Country Profile
Bulgaria

WORKSHOP IN PORTOROZ
For the members of WPC – NC, National Oil Industry
Association Members and Companies from Central
and Eastern Europe
10th and 11th of April
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Bulgaria

- area: 111,000 km²
- population: 7,915,000
- GDP: 15.2 bln. EUR
- per capita: 1,900 EUR
- growth rate: 4 %
- unemployment rate: 16.51%
- inflation: 0.8 %
- (Jan – Feb 2003)
- average monthly salary: 292 lv.
Bulgaria EU accession

- utmost success for Bulgaria - **functioning market economy**
- in the negotiations 22 chapters have been provisionally closed
- high degree of macroeconomic stability
- stability of its institutions guaranteeing democracy,
- rule of law, human rights, respect for and protection of minorities

Energy market

**Solid Fuels**

- Open coal mining
  - 21 companies
  - Maritsa East Complex – 80% of total output
  - The open coal production will continue to be the basis of Bulgarian power sector
- Underground coal mining
  - High costs and low productivity
  - Cutting off subsidies and developing strengthening programs
Energy market
Petroleum products

- Completely liberalized prices
- Outside the scope of regulation
- New Compulsory Stocks Obligations Act – 9 years period for compliance
  - History – long discussion with the State
  - International experience studied by BPGA
  - The present status – differences with BPGA idea
  - Lack of centralization of the maintenance
  - Financing
  - Duty and tax release
  - Cross boarder storage
  - Price setting – lack of transparency
  - Initial import – subject to obligation

Taxation
- Excise duty:
  - Unlead fuels: 400/600 BGN per ton
  - Lead fuels: 400/650 BGN per ton
  - Diesel fuels: 210 BGN per ton
  - LPG: 120 BGN per ton
- Road tax:
  - Unlead fuels: 180 BGN per ton
  - Lead fuels: 180 BGN per ton
  - Diesel fuels: 180 BGN per ton
  - LPG: 140 BGN per ton
- Eco-tax:
  - Unlead fuels: 24 BGN per ton
  - Lead fuels: A91-37 BGN per ton
  - Lead fuels: A98-48 BGN per ton
  - Diesel fuels: 14 BGN per ton
Energy market
Natural Gas

Major changes in the gas supply and distribution business
- SERC has taken over the responsibility
- Pending Restructuring of Bulgargas
- Consolidate gas distribution market and encourage gas network expansion - move from 33 to 8 or less license areas
- Main investors: Overgas, Amga, Atlas
- Technical pre-conditions

Energy market
Electricity

Energy strategy up to 2005 includes:
- Replacing the single-buyer model with a competitive market
- Access to third party to external deals
- Separation of the supplying arm and establishment of a Transmission System Operator
- Rebalancing the electricity and heat household prices
- Starting privatization of electricity distribution in 2003
- Strengthening the role of the Regulation body
Crude oil and refineries

"LUKOIL NEFTOCHIM BOURGAS" AD - the biggest refinery in the Balkan region, with a big petrochemical complex. The petrochemical plant produces fuels, petrochemicals and polymers.

Since December 1st, 1999 58% of its shares are held by the Russian oil giant LUKOIL.

The petrochemical plant has an annual capacity for the processing of more than 7 mil tons of crude oil, that is to say a daily capacity of up to 22,000 t.

Major oil companies

Petrol S.A.

Petrol S.A. is among the top five Bulgarian private companies in terms of sales revenue for the last three years – Euro 955 million.

Petrol S.A. is among the top 10 employers in the country with personnel of 4,000 employees.

Petrol S.A. is among the top five large tax payers (private) with Euro 960 million paid to the Republican budget for the last three years.
Major oil companies

Shell Bulgaria
- Shell Bulgaria started its activity in the year of 1991
- Investments of Shell Bulgaria in Bulgarian economic are over 80 million $.
- Number of filling stations: 74

OMV
- The number of filling stations is 64.
- The investment program of OMV Bulgaria provides that the number of filling stations will reach the figure of 83.
Members of BPGA are:
- 1. Shell Bulgaria
- 2. Shell Gas Bulgaria
- 3. Petrol
- 4. Oergas Ink
- 5. Lukol Bulgaria
- 6. Topivo
- 7. OMV Bulgaria
- 8. Eko Petroleum
- 9. Prista Oil
- 10. Gas Trade
- 11. Genimex Lovetch
- 12. Naftex Petrol

Established in 1999

Main tasks:
1. To encourage productivity and profitability of the petroleum and gas products.
2. To represent the members of the association and to protect their interests before the state bodies.
3. To promote a market conduct in the field of trade in petroleum and gas products based on a fair competition.
4. To introduce and apply the technical standards and quality standards used in the European Union.
5. To guarantee quality, safety and environment protection in the interest of the whole society.