

The letter from Bulgaria

April 2007 issue 2007 - 06/07

All is documented, while being based on a daily media watch in 6 languages, exclusively on open sources, therefore easily verifiable.

Tourism 2

In these last hours of April whereas the summer season starts in Bulgaria, we are well obliged to note that since the beginning of the year, the news are generally, more than alarming.

Already at the end of September 2006, the personnel of the SAT "thought", I quote, Bulgarian tourism in a sorry state, with bad infrastructures and an inappropriate marketing or lack of it at all¹... to the point where Mr. Gagauzov, Minister for Regional Development organized working groups for determining the essential priorities:

- 1. Repair of the roads of the country.**
- 2. Suitable and sufficient indication of attractions of the country**
- 3. the airports of Varna and Bourgas given recently under concession.**

The famous sentence of Rumanian hoteliers against the Minister for Tourism of Romania of last summer seems to apply to Bulgaria, almost too perfectly: "it is a General giving the order to shoot on his own troops..."

As we will see it in this letter, the diagnosis of the personnel of the SAT is more than realistic and founded.

We will also evoke what and who worsens this sad state...

We will also speak about the neighbors of Bulgaria and the unquestionable competition which they will represent in the very short term.

However the year started well, with the festivities of the entry of Bulgaria in the European Union and the German-speaking press of Western Europe (Germany and Austria especially) giving immediately detailed advices to the travelers regarding what was different from now on when one wishes to go to one or the other of the new EU memberstate, and for all the kinds of arrivals (air, sea, rail, road).

In addition, a serious assessment of the tourist activity of the year 2006 is also drawn:

- number of visitors: + 5% of 2005 to 2006
- 4500000 visitors ²
- 77897 French visitors ³
- 53% of the customers brought by the European Union
- Year of the "return" of Central Europe ⁴
- Bulgaria received 170000 Russian visitors on the only littoral (the total would be 215000 for the whole country) that is to say 25% more than the previous year.
- The weight of "alternative tourism" remains ridiculous
- 70000 tourists will have been touched by the torrential rains of July 2, 2006 which caused very localized but severe devastations.
- The uninterrupted construction on building sites in many places pose problems, more especially with the negative press articles in the world media which resulted from it, they contributed largely to damage the image of Bulgaria.
- The first concerns emerge about the capacity of the infrastructures (roads, water supply and electricity⁵, drainage and water treatment) to absorb the generalized "over construction".
- The need for respecting from now on the European standards also worries because it is only possible at higher cost thus related to loss of market shares.

First days of the year, Pamporovo, winter sports resort "celebrates" with visitors particularly dissatisfied lamenting on the Net with a number of illustrations. Question of:

- Rude personnel
- Repugnant food (pink chicken)
- The over-populated school of ski (25 pupils per monitor)
- The absence of shower curtain...

²Except travelers having simply transited by Bulgaria.

³Who had been described as "new market" at the time of the presentation of the partial results in Varna, in the weeks which follow this figure increases obviously still a little.

⁴Without putting a question however essential: is this the return of the generation which knew the Bulgarian beaches in the "old times" and which after having seen the rest of the world return with a point of growing nostalgia? If so, it will be a straw fire without a future. If not, if it is the rising generation which "will discover" the world of his/her parents, it is quite as transitory. So on the other hand it is a new "cycle of customers", that will be economically all the more advantageous as the response to its expectations will have been brought carefully....

⁵With the closing of 2 reactors of the nuclear thermal power plant of Kozloduy, adhesion to the UE obliges.

¹The question which comes immediately to the mind is: why having engaged in a promotion campaign on the level of whole Eurasia (see further in the letter the detail of the Tourism Trade Fairs to which Bulgaria took part and how) with a consumption of means amounting in the millions of Euros. Isn't this "to put plough before oxen"? Isn't this counterproductive and against the fundamental rules of marketing? What else can be brought as disappointments for the customers and returns inevitably negative, especially in the media to attract people in what will appear to them logically as a "trap", if not a characterized fraud?



Another shade on the picture, the services of consumer rights protection ⁶ get interested in tourism as of January 3 for non-existent offers and/or not in conformity with what advertised.

The investors are interested, on their side, in the potential of Bulgaria in Hydrotherapy (SPA), and with 280000 real estate transactions registered in 2005, some are getting curious about a possible start of "residential" tourism.

With the opening day of Stuttgart Fair, one learns that alternative Tourism (or Ecotourism) represents in fact 1200-1500 visitors/year.

One wonders then legitimately about the interest of such an expensive partnership with the specialized Fair of Stuttgart ⁷ which receives certainly some 200000 visitors, but still, the authorized financial effort seems out of proportion with the importance of the relevant market share. A more graduated effort would have been more appropriate.

At the end of January, Mrs Anelia Krushkova⁸, on the proposal of Minister Vassiliev⁹, takes her functions as head of the SAT after the dismaying interlude of the Tserovski candidacy ¹⁰... which misfired. As evoked in the letter of January, we hoped to finally see, with this nomination, the cleaning of the stables of Ojias, concern of paramount urgency....

In this end of January, the lack of snow becomes already alarming:

- The station of Chepelare lowers its prices by 20%
- 55 hotels are on sale in the area of Bansko ¹¹....

Bansko does not lose the headlines, thanks to:

- Risks of avalanches because of the rise in temperature
- Advertisement that 2/3 of the constructions carried out on the station are illegal
- That the illegitimate use of land (150 ha and much more in project) on the territory of the Pirin National Park probably will lead to its downgrading by UNESCO.

Similar practices are announced on the southern littoral (*Stranja Natural Reserve*) with the realization of a vacation village close to Varvara with already 92 "on plan" purchasers. The project is completely illegal because entirely on the territory of the Natural Reserve and without authorization, contravening, moreover, to all the rules governing the natural reserve.

Encouraged by the "laissez-faire", other projects in protected natural environment are already announced and when timidly the government takes provisional measures of protection of the natural patrimony under considerable pressure¹², the owners of the concerned land brings the State to court for the loss of earnings generated by this classification¹³....

Incapacity at all levels and corruption of a number of the Elites lead to a plundering of Bulgaria for the only benefit of vested interests and the British developers ¹⁴ are accessory.

Even the Head of the State rises:

Deficit of ideas in the public: President Parvanov

16 April 2007 | 11:47 | FOCUS News Agency

Sofia. The Bulgarian public experiences a deficit of ideas, Bulgarian President Georgi Parvanov said at the official presentation of the president's new administration for his second term in office, cited by a reporter of Focus Agency.

The president added that this was the reason for the political debate to be focused on marginal and unimportant issues. He noted that the term-in-office manner of thinking, which unfortunately was typical of the transition period, should be put to an end, and stressed the Nation faced fresh challenges.

The head of state indicated that continuity and political neutrality were the main principles he followed when forming the new administration.

He said the president's administration would never have political quotas.

The administration runs to 150 employees, with not more than 1/3 accounting for the political members. Most of my aides and secretaries from my first term in office have new professional realization, President Parvanov added. Nikola LALOV

[HTTP://WWW.FOCUS-FEN.NET/INDEX.PHP?ID=N110284](http://www.focus-fen.net/index.php?id=N110284)

The 24 Chasa daily: "**Parvanov seeks people with ideas**". People with fresh ideas that can take the national debate out from the peripheral and insignificantly themes are needed to the President. The second mandate will be lead under more attractive and effective policy.

[HTTP://INTERNATIONAL.IBOX.BG/NEWS/ID_1293454456](http://international.ibox.bg/news/id_1293454456)

And not only the Head of State...

⁶It is about the field of competence reserved for the Bulgarian European Commish for the whole of the European Community

⁷ Mr. Al-Jabouri, in his time, mentioned an initial expenditure exceeding the million € without counting the expenses of participation, Mr. Kalfin, Foreign Minister, leading the Bulgarian delegation in person the day of the inauguration.

⁸from the Ministry for Transport

⁹Member of NDSV

¹⁰Minister from the government of Simeon Saksoburgski most decried and whose candidature would have been the fact of the former Prime Minister himself to thank him for his fidelity....

¹¹Mainly for "absence" or "insufficiency" of sales turnover

¹²For the beaches of Erakli

¹³The immediate sale for a juicy real estate project brings more money and causes less tiredness than the development of an activity of alternative tourism respectful of the environment, creative of employment possibly and especially good for the external accounts of the budget of the State

¹⁴Essentially



FROM THE EDITOR: IMAGE MAKING

09:00 Mon 26 Feb 2007

The complacency among Bulgaria's authorities about this country's continuing image problems is appalling.

A survey by Ernst & Young reported in this issue of The Sofia Echo says that there is a discrepancy between the way foreign investors perceive various countries in the South Eastern European region and the actual amounts of investment. The fact that Bulgaria attracts a larger scale of investment than its outside image would suggest is no reason to be smug. With international and regional competition growing apace, this country has every reason to need to build confidence in its future. Even though the survey suggests that in the next three years Bulgaria's performance will improve further, it will still be placed behind its northern neighbor and fellow European Union newbie Romania. There should be no reason for this to be the case.

Also in this issue, we report the remarks made by US ambassador John Beyrle listing the factors that militate against healthier growth in US investment in Bulgaria. Among these is corruption. Naturally, this may be partly a matter of perception among potential investors, but along with the other factors listed by Beyrle, such perceptions may be accepted as having some foundation in reality.

It is not as if the treatment of Bulgaria in the foreign media is neutral, and not even as if there is no interest in reporting on the country. Unfortunately, and especially so in some sections of the foreign media more than others, coverage of Bulgaria has been hostile. Sport is made of the country's shortcomings in areas including the fight against organized crime and corruption and its part in people trafficking networks. This is a grossly unbalanced and unfair portrayal of Bulgaria, but it is the one that is being put forward as contemporary reality.

Bulgaria has taken steps towards improving its image, but these have been too faltering and too few. Shortly before European Union accession, a project initiated by the Government with the support of a group of journalists set about sending out positive news about the country. Such an effort should not be decried, even though it seems to go little beyond bombarding news desks with e-mails, but on its own it is not enough.

Recently, a new head of the State Agency for Tourism has taken office, vowing among other things to look into the effectiveness of how the budget for promoting the country as a tourism destination is spent. At the same time, this country has an Invest Bulgaria Agency with the mandate of promoting it as an investment destination, and of course, a Foreign Ministry.

It would seem that the time has long since come for such entities, with their related mandates concerning the image of Bulgaria, to be made to work together and if necessary draw in professional private sector help to build a positive image for Bulgaria abroad.

Such an effort needs to be strategic, systematic, well co-ordinated and well-funded. It must go beyond sights-and-sounds advertisements on international television channels, even though Bulgaria lags behind even in this respect, and must draw on every possible field of endeavor, from hosting influential foreign visitors including journalists, to intelligent and creative international advertising and promotional campaigns, and even, for that matter, to assertive and attractive responses to negative media coverage.

And not to forget, all the while, that even as the team to spin Bulgaria goes to work, elsewhere in Government everyone else should be making sure that reality reinforces an enhanced image for the country.

http://www.sofiaecho.com/article/from-the-editor-image-making/id_20777/catid_27

During this time, inclinations of development ¹⁵ of the Beklemeto ¹⁶ Center of Holidays seem to take a better way. ¹⁷

This time also, the area of Smolyan starts to dream of a tourist invasion by the new passage connecting Greece and Bulgaria.

It is also the time of the participation of Bulgaria at the Tourism Fair in Spain ¹⁸ and Portugal, but also in the United Kingdom and Israel. ¹⁹
Follows also the Tourism Fair in Belgium²⁰.

In February, the young State of Montenegro announces its "tourist strategy", adapted to its youth and especially its size: organization of 10 thematic workshops to which 400 people take part to define an action plan from here to September and implementation during the bad season to be operational in 2008! The plan must be flexible to adapt to any evolution of the situation and it is based on a co-operation with foreign Technical Assistance Governmental Agencies.... An example likely to inspire?

During this time, in Bansko, it is question of new developments: skating rink, sports halls...

In Sofia the Fair "Holiday & Spa Expo 2007" is organized and the Bulgarians are increasingly spending their holidays in Turkey²¹, avoiding the Bulgarian beaches ²² and Greece. ²³

The withdrawal of the list of the World Heritage of UNESCO is again on the agenda for National Park PIRIN because the construction projects multiply like mushrooms after the dew of the morning.

The palm in the field however goes to Pamporovo with 160 building permits mainly for British investors. The station will so reach 27000 beds whereas the infrastructures ²⁴ have been planned for 5000. The environmentalists are anxious, and rightly.

¹⁵For multi seasonal tourism while benefiting from the presence of the National Park Center Balkans

¹⁶Close to Troyan, in the center of the country

¹⁷Respectful of the Heritage, for example of the Roman Road crossing the concerned field

¹⁸72 m² of exhibition surface, artists and craftsmen, practicable crafts on the stand by the visitors and the possibility of tasting of traditional Bulgarian kitchen from the mountain. The Fair receives 40000 visitors and Bulgaria 22266 Iberian tourists.

¹⁹71235 Israeli visitors in Bulgaria.

²⁰ 120000 visitors for 32140 holiday makers of this country in Bulgaria

²¹The service is good there and the prices definitely lower (compared to Greece the difference is of almost 60% and compared to the national market of at least 10%)

²²Because of the systematic construction

²³Because, according to testimonies', as of the crossing of frontiers, the Bulgarians want only one, to turn back, considering the welcome....

²⁴Access roads, water supply and electricity, drainage and water treatment.



The request is a number of times higher than the possibility of the offer due to:

- **Longer days**
- **Vertiginous slopes**
- **Low price** ²⁵
- **"Premium" of the folklore of the East...** ²⁶

During this time, the spirits are elsewhere....

Two subjects of concern occupy many people:

1. whereas Brussels envisages the regulation of "medical" tourism²⁷, it is question only of development of this tourist sector with the example of the quality and the low costs of the dental services.
2. the new mode of the VAT Indeed, the "fixed prices" including Transport + Lodging + food will remain taxed to 7%, the remainder passes at the current rate: 20%. Many predict, the passage of whole parts of the tourist economy in the "gray" economy....

Publication of the report of the 1° tourist provider of Bulgaria, TUI, passes almost unperceived. It however announces 5% growth for the complaints of customers having stayed in Bulgaria. Many locations have now a 2 digits rate of complaints, that is to say 10% and more....

It is also accompanied by the appearance of the phenomenon of the "professional" tourists financing their voyages with the refunding perceived for a growing number of complaints.

In the most total indifference or systematic opposition, Mr. Gagaouzov, Minister for the Regional Development, requires buildings less high and more distant from each other. ²⁸Investors, dissatisfied, push the municipalities to accept projects which contravene the ministerial directives. Municipalities refuse to work with the ministry for the update of the town-planning. ^{29 30}: The ministry prepares a national town-planning blue print.

Meanwhile, according to media, ALBENA AD tried to list WHITE LAGOON³¹, at BGN ³² 22 the share.

In this March beginning, the assessment of 2006 continues with significant figures which alas speak themselves:

- **the past decade saw 16 billion € invested in the infrastructures of reception (hotels especially). The generated income was 12,8 billion €**
- **the income by room ³³ was of 24,60 € in 2001. In 2006 it was not more than 11,60 € ³⁴ and it is expected at 10,80 € for 2007**

²⁵Compared with the Alps

²⁶Sales points of the British TO

²⁷No liberalization considered

²⁸In fact rules of town planning prevailing in old times.

²⁹Marking example of Nessebar

³⁰Update become necessary because the current plans are dating from 1997

³¹Small "station" of 2 hotels close to Balchik. The Listing was launched with a forecast of fall of the future results

³²Bulgarian national currency = approximately 1/2 €

³³For a 3 stars hotel

³⁴That is to say less than half in 5 years

- **The offer exceeds in certain places on the littoral more than largely the demand, in spite of that, the capacity of reception, in 2006, increased by 35000 rooms to reach the number of 365000.** ³⁵
- **The downward spiral is largely engaged for the Bulgarian littoral. The incomes do not even cover the investments, without speaking about operation costs, and even less the essential promotion....**
- **The income by room in the mountain is still at 20,63 €, but for how long with the unrealistic dimension of the current development?**

In an unquestionable way, the development of tourism in Bulgaria is done in spite of the most elementary wisdom. This sentence is strong, yes, but it answers present reality perfectly:

- The capacity of reception is developed more than it should ³⁶ then comes the launch of a promotion "drum beating" to fill it.
- The satisfaction of the most legitimate aspirations of the customers is completely ignored just like the most elementary financial and economic rules. ³⁷

The neighbors of the north of Bulgaria learned "with pain" ³⁸ how things must be made, how tourism of a city, an area, a country develops: "We must initially have an "identity", then a "brand" said with reason Mihaela Barbuletiu, President of the National Tourism Authority of Roumania.

What Bulgaria makes during this time:

- Concentrating on imitation, believing to be thus better integrated in the Western world, it copies the Western models and in addition imperfectly.
- By "laissez-faire" it lets create a hateful "image".

It is necessary to have courage to make serious investigations of satisfaction, to admit criticism, and not only to seek solutions to the arising problems, but bring them.

It is necessary also to take in account the "others", the Rumanians for example, have to become very serious competitors until the infrastructures of reception built in Bulgaria are on their decline. ³⁹To give the best assets they take for the moment Western ⁴⁰ management and already get the next generation trained in the West.

³⁵It is well question of rooms and not beds!

³⁶By compromising the future seriously and by destroying remarkable sites which are precisely the factors of attraction of the country.

³⁷The economic and social consequences are considerable

³⁸Lack of customers because of infrastructures in sorry state, not maintained and prohibitive prices

³⁹Till 2010, the hotels built since now 10 years will be in the need for a restoration which remains very hypothetical because of the constructions themselves, generally carried out in record time, in contradiction with the "normal" rules of construction (time of drying of the concrete, proportion of cement in the mixtures, quality of the products, etc...)

⁴⁰For the higher levels



Moreover, they started the "combat" by the beginning: the domestic market by applying the French example of La Grande Motte and Côte d'Opale.⁴¹ Fairs of Moscow and Bahreïn receive the Bulgarian delegations with dignity in the "tourism" section

Still in this March beginning popup again the interrogations concerning the financing of all these 4 stars hotels which are built. Such an amount of money regularly results in thinking of doubtful origins.

Arrive in the calendar, the supreme moment: ITB, the Show of Tourism of Berlin. 300 m² of stands on 2 levels and 47 exhibitors.

A documentary on Bulgaria TV showed the detail of the Bulgarian presence at ITB⁴², but by omitting some significant points alas disturbing:

- The loss of market shares in Germany will still continue during the 2 next years.⁴³ No one does know what will occur afterwards!
- The first subject systematically evocated at the time of the visit by professionals on the Bulgarian stand, always was, the harmful effects of the permanent building sites and the "over construction".
- The absence of vision at 5 years for tourism in Bulgaria⁴⁴
- The airports of Varna and Burgas will wait at least until 2009 seeing being built 2 additional places of reception.⁴⁵

The report also made us discover:

- The considerable advertising effort downtown, and in public transport,
- young Bulgarian people in national costume distributing CD and caps along the alleys⁴⁶,
- but alas also the Bulgarian traditional dances which were presented in, at the very least, in a quite curious dress.

Will the debauchery of means was for which finality and which results?

What is the cost of the "gained" German customer at ITB whereas on the German market, the first prices (stay all inclusive and air transport) for one week are starting from 120 €!

Which logic does answer this expensive extravagance?

In comparison, the Bulgarian presence at the Tourism Fair of Paris was purely miserable.

Even in the "old times" we did not know similar situation. Tourist Reklama knew its work and did well it.

An almost empty space "brightened" by 3 posters in height. 4 desks, the most consequent having 1 meter length, reserved to the representative of SAT. Some rare specimens of the tourist documentation produced by SAT exposed in a sparse way. 3 other desks occupied by girls representing Receptive Agencies in Bulgaria. A table without tablecloth and 2 worn out chairs were in the center for possible more private exchanges.

Admittedly, the following day, the Bulgarian media gave account that the evening preceding the opening of the Fair, SAT and the Embassy had presented, for the 4th consecutive year, "to the profession", the whole of the tourist offer of the country in the Bulgarian Cultural Centre.

So what then say about the consideration shown towards the 110000 visitors of the Fair, including 7000 professionals who deserved all the same to go toward them to catch their attention and awake their interest for Bulgaria.

The previous year, the owner of FRAM was publicly angry with the indigence of the promotion of Bulgaria by national authorities because the growth potential in France exists (+ 12% from 2005 to 2006 – 83062 visitors are announced). And Bulgaria was the first Eastern European country to be invited to join the Francophonie, before Romania....

On their side, the Romanians do not wait and launch an effort of 500 million €/year on 5 - 6 years:

- **doubling of the capacity of reception of the capital**
- **projects of development on human scale and in the respect of local architectures in all the country**
- **arsenal of means to fight effectively against the projects denaturing the sites**
- **destruction of a certain number of the existing seaside resorts**
- **creation of a network of mini stations throughout the littoral with suitable equipment to lengthen the season while relying for that on the only local market.**

It should be noted that Belarus engages in a considerable effort of development of all year around tourism with renewal of the infrastructure of reception (650 sites are concerned) and development of the activities necessary to achieve the given economic goal.

During this time in Bulgaria:

- the winter sports resorts still lower their prices,
- a showdown begins to try to save the Stranja (as these lines are written we know that it was not successful),
- the hotels on the littoral are not obliged any more (after a showdown also, there the Government yielded and not the Parliament as for Stranja) to have center of health for the tourists.

⁴¹To retain a maximum of holiday makers on the road to the south, that they do not go further, they do not pass the border.

⁴²At the beginning of April 2007

⁴³Limit to some extent of the capacity of forecast, afterwards, it is the unknown, already from the national economic point of view to start.

⁴⁴More would be marvelous, but even this minimum misses....

⁴⁵It is necessary to hope to see entering in service the new air terminals about 2011 if all goes well.

⁴⁶Example of quality which would have had a great success in Paris for the benefit of Bulgaria



- Thaïs and other Indonesians announced for the summer in the resorts to replace the Bulgarian gone to the West to have better wages, will not come.⁴⁷
- The restriction of the limit of 10% foreigners in Bulgarian companies is lifted and if tourism is not opened, Filipinos, Vietnamese and Indonesians are quite present on the Bulgarian labor market.

The Greek tourists are also awaited for Easter, they should spend 4 million € during their stay!

Towards the end of March, the Minister Gagaouzov makes a more than alarming public announcement: complete sections of the littoral could have no water this summer!

- Kamchia, one of the 4 storage reservoirs to be monitored particularly.
- The most serious problems in water supply and treatment arise in Slanchev Briag and Zlatni Piasatsi (need for BGN 20 million to solve the problem, the government places 8 disposal).
- Burgas must invest BGN 80 million in a storage reservoir.
- From Sozopol to Sinomorets the level of supply of water is critical.
- The BGN 15 million necessary for work to be undertaken for Dolni Chiflik, Byala and Avren are blocked by the government because of a lawsuit in connection with the call for tender.
- Pamporovo needs 8 million to avoid rationing this winter.
- At the national level the needs amount to € 6,9 billion, the UE gives 1,7 of them.

The Dnevnik newspaper is particularly precise:

Deferral of dam lake projects to affect 0.5 mln Bulgarians

The water supply of over 0.5 mln Bulgarians could be rationed this summer if the country experiences drier than usual weather conditions while that authorities continue to push back the implementation of dam lake projects in arid or overpopulated regions.

In the wake of a snowless winter, concerns are growing over the potable water supply in 9 regions of the country. The situation is especially critical in the coastal municipalities which are undergoing rapid development.

The effective anti-drought government program, adopted back in 2001, calls for the urgent completion of 6 dam lakes whose construction has been mothballed. The program has missed all relevant deadline despite numerous extensions granted by the government.

Only the water supply facilities in Panagyurishte, Triavna and Madan - to be financed under the new World Bank water loan, are on track to meet their hand-over deadline, 2010.

No progress has been made in tackling the water supply problems in the areas where the situation is most critical - the Southern Black Sea coast, Lovech, Plevan, Blagoevgrad, Kyustendil and the Rhodope mountains, among others.

The construction of the most expensive facilities - the Cherni Osam and Rakochevitsa dam lakes, is yet to get underway. Each of the two dams will cost at least 100 mln euro, said the regional development ministry.

Outdated estimates put the cost of the completion of the most important water supply facilities at 500 mln levs, a figure that is expected to balloon substantially.

Shortage of funding has delayed the expansion of the Srechenska Bara dam, a project that should solve the water supply problems in the Vratsa and Montana areas, and of the Hristo Smiranski dam which pumps water to the city of Gabrovo. (Dnevnik)

The governor of Burgas, Mr. Panteleev, announces that the area knows severe problems of infrastructures whereas the project of Super Borovets, in the south of Sofia, reappears with a new team of investors and Mrs Anelia Krushkova announces that the "over construction" on the littoral worsens and will continue "to run down" the tourist product "Bulgaria".

The Roumanians, for their part obtain European certification for the tourist products concerning the Delta of the Danube...

The presence in the Fairs continues with that of Ukraine: 150 m² and 33 exhibitors. Bulgaria is presented there as an all year destination and get the "crystal globe". Follows that of Romania with 105 m², 27 exhibitors and 2 municipalities. In 2006 Bulgaria had received some 370000 Rumanians. Only for Easter 2007, 20000 of them are awaited.

At the beginning of April, things do not improve....

- *the Minister for the Environment finds out finally the utility to ask the promoters to envisage purification and a cleansing stations in their projects of development, once all the littoral is covered with concrete...⁴⁸,*
- *with the evening news on BULGARIA TV⁴⁹, the same day, an edifying report nails the case for good..., "to the sea with the smell..."⁵⁰*

For well supplementing the harmful effects, for lack of agreement between the concerned parts, the holiday makers at Slanchev Briag will face congestions, traffic noise and other exhaust fumes in addition to the building sites..., whereas Albéna on the spot taxes the stays of vehicles proportionally to the duration of their stay.

⁴⁷A personality was moved, the idea wasn't found appropriate, so recruitment started again in Romania and Moldavia (Gagaouzia).

⁴⁸Publication of the Bulgarian Federation of the Building industry of April 2, 2007

⁴⁹Satellite Channel bound for the "outside" (available in Bulgaria also) of the National Television

⁵⁰Real overexploitation and its misdeeds: the discharge of drainage piping (used waters) of the residential compounds on the littoral, directly in the sea...



To avoid the consequences of these repetitive situations, and thus to avoid as much the negative letters of "thanks" as the many negative reports in the world press at the end of the season as it was the case the previous year, the Bulgarian Tour Operators took preliminary precautions:

- precise and detailed information on the situation in the resorts,
- consequently lower prices
- many promotional offers.⁵¹

Whereas the "low cost" attack the Bus companies and endanger the rentability of their international lines, take place:

- a seminar on Hydrotherapy (SPAS)
- the meeting on Cultural Tourism
- the week of the forest.

The first event allows the advertisement of the will to develop at the same time health and medical tourism, the latest which is however in the process of regulation by Brussels.

The other is the place for the assertion that the tourist guides of the country must be only Bulgarian. If it is logical that a national of the country is better capable to tell about his fatherland, "protected" employment is not justified, is not the panacea, far from there....

The week of hunting allows the evocation of hunting tourism whereas the "taxes" instituted for the only not Bulgarian can in 1 day exceed the price of the voyage and a one week stay.

Finally Slanchev Briag will have 80 police officers more for the tourist season which start and video monitoring.

Bulgaria is still present at the Fairs of Tourism in Siberia, in Scandinavia, in a country of Central Asia and in Saint Pétersbourg.

Whereas the price war rages between Bulgaria and Romania for the customers of the 1st of May, the recruitment of the Romanians and Moldavians to fill the gaps in the personnel of the resorts accelerates and a new project of 500 villas, hotel, sporting infrastructures... is born close to Balchik. It is only the twelfth vacation village + 3 18 holes golf, between Balchik and Kavarna (less than 50 kms separates the two localities).⁵²

The "real estate advertisements" of beginning of season worry (see also further in the letter). We learn that the "family" hotels (of maximum 20 rooms) have serious problems because of:

- poor choice of the site
- over-estimate of the profits (unrealistic preliminary business plan)
- incapacity to refund the credit (20 cases of forced sale on judicial action are recognized by the authorities in Varna)

70 hotels are on sale on the sector of Varna including 16 in Zlatni and 12 in Saint Konstantin & Elena for an average price of 2,3 million € the unit. For most the only solution will be the transformation into apartment to simply hope to manage to sell.

Whereas the summer season opens, that of winter finishes with a significant news: Bansko lost from 10 to 15% frequentation from one year to the other. It is too early to judge, but theirs a problem which more than probably contributed....

To know why a tourist selected to come to Bulgaria, to address yourself to national authorities is still illusory but the "origine" countries start to be interested in the subject, thus we learn that the British surge was a long time justified by the speculative potential⁵³ from which they start from now on to back pedal:

April 13, 2007

Investors burned by Bulgaria property mishits

Property developers are rushing into misguided projects, overestimating their return and profit targets, Dnevnik learned from local real estate consultants in a survey prompted by the announcement that 2 foreign property outfits are dialing back their investments in Bulgaria.

In mid-week, Black Sea Property Fund Limited announced the termination of its financing agreement relating to an 86-apartment development at Bulgarian coastal city of Tsarevo, citing high pricing, together with the poor presentation of the site during inspection trips.

A day later, the Greek Sprider Group, whose local division Sprider Bulgaria is developing a residential project in Sofia, said it has sold the unfinished property at a profit of only 130,000 euro.

The Sprider development, located in Sofia's Motopista residential district, was acquired for 4 mln euro by Krikstone Bulgaria. The complex, comprising apartment buildings, shops and garages, should be ready by the beginning of the summer.

Other investors are running into trouble by consolidating large-scale projects that later suffer delays or false-start altogether, said Ivan Velkov from property consultancy Colliers International.

Major difficulties and delays should be expected in a number of projects next year due to the inexperience of their developers, said Valeri Valchev, executive director of commercial property advisors Forton International.

Sofia Airport Center, a Tishman International development, is one of the major projects behind schedule.

⁵¹And the taking into account of economic realities?

⁵²A commune close to Sofia has to 5 golfs 18 holes having been the subject of permit building on the communal territory....

⁵³What is blatant proven lies does not go any longer, reality takes the top gradually and "the rats start to leave the ship" according to the devoted expression; But it is there another subject which will be covered in a forthcoming letter.



The delay is due to technical glitches with the regulation of the site, said Valchev. Forton has the exclusive agency contract for the 200 mln euro business park. In addition, price levels in the airport area jumped substantially leading to adjustments in the project, he added.

Realtors now consider as risky investment in holiday villages in some local resorts and in residential developments in Sofia.

Petar Dudolenski from Real Estate Services Bulgaria said only 6-7 of the 15 or so mall developments planned for Sofia will be implemented.(Dnevnik)

12 avril 2007

UK-based Black Sea Property Fund Exits Bulgarian Project

UK-registered Black Sea Property Fund, which invests in real estate development in Bulgaria, said on Wednesday it decided to exit a project in the Black Sea holiday village of Tsarevo.

"High pricing, together with the poor presentation of the site during inspection trips, hampered sales at this development," the fund said in a statement to the London Stock Exchange, where it is listed on the alternative investment market segment.

The fund failed to reach an agreement with the project's developer and terminated its investment, recovering its initial EUR 1,14 M investment in the project, which was the fund's smallest initial investment.

The village of Tsarevo is located some 40 kilometers south of the Black Sea port of Burgas and 20 kilometers north of Bulgaria's border with Turkey.

http://www.novinite.com/view_news.php?id=79153

18 avril 2007

1/3 of Sunny Beach holiday homes on the market

Some 1,000 vacation homes in Black Sea resorts Sunny Beach and St. Vlas have been listed for sale, shows data of local real estate brokerage portal imoti.net.

A third of the apartments were bought at 600-800 euro/sq m three to four years ago and now the owners are trying to sell them at double the purchase price.

The holiday homes have been listed after the rent income they generated fell short of their owners' expectations.

Most of the units are occupied for no more than 3 weeks and that amount of rent income is insufficient to cover year-round maintenance, let alone eke out a profit, commented imoti.net analysts.

The asking price of holiday homes in the two resorts starts from 450 euro/sq m and tops out at 2,500 euro/sq m with the average price at 900 euro/sq m.

Oversupply has developers struggling to move properties still under construction at sale prices above 1,000-1,200 euro/sq m, forcing them to throw in incentives like furnishings.

Only fully-furnished seaview properties command sale prices of over 1,600 euro/sq m.(Dnevnik)

Now, one says to us, for the British tourists, mainly, it is the price of the beer which is the decisive factor....

An deep going investigation into this crucial question of the MOTIVATION is more than ever needed just like the follow-up of the transmitting markets and the development of the social fracture in the countries of Western Europe⁵⁴ for example.

⁵⁴In France, for example, from 2005 to 2006 the short merchant and non merchant stays decreased by 10%, the long merchant stays increased of 4% for their part.

There is on the point of the social fracture also a good share of explanation of the German disaffection with respect to Bulgaria.