

Bulgaria



Alexander Alexandrov, Chairman,
Bulgarian Ship Suppliers Association

Stability for Bulgarian suppliers despite challenging times

The majority of Bulgarian ship supply companies are developing well despite the downturn in the shipping industry since 2008.

That's according to Alexander Alexandrov, Chairman of the Bulgarian Ship Suppliers Association, who says a number of local suppliers have expanded their operations with representative offices in other countries on the Black Sea coast such as Romania and Turkey.

He said as a supply point, Bulgaria benefits from a unique combination of very competitive price levels and high European quality for products and services and at the same time, due to low labour and production costs and one of the lowest corporate tax rates in the EU (flat rate of 10%), was able to offer lower prices compared to many other European destinations.

Speaking about market growth, Mr Alexandrov said: "The overall ship supply market growth is highly dependent on the vessel calls at Bulgarian ports. In the past years, cargo and container throughput has been rising for several segments – grain, container goods, solid fuels. This development has been supported by the improvement and modernisation of the port infrastructure as an integral part of the European transport network, which is beneficial for the shipping sector and all supporting industries."

Mr Alexandrov said Bulgarian ship supply companies were facing several challenges at the moment, including the difficult and lengthy process for recovering receivables when faced with non-paying customers, often due to complications arising from the ship arrest procedure which does not guard the interest of suppliers.

He also said suppliers faced some other operational issues such as high administrative taxes and ineffective and complex procedures for access to shipyards.

"The Bulgarian Ship Suppliers Association is working actively to improve these issues and much has been achieved already in that direction," said Mr Alexandrov.

He said the economic crisis of 2008 had impacted majorly on the shipping sector and all related industries and "that is why we remain flexible and understanding to the difficulties of our customers. The way to recovery for the whole industry is not easy and will take time and joint efforts".

The ship supply market in Bulgaria is very stable at the moment, he added. The ports, as transportation hubs, are part of the national transportation system, which has been continuously improved and updated in past years so that goods unloaded in Varna and Burgas, the two major ports in Bulgaria, are conveniently transported inland to Europe via road and rail.

"The favourable location of Bulgaria as an outer border of the EU and a connecting point between Europe and Asia make it an ideal logistics hub and this could impact the maritime sector positively," said Mr Alexandrov.

"Therefore we welcome the efforts of Bulgarian ports to stay competitive and attract more vessels by building new port capabilities, implementing modern and effective technologies for cargo handling, and improving the port services."

There are currently 14 members of the Bulgarian Ship Suppliers Association, which was set up in 1995.

"BSSA is the voice of the sector; it unites the ship supply companies and tackles the issues that they are facing," said Mr Alexandrov.

On a national level, BSSA is part of the Bulgarian Maritime Chamber and the Confederation of Employers and Industrialists in Bulgaria and KRIB, the most influential organisation in Bulgaria. It has also established good relations with ISSA and the European Ship Suppliers Organization (OCEAN), which gives Bulgaria a voice in EU matters such as discussion on new EU directives. ♦