vodokanalengineering	Engineering design and investigation	840,564	69	2003
BalBok Engineering Co.	Environmental engineering	426,929	40	2003
Povvik-OOS Ltd.	Environmental consulting and engineering	303,707	20	2003
Bioeco (Varna)	Environmental engineering	373,754	36	2003
Water Engineering Ltd (Sofia)	Environmental consulting and engineering	N/A	50	2003

Infrastructure & Logistics

Infrastructure

- Strategic geographic location of the country
- Bulgaria's infrastructure needs significant investment in order to meet EU standards
- Opportunities to acquire concessions on key infrastructure segments
- Opportunities to participate in infrastructure reconstruction and modernization through tenders
- Forthcoming modernization of the entire railway infrastructure

Transport & Logistics

- Potential for the development of logistics centers throughout the country
- Forthcoming privatization of the state companies in river and sea transportation
- Need for modernization of large percentage of the transport equipment in the country
- Opportunities for acquisition of private transport companies

First motorway concession granted in Bulgaria

Concession holder:	Consortium Trakia (51% Portuguese firms, 49% Bulgarian Government)
Investment:	EUR 717 million
Term:	35 Years
Highway length:	443 km
Deadline:	End of 2009
Cost per kilometer:	EUR 2.7 million

Latest deals & ongoing projects

Infrastructure, Transport & Logistics

Vendor	Investor	Target	Size (EUR m)
Greenfield	Royal Frans Maas (Netherlands)	Logistics centre	15
Greenfield	Willi Betz (Germany)	Logistics centre	8
Roment Trading Co Ltd. (Cyprus)	Hemus Air	Viaggio Air (Air transport)	n/a
Sofia municipality	Sofia municipality	Bus station in Sofia	7.7
Government	ISPA	Sofia - Pernik Motorway (part of the Pan-European transport corridor No. 4)	148.5
Government	Bulgarian-Portuguese consortium	Trakia Motorway Concession for 35 years	590
Government	PHARE / Government	Bulgaria - Romania Ferry line	4.9
Government	ISPA / PHARE / Government Strabag (Austria) and Injstroy	Lot 9: repair of a 73.5 km - long section of Bulgaria's E79 road; Lot 4: repair of 33 km of the Hemus highway; 2 lots involving reconstruction of roads leading to tourist and cultural sites in Southern Bulgaria	20
Pipeline projects			
Government	ISPA	Lyulin motorway (part of the Pan-European transport corridor No. 4)	111.4
Greenfield	ISPA / EIB / Government / KfW	Construction of 2 ND Danube bridge by 2007	230
Government	Government	145 km of Plovdiv - Svilengrad railroad	388

Construction & Building materials

Vendor	Investor	Target	Size (EUR m)
Greenfield	Fibran-Bulgaria (part of Fibran Group)	Plant for insulation materials	7
Greenfield	Xella Bulgaria	Concrete plant, porous concrete bricks	17
Greenfield	Austroterm, Austria	Hydro and thermal insulation materials plant, to be completed in 2005	4
Greenfield	Kirchdorfer Group, Austria	Inert and concrete materials factory	6
Pipeline projects			
Modernization	Knauf, Austria	Plant upgrade	2.8
Greenfield	Senit Ltd., Rakovski Municipality	Building of an industrial zone in Rakovski	100

Infrastructure Fact Sheet

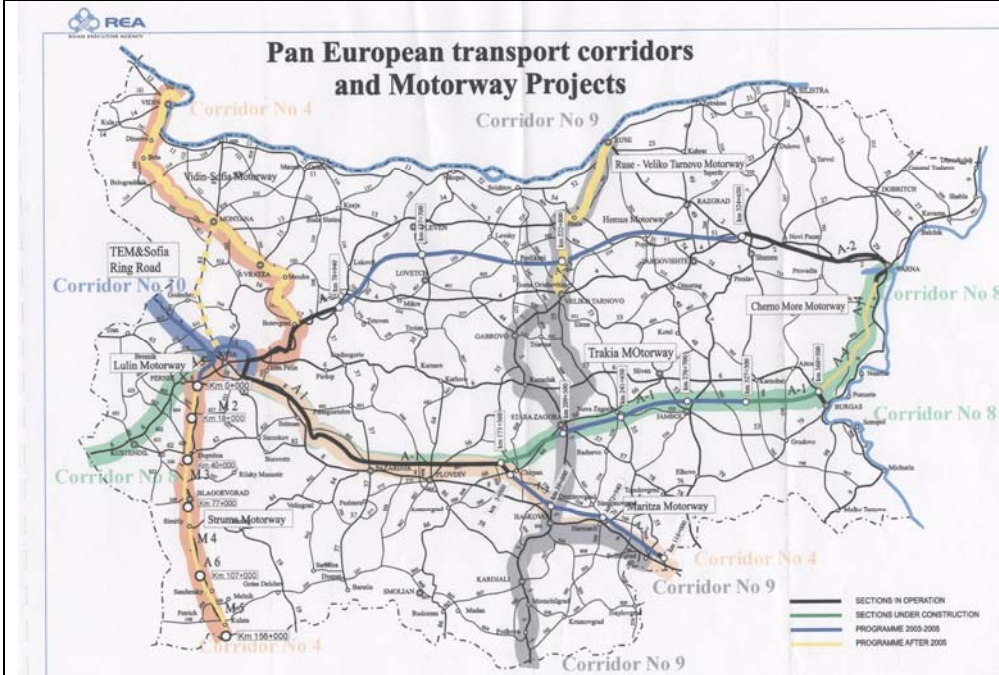
Infrastructure map of Bulgaria



Key forthcoming infrastructure projects

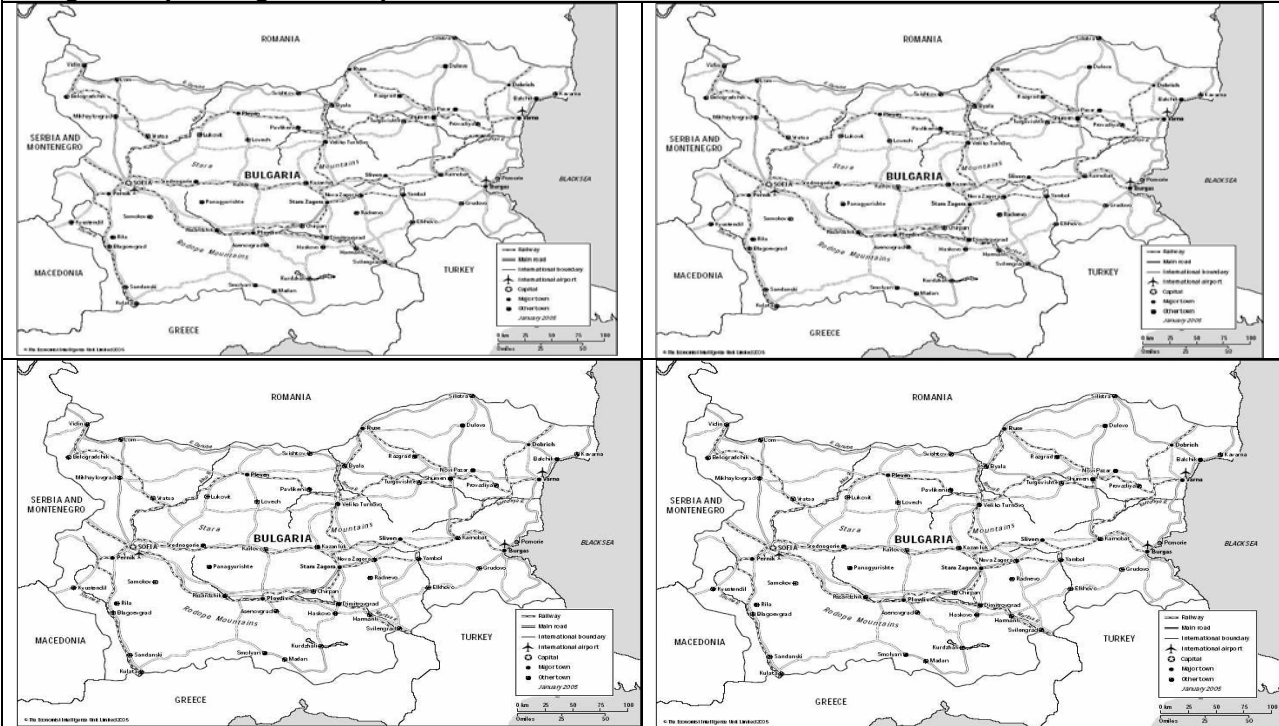
- Construction of Sofia-Nis motorway (part of Pan-European corridor №10);
- Reconstruction and modernization of Rousse - Dimitrovgrad railway;
- Construction of the road to the Bulgaria – Greece frontier at Makaza border point;
- Finishing the construction of Marica motorway (Orizovo – Harmanli section);
- Development of Krumovo airport (Plovdiv);
- Development of an inter-modal terminal near Sofia;
- Construction of a tunnel under Shipka mountain peak (the narrowest section of Pan-European corridor №9);
- Construction of a railway connection between Bulgaria and Macedonia (Gueshevo – Kriva Palanka);
- Modernization and organization of the border points in Varna and Bourgas harbours as a future outer border of the EU.

Planned infrastructure investment in Bulgaria



Transport & Logistics Fact Sheet

Freight and passengers transportation



Success stories

Schenker, Germany

- Schenker, one of the leading international providers of integrated logistics services opened a subsidiary in Sofia in 1993
- Four branch offices had been opened till 2002 – in Plovdiv, Varna, Rouse and Sevlievo
- Employees in Bulgaria, 2004: 200
- Turnover of the Bulgarian subsidiary in 2003: EUR 12 m

Willi Betz, Germany

- At the end of 2004 Willi Betz, one of the leading logistics companies in Europe, opened a new EUR 7.67 m logistics centre in Sofia
- The centre, Willi Betz's first in Bulgaria, spreads over 50,000 sq m with an indoor storage area of 19,300 sq m
- The company plans to open storage and freight forwarding facilities in other major Bulgarian cities – Bourgas and Varna at the Black Sea, the Danube river port of Ruse and Pazardzhik in Southern Bulgaria. At least two of these centres will be built by the end of 2005
- Willi Betz's clients in Bulgaria include Bosch, Metro Cash&Carry, Shell, OMV, HENKEL, OSRAM, WELLA, Praktiker, Kronospan, American Standard, etc.
- Willi Betz's presence in Bulgaria dates back to 1994 when the company bought 55% of Bulgarian freight forwarder SOMAT. It now holds 96% of SOMAT
- Investments in Bulgaria by the end of 2004: EUR 245 m
- Employees in Bulgaria, 2004: 3,800

Koninklijke Frans Maas Groep N.V., the Netherlands

- May 2004 – Koninklijke Frans Maas Groep NV launched the construction of a EUR 15 m logistics terminal of 50,000 sq m span near Sofia
- The largest greenfield investment of the Dutch Group in Eastern Europe
- 1st phase of the project – construction of a cargo terminal, freight forwarding facility and a modern office space – to be completed in spring 2005
- The Dutch group already has a logistics facility at Bulgaria's Danube port city of Rouse
- Frans Maas Groep company information:
 - Full-service logistics provider with a 214 locations network in 32 European countries and over 7,500 employees
 - Net sales in 2004 – € 1,091.4 m

DHL, the Netherlands

- 1991: DHL International Ltd registered in Bulgaria with 15 employees personnel working in two offices in Sofia
- By 1998: DHL created a country network of 30 offices
- 1994: DHL Bulgaria starts using a regular daily charter flight
- 1997: DHL Bulgaria was certified ISO 9002; Jumbo Box service was introduced
- 1999: Import Express service was introduced
- 2004: DHL's business in Bulgaria has doubled over the past 3 years; 29% yoy increase in 2004; 180 employees
- 2005: Bulgarian Danzas and DHL International merged into DHL Express Bulgaria
- 2005: DHL moved to a new 2,200 sq m building next to Sofia airport

Legal

Concessions

Granting of concession for utilization of property and resources which are public state property	
Description of the procedure	Granting of concession for utilization of property and resources which are public state property
Legal grounds	Constitution of the Republic of Bulgaria; Law on the Concession
Authority	Council of Ministers
Objects of concession	<ol style="list-style-type: none"> 1. Extraction of underground resources; 2. The sea waterfront; 3. The biological, mineral and energy resources of the continental shelf and in the exclusive economic zone, in reference to exploration, development, production, utilization thereof; 4. The republican roads, sites of the railway infrastructure, including the land on which they are constructed or designated for their construction one or more terminals of a port for public transport of national importance, and in cases determined by a law – on parts of a port terminal and civil aerodromes for public use, existing and/or to be constructed with resources of the concessionaire, public state property; 5. The waters, including mineral waters; 6. The water supply facilities and systems and etc.
Main steps of the procedure	<ol style="list-style-type: none"> 1. Adoption of a resolution for granting of concession by the Council of Ministers on proposal by the prime minister or the respective Minister 2. Promulgation of the decision in the State Gazette and one central daily newspaper 3. Carrying out of a tender or an auction by the authorized Minister 4. Conclusion of the Concession agreement between the authorized Minister and the applicant who has been awarded the tender or auction
Required documents	<p>The application for participation in the tender or auction has to be accompanied by:</p> <ol style="list-style-type: none"> 1. Certificate for registration of the participant as merchant (in practice often registration as a commercial company or as a sole proprietor under the Bulgarian Law on Commerce is required); 2. Statement from the annual account reports for the last 3 years; 3. Certificate for purchased tender or auction documents and for paid deposit amount; 4. Declaration for compliance with the confidential nature of information if such is included in the tender or auction documentation. 5. Complete plan for implementing the activity related to the concession
Granting of concession for utilization of property and resources which are public municipal property	
Description of the procedure	Granting of concession for utilization of property and resources which are public municipal property
Legal grounds	Constitution of the Republic of Bulgaria; Law on the Municipal Ownership
Authority	Municipal Council
Objects of concession	<ol style="list-style-type: none"> 1. Waters, water sites and water facilities; 2. Underground resources; 3. Roads; 4. Forests; 5. Energy networks and facilities; 6. Sport sites and facilities, etc.
Main steps of the procedure	<ol style="list-style-type: none"> 1. Adoption of a resolution for granting of concession by the Municipal Council on proposal by the mayor of the respective municipality; 2. Promulgation of the decision in The State Gazette and one local daily; 3. Carrying out of tender or auction by the mayor 4. Conclusion of the Concession agreement between the mayor and the applicant who has been awarded the tender or auction
Required documents	<p>The application for participation in the tender or auction has to be accompanied by:</p> <ol style="list-style-type: none"> 1. Certificate for registration of the participant as merchant (in practice often registration as a commercial company or as a sole proprietor under the Bulgarian Law on Commerce is required); 2. Statement from the annual account reports for the last 3 years; 3. Certificate for purchased tender or auction documents and for paid deposit amount; 4. Declaration for compliance with the confidential nature of information if such is included in the tender or auction documentation. 5. Complete plan for implementing the activity related to the concession

Note: In compliance with the Law on the Roads, the Council of Ministers may adopt a decision for relieving the concessionaire from the obligation to pay for the granted concession for a definite period or for the entire term of the contract, depending on the economic efficiency of the project or may stipulate a right of the concessionaire of ownership of the proceeds from the traffic fees and/or for using the motorway as well as other relief.

Bulgarian companies in the sector

Top companies in construction

Company	Activity	Net sales (EUR '000)	Number of employees	Year
Glavbolgarstroy (Sofia)	Industrial, residential and infrastructure construction	86,758	755	2003
Siconco Building (Sofia)	Industrial, residential and infrastructure construction	41,233	134	2003
Stroitelstvo & Vazstanovyavane-State Enterprises (Sofia)	Construction	25,431	3034	2003
GBS-Sofia (Sofia)	Industrial, residential and infrastructure construction	22,387	609	2003
Naftex Engineering (Sofia)	Construction of buildings and civil engineering works	20,125	120	2003
Avtomagistrali Chernomore (Shoumen)	Road construction	19,095	699	2003
Geotechmin - Consult and Engineering (Sofia)	Test drilling and boring, construction	14,533	410	2003
Miks-PS (Sofia)	Construction of buildings and civil engineering works	14,104	220	2003
Sienit (Plovdiv)	Industrial, residential and infrastructure construction	12,482	382	2003

Top companies in transport & logistics

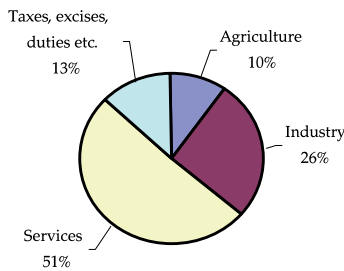
Company	Activity	Net sales (EUR '000)	Number of employees	Year
Navigation Maritime Bulgare (Navibulgar) (Varna)	Water transport	190,996	5641	2003
Bulgarian State Railways (Sofia)	Railroad transport	180,863	17337	2003
National Company Railway Infrastructure (Sofia)	Railroad transport	86,510	15696	2003
SO MAT (Sofia)	Freight road transport	76,610	4950	2003
Air Via (Kurdzhali)	Air transport	39,857	112	2003
Bulgaria Air (Sofia)	Air transport	38,949	303	2003
SKGT-Autotransport (Sofia)	Road transport	31,280	2488	2003
Bulgarian Air Charter (Sofia)	Air transport	27,229	182	2003
BH Air (Sofia)	Air transport	22,077	128	2003
Aviation Company Hemus Air (Sofia)	Air transport	18,824	244	2003
M & M Miltzer & Munch BG (Sofia)	Transport & logistics	17,987	175	2003
Transland (Sofia)	Transportation	14,938	36	2003
Schenker Bulgaria (Sofia) / Stinnes Logistics	Transport & logistics	12,232	192	2003
Gopet Trans (Sofia)	Transport & logistics	9,880	18	2003
SSF - Still Shipping and Forwarding (Sofia)	Forwarding company	8,395	45	2003

BULGARIA FACTSHEET 2004: ECONOMY, INVESTMENT, BUSINESS AND INDUSTRY

InvestBulgaria Agency - December 2004

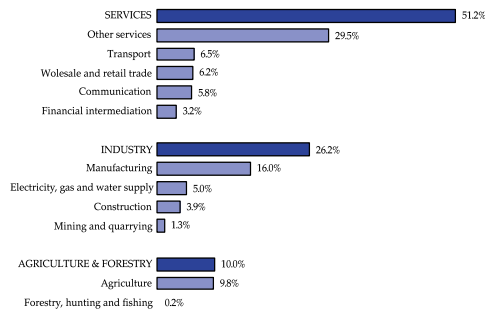
1. Economic indicators: seven years of sustained growth, low inflation, Euro pegged

GDP by sectors 2003 - Total EUR 17.6 bn

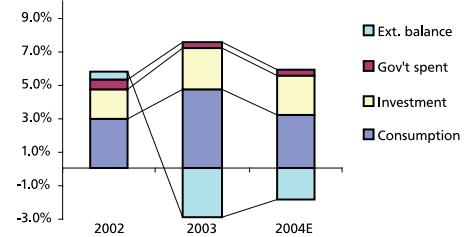


Source: National Statistics Institute

GDP by subsectors 2003

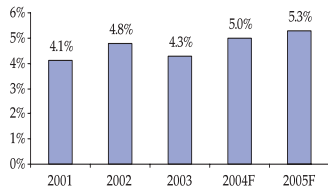


GDP growth drivers contribution: consumption and investment



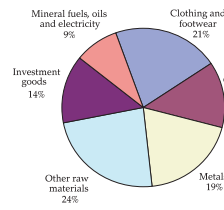
Source: EIU

GDP growth 2001-2005F

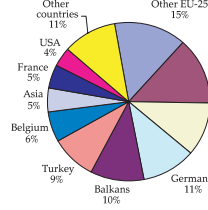


Note: 2003 data are preliminary and upward revision is expected

Export by commodity, H1 2004 Total EUR 3.6 bn



Export by country, H1 2004 Total EUR 3.6 bn

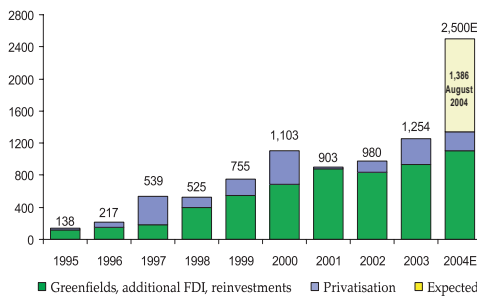


Key indicators	2002	2003	2004E
Inflation (av):	5.8%	2.3%	4.4%
Budget deficit:	-0.7%	0.0%	-0.5%
Debt/GDP ratio:	66.4%	58.7%	50.3%
Real lending rate (av):	9.3%	9.0%	9.3%
Short-term central interest rate (av):	2.5%	2.2%	2.4%
Investment rating (Moody's sovereign)	n/a	Ba2	Ba2
Currency:	EUR peg	EUR peg	EUR peg
Population:	7.9 mln	7.8 mln	7.8 mln
Labour productivity growth	3.0%	1.7%	2.9%

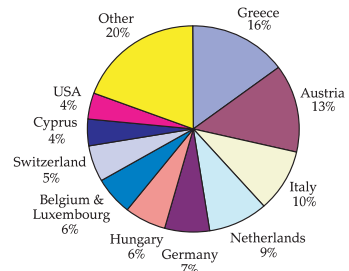
Source: Bulgarian National Bank, InvestBulgaria Agency, EIU, Agency for Economic Analysis and Forecasting, National Statistics Institute

2. Foreign investment: H1 2004 exceed H1 2003 by 66%

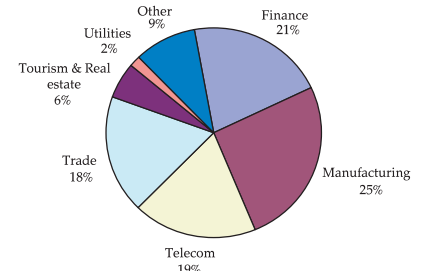
FDI inflow in Bulgaria 1995-2004E, EUR m



FDI stock by country 1998 - H1 2004 Total EUR 6.9 bn



FDI stock by sector 1998 - H1 2004 Total EUR 6.9 bn



Source: Bulgarian National Bank, Agency for Economic Analysis and Forecasting, InvestBulgaria Agency

3. Business environment: solid legal framework, excellent talent base, competitive cost

	Corruption Index 2004 (10 = the lowest corruption)	Business start-up			Unemployment rate %	Average gross monthly salary EUR
		Nº of procedures	Duration (days)	EUR Cost		
Bulgaria	4.1	10	30	131	12.0 (Jul 04)	149 (Jun 04)
Romania	2.9	6	27	195	6.5 (Jun 04)	194 (Jun 04)
Serbia & Montenegro	2.7	10	44	164	31.7 (May 04)	290 (Jul 04)
Croatia	3.5	13	50	745	17.2 (Jul 04)	820 (Jun 04)
Central Europe average*	4.1	9	74	1187	12.4 (May 04)	476 (Apr 04)

* Includes Czech Republic, Poland, Slovak Republic and Hungary

Sources: Transparency International, WORLD BANK, The Economist Intelligence Unit, National banks & Investment promotion agencies

- NATO member as of 29 March 2004
- Bulgaria will join EU on January 1st, 2007
- EU accession negotiations concluded - all 30 chapters closed
- The credit rating of Bulgaria has been increased 11 times in the past three years
- S&P investment grade (BBB-) as of June 2004
- Fitch investment grade (BBB-) as of August 2004
- Infrastructure subsidy for larger investments as of 2004
- Industrial land at preferential terms
- Strong government support with customized service packages

4. Robust investor incentive schemes

LAW ON INVESTMENT PROMOTION

- The law is equally applied for both Bulgarian and foreign investors
- The new InvestBulgaria Agency (IBA) provides:
 1. Information services
 2. Individual administrative services
 3. Assessment of qualification to receive investment incentives
- In the implementation of its functions IBA cooperates with the representatives of the local and central state authorities

INVESTMENT INCENTIVES

- The law promotes investments that comply with the following requirements:
1. Category depending on the project value;
 2. The investment to be connected with the acquisition of long-term assets for the purpose of creation of new or expanding an existing enterprise that is not operating in any of the sectors listed below;
 3. Project to be implemented within 3 years;
 4. New jobs to be created

Investment incentives according to the investment category

- 3rd-category investments
 - Information services
 - 2nd-category investments
 - Individual administrative services
 - Information services
 - 1st-class investments
 - Assist with individual information
 - Assist with consulting and administrative services
 - Infrastructure building assistance
 - Assistance in the field of real estate
- The government policy for promotion of investment is not applicable to banks and other financial institutions, insurance companies, investment companies, companies with special investment purpose, pension and health insurance companies, investment in gambling companies, as well as all investments made according to the stipulations of the Privatization Law.

5. Case studies

SISECAM'S INVESTMENT IN BULGARIA

- Value: USD 160 mln (EUR132 mln)
- Funding of the project: IFC signed on June 25th a deal to finance 50% of SISECAM's investment project in Bulgaria
- The facility will have a USD 60 mln glassware production unit and a USD 100 mln flat glass unit
- The plant is to produce 200,000 t of flat glass a year, out of which some 70% will be exported mainly to Romania, Ukraine, Serbia and Russia
- The Turkish company is the first investor to take advantage of a tax incentive programme launched in early 2003
- SISECAM expects to employ about 700 people in the region
- SISECAM has a 3% share on the world flat glass market and a 9% market share in Europe.

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