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Danube Transnational Programme

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National report on port management models in Bulgaria

Work Package 4

Activity 4.2

PP Responsible: HFIP

Date: 30/06/2017

Version: 1.0 [Final]

Project co-funded by European Union funds (ERDF, IPA)

Interreg
Danube Transnational Programme
DAPhNE

Name of the document	**National report on port management models in Bulgaria**
Executor of the public procurement	**ABI PROEKTI EOOD**
Contracting authority	**BULGARIAN PORTS INFRASTRUCTURE COMPANY**
Contract identification number	**DEP – 48/ 20.11.2017**

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1 Scope of the document

The business strategies applied by the inland cargo ports in the Danube Region are the scope of this document and how efficiently they are implemented are related to the port management models employed all along the river. **When we use the term of 'ports' in this document, it only means the inland cargo ports in the Danube Region. If a port is both maritime and inland cargo port, the activities shall be split between the inland and maritime port functions.** In order to ensure a balanced development of the Danube port sector and enable it to become a key element in the EU transport network, first there needs to be a clear analysis performed in regard to the status-quo. This activity will deal with this topic by first assessing the current practices in the Danube region on the port management and operation models applied and providing for a SWOT analysis thereof. In order to present the port management models of European ports, the key definitions of port operation should be presented as follows.

1.1 General terms

In the context of the port management models of Danube cargo ports, the key definitions of port operation should be understood as follows according to the Commission Regulation (EU) 2017/1084 of 14 June 2017 as regards aid for port and airport infrastructure.

For the aim of the current analysis and for better understanding of the current situation in Bulgaria, some terms and definitions are explained from the point of view of the applicable national legislation. Definitions are important in the process of identification of port management models in Bulgaria.

Port and infrastructure / Definitions

Port

'Port' means an area of land and water made up of such infrastructure and equipment, so as to permit the reception of waterborne vessels, their loading and unloading, the storage of goods, the receipt and delivery of those goods and the embarkation and disembarkation of passengers, crew and other persons and any other infrastructure necessary for transport operators in the port.

The definition of "port" is contained in Article 92. from the Maritime spaces, Inland waterways and ports of the Republic of Bulgaria Act (MSIWPRBA). A port is an area, which includes aquatory, territory and infrastructure on the Black Sea and the Danube coast and the islands and channels therein, located on the territory of one or more municipalities and comprises natural, artificial and organizational conditions for safe berthing, stay and servicing of vessels.

Ports connect the water spaces of the Republic of Bulgaria with land roads and/ or railway transport.

For all ports, except military ones, a register is kept under conditions and by an order determined by an ordinance of the Minister of Transport, Information Technology and Communications. Ports are included in the register after issuance of the Exploitation adequacy certificate.
The register is public and can be accessed on the web site of the Executive Agency Maritime administration - www.marad.bg.

The National port system of the Republic of Bulgaria is formed by the following components:

- Ports for public transport of national importance;
- Port for public transport of regional importance;
- Fishing ports – as per article 107 of MSIWPRBA;
- Yacht ports – as per article 108 of the MSIWPRBA;
- Special purpose ports – as per article 109 of the MSIWPRBA;
- Military ports.

Inland port

'Inland port' means a port other than a maritime port, for the reception of inland waterway vessels.

Inland ports in Bulgaria are located on the River Danube, between km 845,650 and km 374,100. The ports for public transport with national importance are located on the right bank, as follows:

- Port of Ruse, river km. 491 on the Danube river. It is a multimodal center and plays the role of the most important river port in the transport system of Bulgaria. The port is directly connected with the Black Sea port of Varna through a railway line.
- Port of Vidin, river km. 785 on the Danube river. The infrastructure of the port has been recently rehabilitated. It has an important strategic location, being a part of the common "Orient/ East – Mediterranean" European transport corridor.
- Port of Lom, river km. 742 on the Danube river. The port is well connected with Greece (Thessaloniki) and is open for transport from Macedonia.
  On the Bulgarian stretch of the Danube, there are fifteen port terminals: Silistra /passenger port/, Ferryboat terminal Silistra, Tutrakan, Ruse-East, Ruse-Centre, Ruse-West, Svishtov, Ferryboat terminal Nikopol, Somovit, Oryahovo, Lom, Vidin-North, Vidin-Centre, Vidin-South, Ferryboat complex Vidin. All of them have good connections to the national road infrastructure and some of them are linked with the national railroad network.

Figure 1: Major Bulgarian ports

source: http://bulgarian-business.com/geography/

- **Port for public transport of national importance Ruse**

Port for public transport of national importance Ruse includes the following terminals:

I. **Port terminal Ruse-east –** the management of the terminal was granted to Bulgarian Ports Infrastructure Company and the use of the port to the state operator - "Port Complex Rousse" JSCo.

II. **Port terminal Ruse-west** – concession granted to the "Port terminal Ruse-west" JSCo. for a period of 35 years as per contract for concession, concluded on 18.09.2013 and entered into force on 18.11.2013 The concession contract is terminated on 20.02.2015. Currently, Bulgarian Ports Infrastructure Company performs the functions of a port operator.

III. **Port terminal Ruse - Center -** the management of the terminal was granted to Bulgarian Ports Infrastructure Company and the use of the port to the state operator - "Port Complex Rousse" JSCo.

IV. **Port terminal Svishtov -** was granted on concession to Dredging Fleet – Istar JSCo. for a period of 31 years under a concession contract of 15.02.2007, which entered into force on 21.04.2007.

V. **Port terminal Somovit -** granted on a concession to "Octopod - C" Ltd. for a period of 22 years under a concession contract concluded on 28.05.2009, which entered into force on 01.08.2009.

VI. **Port terminal Tutrakan -** the management of the terminal was granted to Bulgarian Ports Infrastructure Company and the use of the port to the state operator - "Port Complex Rousse" JSCo.

VII. **Ferryboat terminal Nikopol -** granted on concession to "Bulgarian River Shipping" JSCo. for a period of 35 years under a concession contract concluded on 07.08.2013, which entered into force on 01.10.2013.

VIII. **Ferryboat terminal Silistra -** the management of the terminal was granted to Bulgarian Ports Infrastructure Company.

IX. **Port terminal Silistra (passenger) -** the management of the terminal was granted to Bulgarian Ports Infrastructure Company and the use of the port to the state operator - "Port Complex Rousse" JSCo.

Port terminal Ruse - east

Port terminal Ruse - east is located in the Eastern Industrial Zone of Ruse, on the right bank between km. 489,287 and km. 490,993 along the Danube.

The total area of the port is 825 533 square meters, with approximately 300 000 sq. m. uncultivated terrains intended for future development.

Port terminal Ruse - east has 5 quay walls with a total length of 1 618 m, in which 14 berths are located, one of which is designated for processing of ro-ro ships. The design depth in front of the ship's berths is 2.50 m at water mark "0" of Ruse.

Quay transshipment equipment consists of 14 pcs. electric port cranes with lifting capacity from 5 tons to 32 tons.

Port terminal Ruse - east has open and covered warehouses as follows:

- Covered warehouses with a total area of 15,800 sq. m;
- Open warehouses with total area of 190 500 sq.m.

For the cargo handling activity in the rear area of the quay, the port has 2 pcs. electric port cranes, as well as other mobile machinery.

The capacity of port terminal Ruse - east is about 2 500 000 tons of freight per year and up to about 100 000 conventional TIR units per year.

Figure 2: Port terminal Ruse-east

source: http://www.monitor.bg/a/view/35170

<u>Port terminal Ruse-west</u>

Port terminal Ruse-west is located in the Western Industrial Zone of Ruse on the right bank of the river between km. 497,625 and km. 495,923 along the Danube.

The port terminal consists of two sections located on both sides of the basin.

Section I has an area of 29 294 sq.m. The quay wall is L-shaped, vertical with a total length of 280 m. The depth in front of the ship's places is 2.50 m from the elevation "0" of the water meter mark.
There are three berthing places, two of which are designed for loading and unloading and one for the provision of marine and technical services.

Section II is a piers with a northern quay located on the open Danube and a south quay - to the basin with a total area of 87 804 sq. m. The total length of the quay front is 1 238 m. There are nine berthing places - five on the northern quay and four – on the southern quay.

Figure 3: Port terminal Ruse-west

source: ***http://wikimapia.org/10368618/bg/***

The transshipment equipment consists of 9 pcs. electric port cranes with lifting capacity from 5 tons to 10 tons.

The port has open and covered warehouses as follows:

- Covered warehouses with a total area of 8 900 sq.m.
- Open storages with a total area of 27 600 sq.m.

For handling in the rear area to the quays the port has 2 pcs. electric port cranes as well as other mobile machinery.

The capacity of the port terminal Ruse - west is about 500,000 tons of cargo per year.

Port terminal Ruse-center (not cargo terminal, only for ships stay and bunkering)

Port Terminal Ruse - center is located in the western part of Ruse, on 495,980 to km. 495,529 along the Danube.
The terminal has a total area of 11 799 sq. m.
The quay wall is sloped with a length of 451 m. The design depth is 2.5 m at elevation mark "0".
On the quay wall there are three berthing places, only one of which is equipped with a pontoon - designed for servicing passenger ships as well as for staying and servicing cargo ships.

Port terminal Svishtov

Figure 4: Port terminal Svishtov

source: https://bg.wikipedia.org/wiki/Port_Svishtov,Bulgaria.jpg

Port terminal Svishtov is located in the town of Svishtov, between km. 553,688 and km. 555,000 along the Danube.

The quay wall has a length of 922 m and has eight berthing places. Seven of the berths are designed for loading and unloading activities. Berth No. 8 is equipped with a special pontoon numbered with No. 3 for ro-ro ships processing. The entire quay wall of the port is sloped, with a design depth of 2.50 m, measured from elevation "0" of the water mark.

In addition to the above-mentioned berthing places, Port terminal Svishtov has another berth for ro-ro handling. It is a sloped ramp, a floating pontoon and a bridge to the ramp.

The berths are equipped with 11 electric cranes with lifting capacity from 5 tons to 20 tons. The port has 22,800 sq. m. open storages and the covered storage area is 6,100 sq.m.

For cargo handling the port terminal Svishtov has mobile machinery and systems of rubber belt conveyors for transshipment of bulk cargo from the quayside area to the rear open storages. Two years ago, the concessionaire of the terminal has built new silo complex for storing grain.

The main types of cargoes processed in the port terminal Svishtov are: inert materials, coal, iron ores, cereals, wood materials, mineral fertilizers, metal products and others.

The capacity of the terminal is about 1 800 000 tonnes of freight per year and 10 000 TIR units per year.

Port terminal Somovit

Port terminal Somovit is located on the right bank of the Danube River near Somovit village between km. 607,300 and km. 607,596.

The total length of the quay front is 354 m. The terminal has three berths, two of which are for loading and unloading activities and one (with pontoon) for mooring of self-propelled vessels. The design depth in front of the quay is 2.50 m, measured at elevation "0" of the water mark.

The total area of the terminal is 28 300 sq. m.

Figure 5: Port terminal Somovit

source: http://airgroup2000.com/

Quay transshipment equipment consists of 4 pcs. electric cranes with lifting capacity of 5 tons and one grain mower.

The port has indoor and outdoor warehouses as follows:

Covered warehouses with a total area of 2 175 sq.m;

Open storages with a total area of 9 700 sq.m.

The port disposes of mobile machinery for further handling.

The capacity of the port terminal is about 500,000 tonnes of cargo per year.

Port terminal Tutrakan

Port terminal Tutrakan is located in the town of Tutrakan, between km. 432,680 and km. 432,530 along the Danube.

The total area of the terminal is 4 414 sq. m.

The quay front of the Tutrakan port is 110 meters long and has two berths. The design depth of the waterfront in front of the quay is an average of 2.50 m at the elevation "0" of the water level mark.

Berth No. 1 is designated for bulk and general cargo handling. In the back of the berth there is an open storage of 2 500 sq. m.

The transshipment equipment consists of one electric crane with a lifting capacity of 5 tons.

Berth No. 2 has a length of 30 m and is equipped with a pontoon. It is designed to serve passenger ships and passengers as well as cargo ships.

The capacity of the Tutrakan port terminal is 100,000 tons per year.

Figure 6: Port terminal Tutrakan

source: http://www.airgroup2000.com

Ferryboat terminal Nikopol

Ferryboat terminal Nikopol is specialized in the processing of ro-ro ships. It is located in the western part of the town of Nikopol, on 597,900 to km. 597,550 along the Danube.

The terminal, with a total area of 17,642 sq. m, has a Ro-Ro ramp, which is 114 m long. The ramp width is 30 m, and it is covered with reinforced concrete slabs.

On the territory of the terminal there are the necessary buildings for border control, parking areas for arriving and departing vehicles, servicing and technical buildings and facilities.

The capacity of the terminal is about 72 conventional TIR units per day in each direction.

Figure 7: Ferryboat terminal Nikopol

source: http://www.airgroup2000.com

Ferryboat terminal Silistra (not operational at the moment)

Ferryboat terminal Silistra is built as a Ro-Ro and passenger terminal. The terminal is located on km. 382,550 to 382,450 from the mouth of the Danube River. For berthing and handling of Ro-Ro ships, the terminal has a sloped ramp with a total length of 128 m and a width of 30 m.

The terminal has an area of 65 183 square meters, on which there are the necessary buildings for border control, parking areas for arriving and departing vehicles, servicing and technical buildings and facilities. The capacity of the terminal is about 120 TIR units per day in each direction.

Port terminal Silistra (passenger terminal)

The passenger terminal is designed for passenger and bunker service. It is located on km. 375,000 to km. 375, 639 from the mouth of the Danube. The length of the quay wall is 470 m, with three berth places. The design depth in front of the ship's berths is 2.50 m at elevation "0" of the water mark.

The total area of the terminal is 17 772 sq. m. There is a parking of 900 sq.m., as well as two pontoons for passenger ships.

The capacity of each berth place is about 30 000 passengers per year.

Port for public transport of national importance Lom

Port of Lom includes the following terminals:
Port terminal Lom – granted on a concession to „Port Invest" Ltd. For a period of 35 years as per a concession contract, concluded on 06.03.2013 and entered into force on 01.05.2013.

Port terminal Oryahovo – concession granted for a period of 25 years to "Slanchev Dar" JSCo. as per concession contract concluded on 04.07.2007 r. and entered into force on 23.06.2008.

Port terminal Lom

Port terminal Lom is located between km. 742 and km. 743 along the Danube. The total area of the terminal is 371 129 sq.m.

Port terminal Lom has 5 quay walls with a total length of 1 422 m, on which 13 berth places are located. The design depth in front of the ship's berths is 2.50 m at the water level "0".

The quay transshipment equipment consists of 19 pcs. electric port cranes with lifting capacity from 5 tons to 20 tons.

The port terminal disposes of open and covered warehouses as follows:

- Covered warehouses with a total area of 8 343 sq.m;
- Open storages with a total area of 117 921 sq.m.

The capacity of the Port Lom terminal is about 2 000 000 tonnes of cargo per year.

Figure 8: Port terminal Lom

source: http://www.marad.bg/upload/docs/1.jpg

<u>Port terminal Oryahovo</u>

Port terminal Oryahovo is located between km. 677,700 and km. 678,050 from the mouth of the Danube river.
The total area of the terminal is 21,128 sq m, of which 12,300 sq m is granted to the concessionaire.

The quay wall has a length of 323 m and there are three berths. Two of the berths are designed to serve cargo ships and one - for servicing passenger ships. The design depth in front of the quay is 2,00 m., measured at elevation "0" of the water level mark.

The quay transshipment equipment consists of 2 electric cranes with a lifting capacity of 5 tons up to 10 tons.

The total area of the open storages is 4 400 square meters and of the covered warehouses - 962 sq.m.

At terminal Oryahovo are handled bulk and general cargoes. Passenger ships are also served.

The capacity of the terminal is about 300 000 tons of cargo per year.

Figure 9: Port terminal Oryahovo

source: http://airgroup2000.com

Port for public transport of national importance Vidin

Port Vidin includes the following terminals:

I. **Port terminal Vidin - north** - granted on concession to "Bulgarian River Shipping" JSCo. for a period of 30 years under a concession contract concluded on 20.08.2010 and entered into force on 22.10.2010.

II. **Port terminal Ferryboat complex Vidin -** granted on concession to "Bulgarian River Shipping" JSCo. for a period of 30 years under a concession contract concluded on 20.08.2010 and entered into force on 22.10.2010.

III. **Port terminal Vidin – center** - operated by the state owned port operator "Port Vidin" Ltd.

IV. **Port terminal Vidin - south** – Currently the terminal is managed by BPICo., procedure for concession is ongoing.

Port terminal Vidin - north

Port terminals Vidin - North is located in the North industrial zone on km. 793,600 to km. 793,200 of the Danube River.

The quay front of the terminal is 240 meters long. The design depth in front of the pier is 2.40 meters, measured at elevation "0" of the water level mark..

At the port terminal Vidin - North there are three berth places, two of which are 100 meters long each. The third berth is equipped with a pontoon of steel.

The quay transshipment equipment consists of two "Kirovetz" cranes with a lifting capacity of 16 - 20 tons and one grain handling machine with a capacity of 200 tons material per hour.

The terminal disposes of the necessary loading and unloading technique for the rear operating area.

The port has open and covered warehouses as follows:

- A covered warehouse with an area of 3 131 sq. m;
- Open storages with a total area of 12 000 sq.m.

The capacity of port terminal Vidin – north is about 300 000 tons of cargo per year.

Ferryboat complex Vidin

Ferryboat complex Vidin is specialized in the handling and stay of Ro-Ro ships. It is located in the Northern Industrial Zone on km. 792,800 to km. 793,000 along the Danube.

Ferryboat complex Vidin has a reinforced concrete Ro-Ro ramp with a width of 30-50 m, allowing berthing of one ferryboat ship.

The total area of the terminal is 2,851 sq. m.

After the construction and the start of exploitation of the Danube Bridge 2, the Vidin-Calafat ferry line is not functioning, and studies are currently under way to attract freight flows from longer distances.

The port operator of the terminal is "Bulgarian River Shipping" JSCo.

Figure 10: Plans for development of port Vidin-north and Ferryboat complex Vidin

source: www.brp.bg

Port terminal Vidin – center

Port terminal Vidin - Center is a passenger terminal located in the center of Vidin.

The total area of the terminal is 30 958 sq. m. The quay wall is located on the river Danube from km. 799,500 up to km. 790,940 and its total length is 1 440 m. The design depth in front of the quay is 2,50 m.

There are seven pontoons on the quay wall, four of which are operated by the state port operator and the others are used by third parties.

Port terminal Vidin - south

Port terminal Vidin - South is located in the Southern Industrial Zone of Vidin, in the area of km. 785 to km. 785,200 along the Danube. It is built as a port to the Vidin Heating Plant where the coal and other cargoes destined for the heat power plant are unloaded.

The total area of the terminal is 47 902 sq.m.

The quay wall is sloped with a length of 200 m, with two berth places.

Quay equipment consists of one electric crane.

For transshipment in the rear zone, the terminal has mobile handling machines. A system of rubber belt conveyors, owned by the Vidin Heating Plant is installed for transport to the storage facilities of the thermal power plant.

The port has 18,000 square meters of open storage space.

The throughput capacity of port terminal Vidin - South is about 600,000 tons of cargo per year.

Port infrastructure

'Port infrastructure' means infrastructure and facilities for the provision of transport related port services, for example berths used for the mooring of ships, quay walls, jetties and floating pontoon ramps in tidal areas, internal basins, backfills and land reclamation, alternative fuel infrastructure and infrastructure for the collection of ship-generated waste and cargo residues.

The MSIWPRBA regulates the definition of the term in Bulgaria: "Port infrastructure" is technical infrastructure of the port within the meaning of § 5, point 31 from the additional provisions of the Spatial planning Act (SPA)[1], **as well as the other buildings and facilities within the port, related to the activities and services performed on its territory**.

Management of the port infrastructure and the other fixed assets of the Bulgarian ports for public transport of ***national importance*** is granted to the Bulgarian Port Infrastructure Company (BPICo.) - a legal person within the meaning of Art. 62, para. 3 of the Commerce Act. The State grants to BPICo. the public and private state property, determined by a decision of the Council of Ministers, for implementation of its subject of activity.

According to the contracts concluded between the Minister of transport, information technologies and communications and port operators (private entities or state owned companies) port infrastructure is designated for the provision of ports services as per art. 116 of the MSIWPRBA and includes the following main groups:

- **Quay walls;**
- **Basins;**
- **Ro-ro ramps;**
- **Administrative buildings;**
- **Other office and technical buildings,**
- **Open storage areas;**
- **Covered warehouses;**
- **Parking areas;**
- **Internal road network;**
- **Railway tracks;**

[1] According to the provisions of § 5, point 31 from the additional provisions of the SPA, the technical infrastructure is a system of buildings, facilities and linear engineering networks.

- **Crane tracks;**
- **Water supply and sewage network;**
- **Electricity transformer stations, power cable network, lighting network ;**
- **Weighing scales for vehicles;**

Most of the buildings and port facilities, part of the infrastructure, granted to be managed by BPICo. are built during the 60-ties – 80-ties years of the last century, and the technical documentation is not kept. To examine the technical condition of the buildings, in order to clarify the existing technical characteristics and to what extent they meet the essential requirements under Art. 169, para. 1-3 of the SPA, an audit was performed, including elaboration of construction papers and prescriptions for the necessary technical measures to satisfy the essential requirements for each site as well as prescriptions for exclusion of emergency events, threatening the occupants of the building. After the survey, a technical passport for each building was drawn up and certified by the Ministry of Regional Development and Public Works

Port operators have the right to use the public state property granted by a contract and are responsible for the **use, repair, reconstruction, modernization and rehabilitation** of the port infrastructure that is described in detail in their contracts.

1. Privatization: Process of incorporating the private sector into the port operations, administration and investments.

Privatization in the Republic of Bulgaria is defined in the Privatization and Post-Privatization Control Act as follows: "Privatization shall constitute a transfer by sale to Bulgarian natural or juristic persons wherein the State and/or a municipality holds a share in the capital not exceeding 50 per cent or to non-resident persons …"

It must be stressed that there is NO privatization of ports with national importance in Bulgaria, nor it is foreseen to privatize ports in future. The Government has decided that concession is the best way for attracting private investment in ports and other transport infrastructure. Thus, with regard to Bulgarian river ports, in 2006 the first concession contract was concluded for Ferryboat complex Silistra. Later, in 2010 a Strategy was elaborated for development of the transport infrastructure of the Republic of Bulgaria through the mechanisms of concession.

A typical example for privatization of ports in Bulgaria is the privatization process of industrial companies that have departmental ports to service their own exploitation. Such companies are heating plants, wood processing factories, metal processing and others. At present, most ports of regional importance have been privatized since 1996 and have subsequently separated and begun to provide mainly port services to a wider range of customers.

2. Concession: Rent or leasing of existing facilities, equipment and infrastructure along with the right to grant services using those assets, and the right to charge for those services. This includes the commitment to make specific investments to improve the quality and amount of those services in a long-term period.

Concession according to the Bulgarian Concessions Act is defined as: the right for exploitation of an object and / or service of public interest, granted by a grantor to a commercial company – concessionaire, against the obligation of the concessionaire to construct, manage, and maintain the concession object or to manage the service at its own risk.

According to their object the concessions are for construction, for service and for production. Concessions Act regulates various forms of concession granting: BOT (Build-Operate-Transfer), BOO (Build-Own-Operate), BOOT (Build-Own-Operate-Transfer) .The latter two are mainly used for seaports. The concession is granted through a procedure where the principles of fairness and transparency are to be applied. The concession is made on the basis of a long-term written contract with a defined material interest and concluded between the grantor and the concessionaire The Bulgarian law currently sets a maximum period of 35 years for the duration of the concession. The concession fees paid by the concessionaires come under the budget of the Ministry of Finance and are redirected for different purposes.

The main reasons that are behind the decision of the Government to use concessions as model for management of ports are:

- Limited investment funds of the State for the aim of modernization and development of the transport infrastructure;
- Urgent need to improve the operational condition of airports, ports and railway infrastructure;
- Need to rise the effectiveness of the services provided and the quality of services;
- Need to attract cargo and passenger flow;
- To use the experience of the private sector in applying innovative approach in order to develop the transport infrastructure;
- The infrastructure ownership remains to the State.

Granting a port terminal on a concession is a more common practice than giving an entire port. The different legal systems have different interpretations regarding the concession of a terminal. In many countries the concession is a transfer of state authority to private individuals (water / electricity / telecommunications supply). However, the granting of port area or loading / unloading operations should not be regarded as a transfer of governmental powers. Port concessions in Bulgaria are in particular provided by the state on the basis of a decision of the Council of Ministers for each concession separately. The concession (for construction or for a service) is provided for one or more terminals from a port of public

transport of national importance. The concession is for management of a service of public interest (the port services under Article 116 (3) (2) of the MSIWPRBA) at the risk of the concessionaire, by keeping the port services available and ensuring their continuity and quality level in compliance with the terms of the concession contract, against the concessionaire's right to operate the service, receiving revenues from consumers and third parties, etc. Typically, the concession contract includes the obligation of the concessionaire to pay a concession fee, which consists of a permanent and variable part. The variable is determined by the freight flow and the passenger flow.

When a port is managed by more than one concessionaire, the **common technical infrastructure** that is used by all port operators and other entitled entities cannot be granted to a concessionaire and the free access to the port should not be obstructed. In this case, usually, such common infrastructure is managed by Bulgarian Ports Infrastructure Company.

3. Canon: Cost to the private agent by the use of facilities or services.

Private agents perform organizational functions connected with ship visits to ports. They act as mediators between the ship owners, captains of the ships from the one side and port authorities from the other side. They take care for:

- Border control;
- Customs control;
- Veterinary control, phytosanitary control and quarantine;
- Document preparation on arrival and departure of ships;
- Payment of the state taxes on behalf of the ship-owners to BPICo.;
- Payment of handling and other port services to port operators, etc.

The use of port facilities is paid according to the commercial contract between parties in the process of transportation. Sometimes, bigger forwarding companies negotiate better commercial conditions with port operators and other port related companies and pay on behalf of the end-customer.

4. Tariffs: fee charged to the users of the port facilities, for the utilization of the port services.

The amount of the fees collected in the ports for public transport of national importance is determined by a decree of the Council of Ministers of the Republic of Bulgaria. The structure of port charges is determined by the MSIWPRBA. Cargoes and ships are handled only in ports for public transport. Port charges are payable by all ships (except military ones) visiting ports for public transport of national importance before their departure.

Bulgarian Ports Infrastructure Company levies channel, tonnage and light dues on the vessels in their call to the ports for public transport of regional importance and the ports under art. 107 –109 of LMSIWPRB, and provide access to these ports by maintenance of the navigation aids, approach channels and harbour area to the border of the operational

harbour area. BPICo. transfers to the Ministry of Defence the proportion of light dues proportional to its obligations.

Dues for waste delivery and processing are collected by BPICo. and are disbiursed for delivery and processing of waste resulting from the navigation activity.

Main dues levied in river ports collected by BPICo. are:

- **Ship (tonnage) dues**: their amount is fixed for each vessels' call in a port for public transport of national importance – for each vessel and depends on the type of the vessel;
- **Quay (wharf) dues:** for using of a quay or a pontoon in a port for public transport of national importance, for discharging and loading from or on a vessel – for each ton started.

Main fees collected by Executive agency Maritime Administration are:

- Fees for ship's inspection;
- Fees for issuance and authentication of ship's documentation;
- Fees for issuance and authentication of identity documents and competency documents of seafarers;
- Fees for inspection of a port or a port terminal in connection with issuance or change in the Certificate for exploitation suitability
- Fees for approval and authentication of port operator's documents (security plan, waste collection and handling plan

Port operators apply prices and terms for the port services they provide. More detailed information and samples for operator's prices can be found on the following web sites:

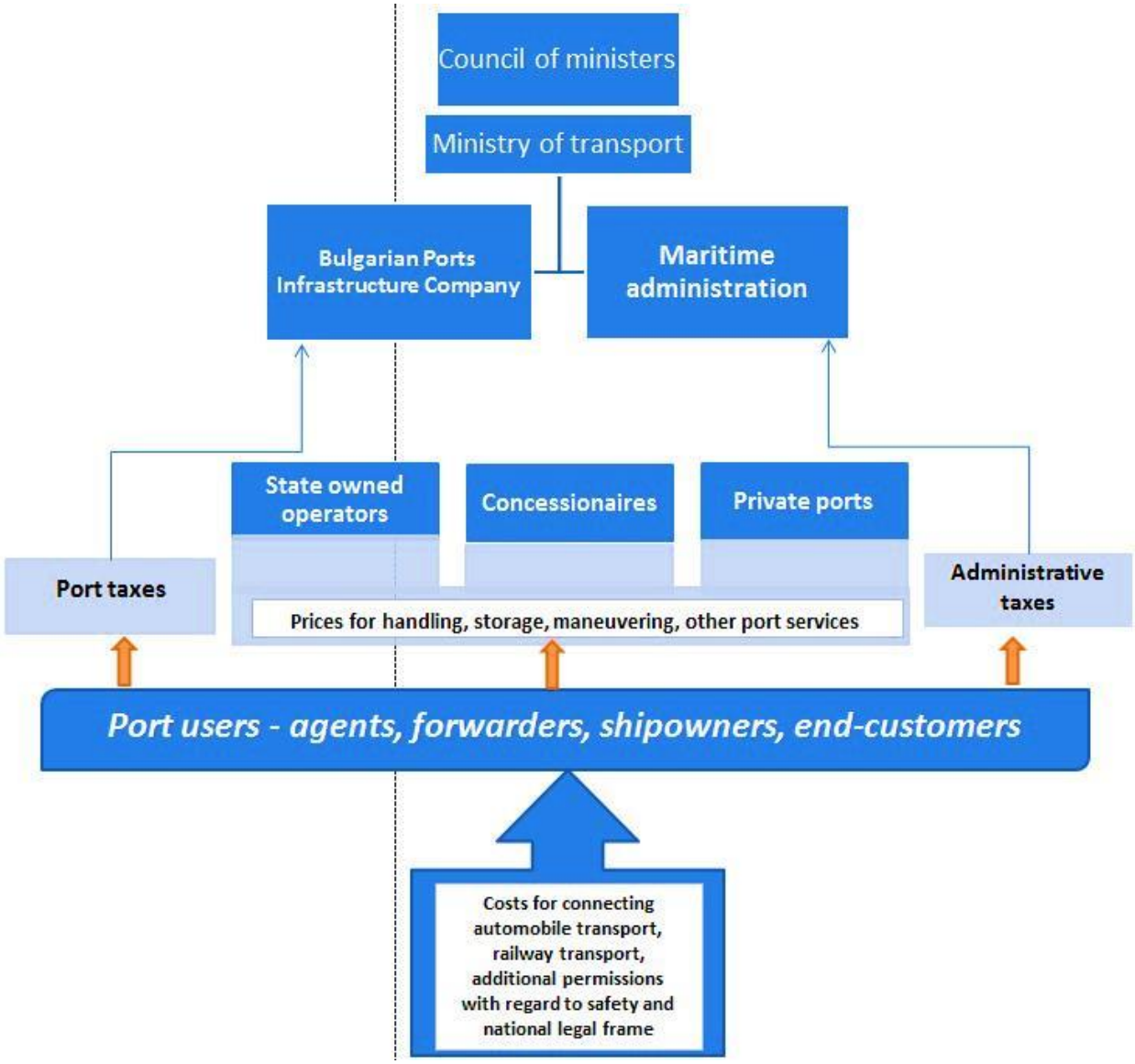
- http://www.port-ruse-bg.com/documents;
- http://www.brp.bg/vidin/prices.html;
- http://www.df-istar.com/tarifa.pdf
- http://portadmsilistra.com/USLOVIA.pdf

Prices are collected for transhipment services, storage of cargo in open and covered warehouses, pontoon stay, manoeuvring activities, wintering, equipment and machinery rendering, administrative services, technical services.

In fact, port users pay fees and taxes both to the State and to the port operators, whether state-owned or private.

The scheme bellow visualise the structure of the taxes and fees collected.

Figure 11: Structure of relations in the process of taxes and prices collection



5. Employment agency

The Bulgarian Employment Agency is an executive agency to the Minister of Labor and Social Policy for the implementation of the state policy on employment promotion.

Maritime spaces act Regulation № 9/ 17 October 2013 on the requirements for exploitation suitability of ports and specialized port facilities pays special attention to the workforce in ports in *Part V. Requirements as regards the qualifications of the workforce used by port operators*.

Operators are obliged to have qualified personnel, meeting the requirements for performing port services. More specifically, for certain activities and for operation of machinery, certificates for competency are required. The regulation states that each port operator elaborates a database (hard copy and electronic) of the personnel with functions for the performance of which a special legal competency is required. This database is sent to the Executive agency Maritime administration.

Employment agency supports port operators by:

- offering a list of qualified persons, when operators look for workforce;
- ensuring funding possibilities through Human resources development Operational programme;
- ensuring possibilities for further vocational training and qualification improvements;

6. **Stevedore Company: is a company in charge to carry out the port operations of manipulation of the merchandise. Generally, it holds an administrative concession granted by the corresponding port authority, which authorizes to use, with exclusive character, a space located at wharf edge.**

There is no tradition in the field and the current practice of such companies in the river port of the Republic of Bulgaria is rare. By the force of the law and rules in force, the port operator shall dispose of qualified personnel for the port services offered. Port operations are performed by stevedores, tallymen, etc. that work for the operator.

In Bulgaria, there are bulgarian stevedoring companies mostly in the maritime cities of the country, which offer the following services:

Cargo handling, general and bulk cargoes loading and unloading, project cargoes loading and unloading, lashing cargoes, containers lashing and unlashing; lashing and unlashing of general cargoes of ships, trucks and wagons; project cargoes lashing and unlashing; subsidiary activities: cleaning cargo spaces, cleaning warehouses and silos, etc.

Port superstructure

'Port superstructure' means surface arrangements (such as for storage), fixed equipment (such as warehouses and terminal buildings) as well as mobile equipment (such as cranes) located in a port for the provision of transport related port services.

In view of the definition of the term "superstructure" according to Regulation (EC) 2017/1084 and in view of the currently applicable determinative rule of § 2, item 18 of the additional provisions of the MSIWPRBA, in conjunction with § 5, item 31 of the SAP, the Bulgarian term for "port infrastructure" (see above), includes all the elements listed in the definition of "port superstructure", with the exception of mobile equipment. In this regard, and also in view of the adoption of Regulation (EC) 2017/352 on port services, legislative amendments to the Bulgarian port regulations are in the process of being brought into line with European legislation.

It should be noted that the definition of "port infrastructure" under Regulation (EU) 2017/1084 refers to "floating pontoon ramps" in tidal areas. As it is known, there is no such facility in the Black Sea and the Danube, but the use of pontoons as ship-to-shore facilities (i.e. serving ships' stay) is not only widespread but also regulated as an opportunity in MSIWPRBA.

2 Introduction of the Port Management Models

Main actors of port management and operation

The identification of key actors and competent authorities in relation to the management and operation of ports should take into account the applicable international enactments - EU legislation as well as the specificities of the legal frame of each country. The current existing Bulgarian port system was established more than 10 years ago (in 2005). As noted above, the main normative act settling public relations related to ports, their development, management and operation is the MSIWPRBA, and the structure of the port sector is complemented by the Merchant Shipping Code (MSC).

Main actors of the port sector are: **Ministry of transport, information technologies and communication (MTITC), Bulgarian Ports Infrastructure Company (BPICo), Executive agency Maritime administration (EAMA), Executive agency for exploration and maintenance of the Danube river (EAEMDR).** These are the main state structures that participate directly in the development and define the conditions for development and operation of the maritime and river ports in Bulgaria. For the development of Bulgarian ports some other authorities are relevant, such as: Ministry of Finance (Customs), Ministry of interior (Firefighting authorities, Civil protection authorities), Ministry of environment and water (Basin directorates, Regional environment and water inspections), etc.

Under the state structures follow and function port operators, part of which are still state owned, and part of them are private operators (concessionaires).

The Minister of transport through the mediation of EAMA is responsible for regulation and control of port activities. BPICo and EAMA are bodies, within the structure of MTITC, responsible **for port management on the behalf of the State.**

EAEMDR is a specialized administration functioning in accordance with the domestic and international obligations of the Republic of Bulgaria in terms of servicing, exploring and maintaining the navigational conditions along the river Danube. Its management functions are related with the navigation conditions of the fairway. The EAEMDR does not have controlling or administrative functions with regard to port infrastructure.

EAMA and EAEMDR are legal entities that receive budget support within the structure of the MTITC.

Port operators also have management functions as regards to the independent commercial, investment, pricing and organizational policy they have for the port terminals under their supervision. They interact with the MTITC, BPICo, EAMA and with port users also. In fact port operators are the direct managing bodies responsible for port operation. MTITC controls operators' activity through EAMA, and maintains and develops the port infrastructure through BPICo. Private ports are developing their port infrastructure without approval or agreement from BPICo.

Port operation is performed by the **port operators** – state owned or private. **Port operation** is regulated by the MSIWPRBA. The services that could be provided in a port are enlisted in art. 116 of the MSIWPRBA and the "port operator" is defined as a legal entity that is granted the access to the market of port services.

Figure 12: Port management models structure

Port management model in Bulgaria is based on the ownership of the port infrastructure from the one side and the ownership of the port operator on the other side.

Port owner

'Port owner' of a (public) port shall mean the owner of the port area.

Article 92a from the MSIWPRBA states that the aquatory of the ports is exclusive state property. The territory and the infrastructure of ports in Bulgaria can be either State property or property of municipalities, natural or juristic persons.

Port manager

'Port manager' of a port shall mean a business company or organization responsible for keeping the entire port in a state suitable for proper operation, as well as for the coordinated operation and development thereof – as owner of the port in case of a public. Port managers' tasks shall be as follows:

- Tasks of operation, including:
  - organization, operation, and management of port logistics activities;
  - organization, operation, and management of services operations within the port;
  - operation, upkeep, maintenance, and renovation of port facilities as specified in the contract;
  - completion of environment protection tasks in the port;
  - organization and operation of the logistics / information system of the port;
- Completion of tasks related to utilization contracts;
- Performance and management of development tasks, with particular regard to drawing up the principles of further port developments;
- Completion of marketing tasks.

The port managers may also own superstructures within the port area. The figure of the port manager is not regulated in the Bulgarian legislation. The above responsibilities and tasks are distributed between the separate actors in the port system, dependent on the type of the ports.

Port operator

A (public) port is most often operated by a business company. The 'port operator' shall be the owner of the floating establishment / port, and any party entitled to operate such floating establishment / port by contract or on any other title. In our wording, this may include the port owner, the port managers, as well as the port operators of the (public) port.

Port operators in Bulgaria are commercial entities which have been granted access to provide port services in ports. Ordinance № 18 of 3.12.2004 for the registration of the port operators regulates the terms and conditions for registration of port operators in the Republic of Bulgaria.

In order to perform port services, a port operator has to be included in the national register of port operators, maintained by EAMA. What is more specific, **for ports of national importance**, port operators are enlisted in the register after they conclude a contract with

the Minister of transport for concession or by the force of para § 74 from the MSIWPRBA for provision of port services.

Port operators have the following main functions:

- operation, maintenance, and renovation of port facilities as specified in the contract;
- organization, operation, and management of services within the port;
- completion of marketing tasks.

According to art. 116 of the MSIWPRBA services of commercial nature performed in the ports for public transport and provided by port operators are port services.

Public and Private Participation

a. Cargo volumes operated in 18 (eighteen) Bulgarian river ports/ terminals during the years 2010 and 2016 on: terminals run by private entities; in public ports terminals that have been given in concession, and in not concessioned state ports.

1. Table: Cargo volumes 2010

2010, thousand tons	Private Ports	Terminals Concession-granted	Ports not given in concession	TOTAL
Solid bulk cargo	724	495	1 135	**2 354**
Liquid bulk cargo	163		209	**372**
Containers		0.1	0.06	**0.16**
General cargo (including break bulk)	97	86	188	**372**
TOTAL:	***985***	***581***	***1 533***	***3 099***
CABOTAGE	***1 432***			

2. Table: Cargo volumes 2016

2016, thousand tons	Private Ports	Terminals Concession-granted	Ports not given in concession	TOTAL
Solid bulk cargo	712	892	541	**2 145**
Liquid bulk cargo	200	0	115	**315**

2016, thousand tons	Private Ports	Terminals Concession-granted	Ports not given in concession	TOTAL
Containers			1	**1**
General cargo (including break bulk)	87	106	137	**330**
TOTAL:	***999***	***998***	***794***	***2 790***
CABOTAGE	***1 203***			

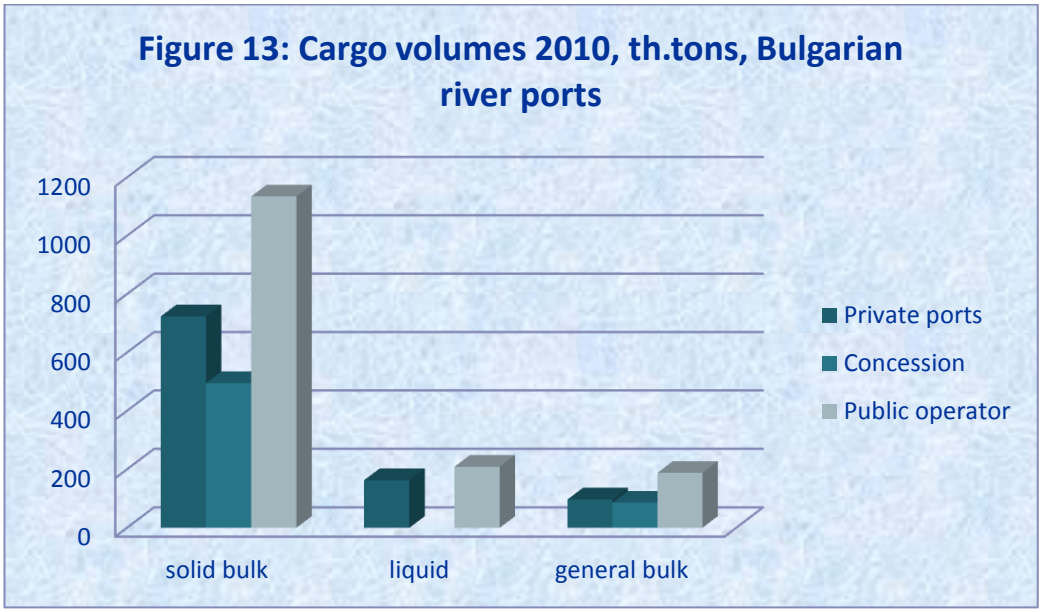
b. The data given for 2010 include cargo volumes registered in **9 private** (regional) ports, **3** ports operated by **concessionaires** and **6** ports, which are **not given in concession**. The last figure includes data for port terminal Vidin North, which was given in concession as of 20.10.2010 г.

Data for 2016 represent a different distribution with **7 private ports**, **6** ports operated by **concessionaires and 4** ports, which are **not given in concession.** The number of ports granted on a concession is double, compared to 2010.

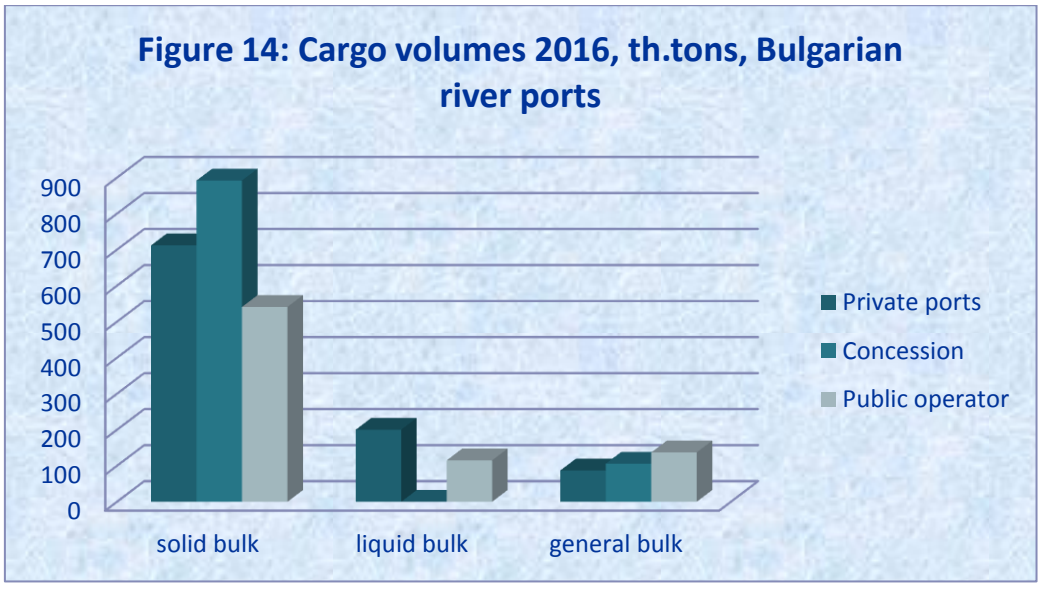
The total volume for all ports for 2010 amounts 3 099 mln. tons, for 2016 – 2790 mln. tons, and does not include cabotage cargo. The figures are taken from official statistics published by the Executive Agency Maritime Administration (EAMA, www.marad.bg), official figures on www.nsi.bg for 2016 and data provided by port operators.

Tendencies for 2010: The predominant cargo type for all ports is solid bulk cargo – 76% share in total cargo turnover. This group consists of traditional cargo flows like coal, coke, grain, ores, etc. Liquid bulk cargo is presented mainly by petroleum products and takes 12% share. Containers are almost missing in 2010, which demonstrates that there is no regular container flow in Bulgarian river ports. General bulk cargo is consisted of metal products, machinery, goods packed in pallets, big-bags and other. This cargo type is also 12% from the total quantity.

The first place in terms of total freight volume is taken by ports, which are not given in concession. They have handled 49% (1.5 mln. tons) of all cargo for 2010. Private ports have 32% (0.99 mln. tons) share and concessioned – 19% (0.58 mln. tons). The main reason for the leading position of non-concessioned ports is that they include port terminal Ruse-east and port terminal Lom, which are the biggest river ports in Bulgaria.



Tendencies for 2016: There is a drop down in the total volume for the year – 309 thousand tons or 10% in comparison with the year 2010. Some of the reasons refer to the tendency for constant fall of the metal products and other general cargo and redirection of cargo to maritime or other transport. The predominant cargo type is still solid bulk cargo with stable share of 77 % in total cargo turnover. Liquid bulk cargo takes 11% share – similar to 2010. Containers have insignificant value for 2016 and continue to be one of the least developed cargo groups in river ports. General bulk cargo turnover is 12 % from the total quantity.



Private ports and those granted on a concession generate almost the same quantities – about 1 mln. tons per group. About 1/3 of the cargo is handled in ports operated by state owned entities.

Port authority

The 'port authority' is the organisation responsible for the planning, authorisation, coordination and control of services within the port. In some instances, it also provides services.

The port landlord is the entity that owns the land on which the port is constructed and will usually own the essential infrastructure (e.g. the quays and breakwaters) as well. The port landlord is the entity practising the ownership rights: therefore, it is the owner itself or somebody entitled by the owner. Typically, the port authority is also the port landlord, although the landlord may be a separate entity.

Commonly in the EU context, the role of the port (competent) authority is attributed to the Ministry of Transport, where this function is most often performed by an autonomous unit at the Ministry, like, for example, Maritime Administration and others. The managing body of the port is the so - called port authority and is usually a public or private body which, under national law, has the objective of developing, administering and managing port infrastructure and, where applicable, coordinating, implementing, organizing or controlling the activities of operators.

As it was already noted above, there is no independent port authority in Bulgaria, and the functions and responsibilities related to ports are distributed and implemented by different entities, namely:

- ✓ Within the framework of the MSIWPRBA, the Council of Ministers acts jointly with the **Ministry of transport, information technologies and communication** – the key structure that implements the national transport (and port) policy,
- ✓ **Executive agency Maritime administration** – controls and inspects port activities and personnel, and
- ✓ **Bulgarian Ports Infrastructure Company** – responsible for port's infrastructure and long terms assets of ports with national importance.

Functions of the Ministry of Transport, information technologies

MTITC is a legal entity on budget support. The Minister of the transport, information technologies and communication is a sole central figure of the executive authority to conduct the state policy in the field of transport, information technologies and communication.

The activities related to the security, maintenance and development of the ports are financed through the Ministry of Transport from the state budget.

As mentioned before, the decision to build a new port or terminal in a port of national importance, as well as the extension of an existing port or terminal, is taken by the Minister of Transport on the basis of a national strategy for the development of ports approved by the Council of Ministers.

The preparation for the granting of a concession is also within the competence of the Minister of Transport, preceded by proposal by the EAMA and the BPICo.

The management, control and regulation of all port activities are carried out by the Minister of Transport through EAMA.

The Minister:

- conducts the state policy, including the state investment policy, in the field of transport,
- prepares drafts of international treaties to which the Republic of Bulgaria is party, in the field of transport and ensures their implementation,
- represents the Republic Bulgaria in international transport organizations,
- distributes and controls the spending of funds allocated by the State for transport, information technology and communications;
- controls the activity of the persons who have received documents - licenses, permits, certificates, etc. issued by him or by officials authorized by him.

Detailed obligations and responsibilities of the State in respect of the ports are laid down in the MSIWPRBA - Art. 92, 94, 95, 96, 103, 112 and in particular - Art. 115.

The Minister exercises his powers in the field of transport through:

- elaboration of a strategy for development and restructuring of transport;
- maintains and develops international initiatives, concludes international contracts for the construction of sections of the trans-European road network on the territory of the country, concludes international contracts for construction and operation on transport corridors;
- creates conditions for safe commercial shipping and controls compliance with them;
- organizes and controls technical investigation of accidents in maritime areas and inland waterways; maintains a system for mandatory and voluntary reporting of serious incidents, incidents in maritime areas and inland waterways;
- organizes the control of compliance with the conditions for public transport of passengers and cargo and the documents related to the transport;
- organizes the search, rescue and assistance activities of people, vessels or aircraft in need of or suffering from disasters in the search and rescue area for which the Republic of Bulgaria is in charge of international treaties;
- controls the spending of funds for transport provided by funds and bank institutions with state guarantee;
- issues radio operators' licenses to the Safety System for the maritime mobile service and the maritime mobile satellite service to radio operators of inland waterway vessels;
- conducts international co-ordination of radio frequencies and radio frequency bands as well as of the radio equipment that use them for the needs of national security and

defense for sea mobile, maritime mobile, maritime radionavigation and maritime radionavigation – satellite.

Functions of the Executive Agency Maritime Administration (EAMA):

Many of the Agency's tasks are similar to those carried out by similar maritime administrations around the world. It controls the ports on the part of the Ministry of Transport.

EAMA is also involved in providing concessions to merchants for the construction of a new port or terminal in, or outside an existing port complex. Ensure that the security provisions of:

a) vessels flying the Bulgarian flag;

b) the ports in the Republic of Bulgaria;

- EAMA collects and submits to the Minister of Transport information on the fulfillment of the operational suitability requirements of the ports and the special purpose port sites;
- makes a proposal to the Minister of Transport to suspend the activity or to restrict temporarily or permanently the operation of ports which do not meet the requirements of the law or perform port services in violation of the law;
- controls the compliance with the requirements of technical safety of port facilities, work safety and safe handling of loading and unloading operations;
- determines the security levels of the ships flying the Bulgarian flag and of the ports in the Republic of Bulgaria;
- controls compliance with the requirements for free access in ports for public transport;
- makes proposals to the Minister of Transport to amend the amount of port dues;
- assists the Minister of Transport in carrying out the control over the implementation of the concession contracts, as well as the contracts concluded for provision of port services with the state-owned commercial companies with assets – public state property;
- assists the Minister of Transport in the programming of activities and control of investments in the construction, reconstruction and modernization of transport corridors in the field of water transport (ports, motorways of the sea, inland waterways) financed by the state budget or with state-guaranteed loans;
- assists the Minister of Transport in agreeing detailed development plans, which assign territory and aquatory for carrying out construction of fishing ports, yacht ports and special purpose ports;
- assists the Minister of Transport in coordinating documents for the assignment of land and water sections for carrying out construction on the Black Sea and Danube

coasts, in the inland waters and in the territorial sea as well as in the areas of operation of the funds for navigation;
- submits to the Minister of Transport reasoned opinions on the investment initiatives for construction of new or extension of existing public transport ports;
- approves plans for receiving and handling waste;
- coordinate the plans of port operators for action in time of disaster, accidents and catastrophes;

The Agency examines the European experience and proposes measures to the managing committee of "Inland waterways" Fund to regulate inland waterway fleet capacity and implements the organizational and technical provision of the Fund's activities.

The Agency carries out a professional competence test for the licensing of carriers for the carriage of goods on inland waterways.

The territorial competence of the Agency applies to:

- internal marine waters;
- the territorial sea;
- the Bulgarian section of the Danube River;
- the terrestrial coastline, having a width of 100 meters, taken from the line of greatest tide; where there are settlements or a height less than 100 meters from the line of greatest outflow, the boundaries of the coastline coincide with the features of the settlement by the sea or at the height of the sea;
- the terrestrial coastline at a distance of 100 meters measured from the line where the water surface of the Danube crosses the land of the Bulgarian section at the lowest water levels;
- the territory of the ports, including the zones under Art. 103, para. 6 and the objects under Art. 111a, para. 1 of MSIWPRBA, excluding military ports.

Functions of the Bulgarian Ports Infrastructure Company

The Company was established in 2005 as a successor of the National Company Ports, which had the nature of a port authority. Currently, the BPICo. performs many of the functions and duties that are part of these of the port authority in most European countries and also fall under the definition under Regulation (EC) 2017/352. MSIWPRBA in its Art. 115l and in the following articles, regulates the structure, functions and activities of the Bulgarian Ports Infrastructure Company. BPICo. is a legal entity within the meaning of Art. 62, para. 3 of the Commerce Act.

For implementation of the object of its activities, the State grants to the Company property – public and private state property, determined by the Council of Ministers.

Bulgarian Ports Infrastructure Company (BPI Co) **manages the port infrastructure of the public transport ports of national importance** in accordance with the Maritime Spaces, Internal Waterways and Ports of the Republic of Bulgaria Act. The object of activities of BPI Co includes:

- construction, reconstruction, rehabilitation and maintenance of the ports for public transport of national importance;
- maintenance of the existing and the building of new approach canals, port aquatories, sea and river depots for the disposal of dredging mass, breakwaters, protection facilities and other servicing ports for public transport of national importance;
- management of the property in ports for public transport of national importance;
- elaboration, maintenance and storage of the register containing data on the port infrastructure of ports for public transport of national importance;
- assistance to the Minister of Transport in control over the implementation of the concession contracts and the contracts with the sole-joint stock companies for performance of the port services and additional port activities;
- responsibility for the preparation, implementation and maintenance of security plans for port areas which include a port for public transport of national importance;
- provision of access to ports;
- construction and maintenance of facilities servicing the system for monitoring of ship movements and information and the Bulgarian river information system;
- securing the navigation safety in the territorial sea, the internal sea waters, the canals and the port aquatory;

Bulgarian Ports Infrastructure Company (BPICo.) is responsible for provision of information on traffic management and information services for navigation, distribution of marine information on safety and maintenance. BPICo. provides:

- services through the Global Maritime Distress & Safety System (GMDSS);
- telecommunication ship-shore / shore-ship services;
- services for traffic control and information support of navigation and the provision of river information services to ship traffic;
- hydro meteorological information.

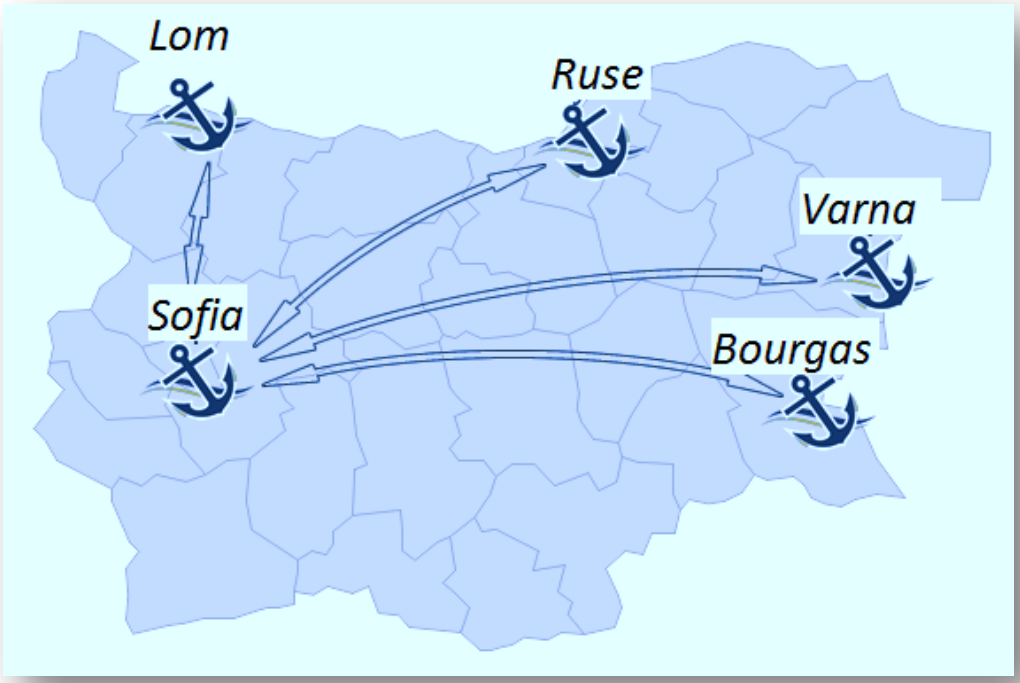
The Company carries out port services in the event that a port operator contract has been terminated before its corresponding term. In this case, the BPICo. shall provide port services in the relevant port until the conclusion of a new contract in accordance with the law.

BPICo selects investment projects to be implemented, with the help of an Economic Council within the structure of the company. The selection depends firstly on the urgency of the

project as well as the importance of projects in compared to the others of the list. A distinction is made between investments and operational costs for maintenance and repair.

Secondly projects are assessed on possibilities for funding. Project funding options are reviewed and result in a division of projects over three categories of funding: state budget, own BPICo funds and EU funding. Most of the projects are selected for funding by the State budget funds or own funds. High value investment projects, however, may exceed the budget limitations set by the State or exceed the financial capacity of the BPICo itself.

Figure 15: Scheme of the BPICo. oganizational structure



Head office in Sofia, Territorial departments in Lom, Ruse, Varna and Bourgas, source: www.bgports.bg

Port service providers

In order to use a port, a range of intermediary services is often required, which can be provided by the port itself or by independent intermediary parties.

- Towage is a service provided by tug boats which move larger ships that either should not or cannot power themselves. **Although the MSC contains a legal definition regarding the contract for towage, when referring to river ports in Bulgaria this term is known as maneuvering. Not-self-propelled vessels are pushed or tugged by self-propelled ships from to port berths, pontoons or anchorages.**

- Cargo-handling involves the movement of cargo in and around a port. This includes marshalling services (the receipt, storage, assembly and sorting of cargo in preparation for delivery to a ship's berth) and stevedoring services (the loading of cargo onto and discharging cargo from ships).

Main **port service providers in Bulgaria are port operators**. Other port related providers are ship owners – for transport of cargo, for manoeuvring activities, etc; cargo inspection bodies – independent private entities, issuing draft surveys, certificates for condition and quantity of the cargo, BPICo in case of pre-term terminated contract with port operator, and other. Automobile and railway companies provide the respective transport solution to and from the port. All the services provided within a port are agreed with the port operator.

Commercial Disbursement - a mechanism for obtaining cost effective solutions and costs management so as to receive the best port servicing at the lowest price.

- Cash management services related to payments within ports: according to the Bulgarian model for cash management, port operators have personnel in charge for invoicing and financial/ accounting department (in most of the cases). After a service has been provided, responsible staff issues primary documents, on the basis of which, prices are calculated. With the help of invoicing software, invoicing personnel issues invoices. After receiving of the invoices, clients pay most often by bank transfer and according to the payment conditions agreed with the port operator.
- Port cost solutions - solution for each port when all expenditures that can be generated when a ship visits the port are collected in a single point. There is no single point of collection of all port related taxes and prices in Bulgaria. Each client makes separate payments to the port operator, to BPICo., EAMA etc.
- Port suppliers contract management - negotiation from the name of the ship owner with the suppliers of port services like maneuvering, handling, storage of cargo, bunkering in order to agree on certain discounts. Ship owners are represented by ship agents. Usually, contracts are concluded by a forwarder company – mediator and organizer for all port services – and the port operator. The forwarding company pays to ship agents, port operators and other private companies and negotiates for better prices. Some forwarding companies perform complex services – they are ship owners, ship agents, forwarders dealing with documental procedures (customs control, border control, cargo control, etc). For state taxes, there are no contracts, as the tariffs are obligatory and fixed for all users. Another model includes direct contracting with to end user, when the user generates significant cargo volume and has its own potential to deal with transport organization.

As it was commented above, port services are provided by port operators. Operators have their own commercial and marketing policy. Incomes that they receive from clients for the services provided are generated on the principle of the free marketing competition.

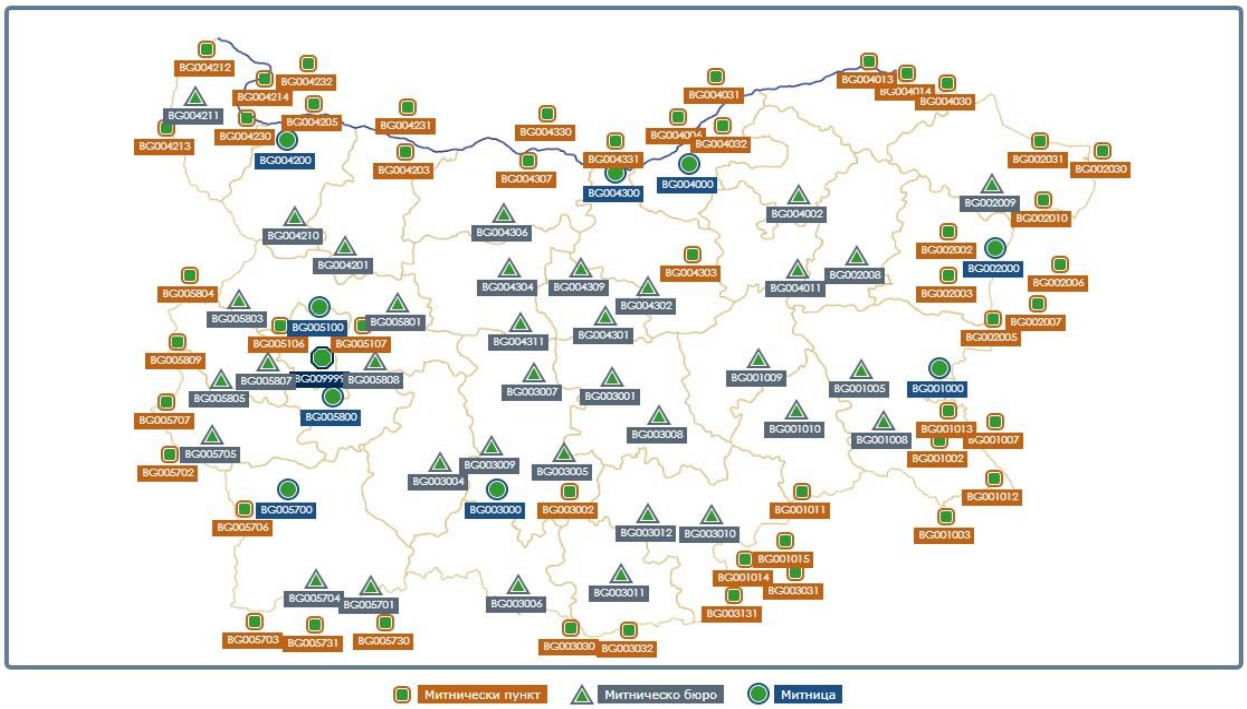
Usually, each port operator prepares its prices and terms on a yearly basis. These prices are valid for all clients and are either published on the web site of the company, or are sent via post or e-mail. Prices are in euro and are calculated in Bulgarian Leva (BGN) according to the fixed bank rate of 1.95583 BGN for 1 euro. Clients usually negotiate better commercial conditions for bigger cargo turnover.

E - Customs, digitalization and automation

The electronic portal of the Customs Agency was implemented in the frame of the project "Strengthening the Administrative Capacity of the Bulgarian Customs Administration in accordance with the initiative Electronic Customs of the European Union" under Contract No. A11-31-11 / 17.02.2012 on Operational Program "Administrative Capacity", co-financed by the European Union through the European Social Fund, Budget line: BG051PO002 / 11 / 3.1-06, Lot 2: "Improvement, integration and extension of the services offered by the electronic portal of the Customs Agency.

E-customs can be accessed on the following web address: https://ecustoms.bg. The entry to the registered users section is via an electronic certificate, (electronic signature).

Figure* 16: *Work map of the customs offices in Bulgaria



green colour indication that the system is working properly, source: https://ecustoms.bg/eportal/public

The listed services on the above mentioned site are:

- Issuance of a permit to use a comprehensive guarantee or guarantee waiver as simplified formality when placing goods under transit procedure;
- Issuance of a Certificate of Approval;
- Movement Certificates
- Certification of Authorized Economic Operators (AEOs)
- Issuance of authorizations for the use of simplified customs declarations and entry into the declarant's accounts
- Approved exporter authorization
- Undertaking customs control action outside official business hours and/or at locations, other than customs offices
- Laboratory tests and scientific expertise services
- Authorization of granting the status of "Authorized consignee", formality in transit
- Authorization to use a customs procedure with economic impact /specific purpose
- Providing binding tariff information
- Providing binding origin information

Although there is an effort form the side of the State in connection with the predominant use of electronic data, Bulgarian river ports (port operators) have relatively old organization of document flow. Digitalization and automation is not the case in most of the port terminals. Preferred way of information supply is the paper copy, which is in some cases obligatory.

Information sharing platform. Port communication and information exchange.

One successfully implemented project is the "Establishment of River Information Services System in the Bulgarian part of the river Danube - BULRIS" BG 161 PO 004-4.0.01-003 is financed by the EU through the Operational Programme "Transport 2007-2013" under Priority Axis 4 "Improvement of the maritime and inland waterways.[2]

BULRIS is a complex project, including design and construction activities, delivery of hardware and software for communication, radio relay, radiotelephone, radar systems and vessel traffic monitoring and visualization system. Beneficiary of the project is BPICo.

In July 2016, BPICo. has put into operation the Single Window System on the River. Over 30 shipping agencies with nearly 100 users use the electronic document processing system on arrival and departure of ships in / from our river ports in Bulgaria. The system is in line with Directive 2010/65 / EU on reporting of ships arriving and departing from Member States' ports.

[2] http://www.bulris.bg/

Three months after the official launch of the system, more than 2500 notifications and more than 2700 general declarations were submitted. The average time to process a general declaration is from 15 to 30 minutes.

More than 100 employees from different institutions, who are registered in the system, monitor the prompt and efficient processing of the submitted documents for entry and exit clearance.

Figure 17: The building of BulRIS in Ruse

source: Facebook profile of the BPICo.

As a result of the increased interest in access by other stakeholders involved in river transport, improvements are made continually in the system, aiming at flexibility in the work.

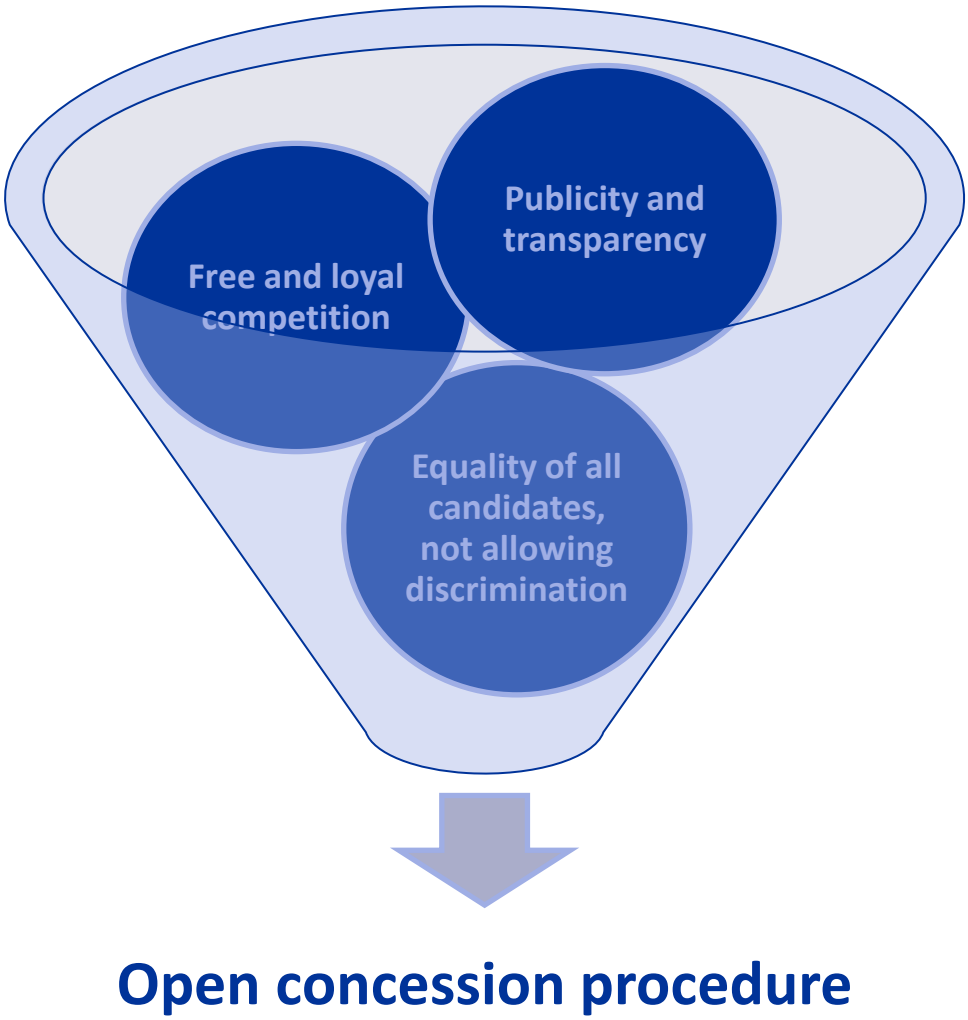
The Single Window system works with electronic documents from 15 March 2017. It allows standardized information and documents to be submitted electronically and not in paper form to a single entry point. The one-stop-shop principle has already been introduced in all Bulgarian ports along the Danube River, aiming at a new work organization to ease the administrative service of the river shipping business.

Clearness, transparency and partnership with the private sector.

Private port sector in Bulgaria is represented by owners of private ports and private port operators in the first place, and by commercial companies, offering services related with ports – ship agents, forwarders, inspection bodies, automobile and railway companies, etc.

Clearness is provided by the common rules regulated in the European and National legislative frame. The rules for each entity – private or public are the same in Bulgaria. Executive Agency Maritime Organization has independent control and administrative functions on port operation. Both private and public entities provide the same information and are required to obey the same rules.

Figure 18: Clearness and transparency in concession procedures



Private users are free to choose between ports and their decision is driven by the principle of the reliable and economically attractive logistic chain. Private and public ports compete in the same marketing conditions and decide on their own marketing and investment strategy.

Partnership of the state and the private sector is expressed in ports granted on a concession, giving possibility of the private concessionaires to contribute with their ideas and organization of port operations. Most of the river ports with regional importance are private (14 terminals on the Bulgarian stretch of the Danube River), which testifies that the State encourages private participation in this sector.

At the same time, work is being done to remove bottlenecks to the development of water transport in favor of business. This is one of the aims of the project "Regional and Transport Development of the Danube - Black Sea Region to a Transnational and Multiport Region - Portal to the Caspian Region and the Far East" (DBS Gateway Region), in which Bulgaria is a partner. The project is funded under the Danube Transnational Cooperation Program 2014-2020, with BPICo. being a beneficiary and is currently being implemented. The project has put important aims as: to create a competitive and sustainable transport system, a better business environment, and encourage the attraction of new business partners and cargoes from and to the Danube region by fostering cooperation among all stakeholders in the sector.

BPICo is subject to the transparency requirements set out in Directive 2006/111/EC on the on the transparency of financial relations between Member States and public undertakings as well as on financial transparency within certain undertaking. The requirements of the Directive are introduced in the Bulgarian legislation through Regulation No. H-16/ 2006 of the Ministry of Finance[3].

The transparency requirements include the obligation of BPICo to keep separate accounts in order to allow a clear differentiation between:

- public funds made available to it directly or indirectly by public authorities;

- the use to which these public funds are actually put;

- the costs and revenues associated with different activities implemented by BPICo and

- the methods by which costs and revenues are assigned or allocated to those different activities.

Port users

A wide range of customers make use of ports, including freight shippers, ferries, cruise ship operators and private vessels. Depending on the specific port, users may access different parts of the port.

[3] Reulation № h-16 of 23 november 2006 for the order for ensuring the transparency of the financial relations between the state authorities and the local authorities and the state and municipal enterprises and the financial transparency within the designated enterprises.

Additional provisions of the MSIWPRBA define port users as: ***persons, which from their own name or on behalf of a third party are the recipient of the port services provided, usually a ship owner, a shipper or their agents.***

Bulgarian river ports for public transport and of national importance are accessible for all clients wishing to use their services. Main port users are forwarding and industrial companies, that import or export production and materials, etc. Ports are used as points of transhipment, storage and administrative processing of import and export cargo. Cargo inspection companies, customs officers, border control officers work also with the port.

Major users are:

- Forwarding companies – acting as mediators between end users, ports, ship owners, auto- and railway companies;
- Direct exporters and importers – industrial companies that produce and export good and material or that consume materials and goods /need import/;
- Ship owners, ship agents – taking care for organization of the river transport;
- Independent control bodies – inspections, border and customs control, etc.

Some major forwarding companies have offices in the port areas and serve different cargo flows. They organize the documental processing, automobile, railway and river transport, handling and storage of clients' cargo.

Other companies prefer to organize this process by themselves – direct port users, either end users, or dispatchers. There are no industrial and producing companies within the territories of Bulgarian ports of national importance.

Ship owners and ship agents organize ship visits, bunkering and other port activities. Port operators handle cargo by the force of commercial contracts, usually on a yearly basis. Port users variety depends on the extent of diversification of the cargo structure. Users decide to use the port after calculating the price, given the planned quantities for import/ export, having in mind the final destination of the cargo, the high quality of the port service and good road, river and railway connections.

Port users may be segmented depending on the specialization sector of the port operator. For example, bigger port terminals, are open to all clients, handle diverse cargo types, have large number of clients and adapt to the newly attracted (if any) cargo flows. Some of the operators are also users of the services they provide – Octopod C Ltd. for Somovit and the Dredging fleet in Svishtov handle their own cargo, except the cargo of their clients. The first one works in the sphere of grain and fertilizers, and the second one provide dredging material. Private ports as Port Bulmarket in Ruse specialize in handling metal products (as there are companies located in the territory of the industrial zone of the port), and in grain handling as the port disposes of silos and is experienced in trading grain. Bulmarket

company is also a fuel trader, has a license for railway transport services, automobile transport services, etc. Port terminal Ruse-east has big storage areas and provides good conditions for handling and storage of agricultural machinery, heavy cargo (up to 60 tons per unit, handled with own equipment and personnel), etc.

According to the volume of cargo handled, the segment of the largest port users of river ports is focused in port terminals located in the cities of Ruse and Lom. Only in Ruse, there are several cargo terminals – Ruse-east (state operator Port Complex Ruse), Ruse-west (state operator BPICo.), Bulmarket (private), Dredging fleet Ruse (private), Double Ve Co (private), Freezone Ruse (Property of National Company Industrial Zones), Oil processing terminal Arbis (private). The availability of larger capacities and many terminals is a prerequisite for the concentration of a larger number of users and respectively a larger flow of traffic.

End-customers

The ultimate users of port services are passengers or freight customers who consume a good that has been shipped through a port. Freight forwarders are companies that specialise in arranging shipping services for their customers and thus act as intermediaries to the ultimate consumers of the freight goods. The area in which these customers are located is known as the port hinterland.

In order to better understand the particularities and specialties of different port management and operation models, in the Danube region countries, it is of high importance to analyse in detail how the operation and management structure is set up in the different inland cargo ports.

As defined in the previous chapter there are many different roles and thus actors in most of the ports who mostly define the given operation structure individually.

Public and Private Roles in Port Management

There are five main port management models based upon the respective responsibility of the public and private sectors. They include the public service port, the tool port, the landlord port, the corporatized port and the private service port. Each of these models concerns ports that have different characteristics concerning the ownership of infrastructure, equipment, terminal operation and who provides port services such as pilotage and towage. While service and tool ports mostly exist to promote public interests, landlord ports attempt to balance public and private interests. At the other end of the spectrum, private service ports are maximizing the interests of their shareholders.

- **Public service ports**. The port authority of public service ports performs the whole range of port related services, in addition of owning all the infrastructure. They are commonly a branch of a government ministry and most of their employees are civil

servants. Some ancillary services can be left to private companies. Because of the inefficiencies they are related with, the number of public service ports has declined.

- **Tool ports**. Similar in every aspect to a public service port, the tool port differs only by the private handling of its cargo operations, albeit the terminal equipment is still owned by the port authority. In several cases, a tool port is a transitional form between a public service port and a landlord port.
- **Landlord ports**. Represents the most common management model where infrastructure, particularly terminals, are leased to private operating companies with the port authority retaining ownership of the land. The most common form of lease is a concession agreement where a private company is granted a long term lease in exchange of a rent that is commonly a function of the size of the facility as well as the investment required to build, renovate or expand the terminal. The private operator is also responsible to provide terminal equipment so that operating standards are maintained.
- **Corporatized ports**. Concerns ports that have almost entirely been privatized, with the exception that ownership remains public and often assumed as a majority shareholder. The port authority essentially behaves as a private enterprise. This management model is unique since it is the only one where ownership and control are separated, which lessens "public good" pressures landlord port authority are facing and "shareholder value" pressures private ports are facing.
- **Private service ports**. The outcome of a complete privatization of the port facility with a mandate that the facilities retain their maritime role. The port authority is entirely privatized with almost all the port functions under private control with the public sector retaining a standard regulatory oversight. Still, public entities can be shareholders and thus gear the port towards strategies that are deemed to be of public interest.

2.1 Operation and management models in the Republic of Bulgaria

3. Table: Operation and management models in Bulgaria

Name of port	Port (land) owner(s)	Port authority	Port operator(s)	Owner(s) of superstructure	Owner(s) of the port equipment	Who define(s) the tariffs of the port	Who is the provider of the different port services	Public service obligations if relevant
Ruse-east	BPICo	BPICo., EAMA	Port complex - Ruse JSCo.	BPICo.	Port complex -Ruse JSCo.			BPICo., EAMA, EAMDR
Ruse-west	BPICo	BPICo., EAMA	BPICo.					
Svishtov	BPICo	BPICo., EAMA	Dredging fleet Istar JSCo.	BPICo.	Dredging fleet Istar JSCo.			BPICo., EAMA, EAMDR
Somovit	BPICo	BPICo., EAMA	Octopod – C Ltd.	BPICo.	Octopod – C Ltd.			BPICo., EAMA, EAMDR
Tutrakan	BPICo	BPICo., EAMA	Port complex - Ruse JSCo.	BPICo.	Port complex -Ruse JSCo.			BPICo., EAMA, EAMDR
Ferryboat terminal Nikopol	BPICo	BPICo., EAMA	Bulgarian River Shipping JSCo.	BPICo.	Bulgarian River Shipping			BPICo., EAMA, EAMDR

Name of port	Port (land) owner(s)	Port authority	Port operator(s)	Owner(s) of superstructure	Owner(s) of the port equipment	Who define(s) the tariffs of the port	Who is the provider of the different port services	Public service obligations if relevant
Port Bulmarket		EAMA	Port Bulmarket					BPICo., EAMA, EAMDR
TEC Sviloza		EAMA	TEC Sviloza					BPICo., EAMA, EAMDR
Lesil Silistra		EAMA	Lesil Silistra					BPICo., EAMA, EAMDR
ADM Silistra		EAMA	ADM Silistra					BPICo., EAMA, EAMDR
Ruse Freezone		BPICo., EAMA	Ruse Freezone					BPICo., EAMA, EAMDR
Lom	BPIco	BPICo., EAMA	„Port Invest" Ltd.	BPICo.	„Port Invest" Ltd.			BPICo., EAMA, EAMDR
Oryahovo	BPICo	BPICo., EAMA	Slanchev Dar JSCo.	BPICo.	Slanchev Dar JSCo.			BPICo., EAMA, EAMDR
Vidin - north	BPIco	BPICo., EAMA	Bulgarian River Shipping	BPICo.	Bulgarian River Shipping			BPICo., EAMA, EAMDR

Name of port	Port (land) owner(s)	Port authority	Port operator(s)	Owner(s) of superstructure	Owner(s) of the port equipment	Who define(s) the tariffs of the port	Who is the provider of the different port services	Public service obligations if relevant
Ferryboat complex Vidin	BPICo	BPICo., EAMA	Bulgarian River Shipping	BPICo.	Bulgarian River Shipping			BPICo., EAMA, EAMDR
Vidin - south	BPICo	BPICo., EAMA	BPICo.					BPICo., EAMA, EAMDR
Dredging fleet Budin		EAMA	Dredging fleet Budin					BPICo., EAMA, EAMDR
DDF Dunim Kozloduy		EAMA	DDF Dunim Kozloduy					BPICo., EAMA, EAMDR

2.2 Analysis of the port management and operation model in Republic of Bulgaria

2.2.1 Characteristics of the operation models

The current port management structure in Bulgaria is characterized by typical responsibilities and obligations of port management, distributed among the government, together with the respective ministries - MTITC / MoF, EA "Maritime Administration" and BPICo. The figure below depicts the organizational and financial relationships between these structures. As has been pointed out, there is no independent port authority in the current model of port management. There is no organization that performs all tasks related to port management in the country. The structure of this model does not apply to other European countries.

Ports of public transport of national importance can be operated by state operators and by private operators - concessionaires. Concessionaires - operators of port terminals are selected after conducting the relevant procedures in pursuance of the requirements of the Concessions Act and the MSIWPRBA.

Figure 19: Share of public and private participation, dependent on the number of terminals of national importance

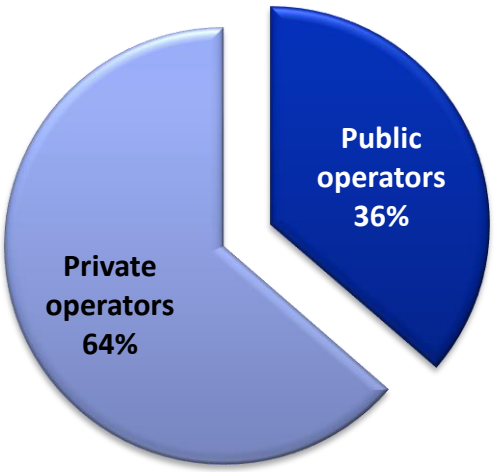
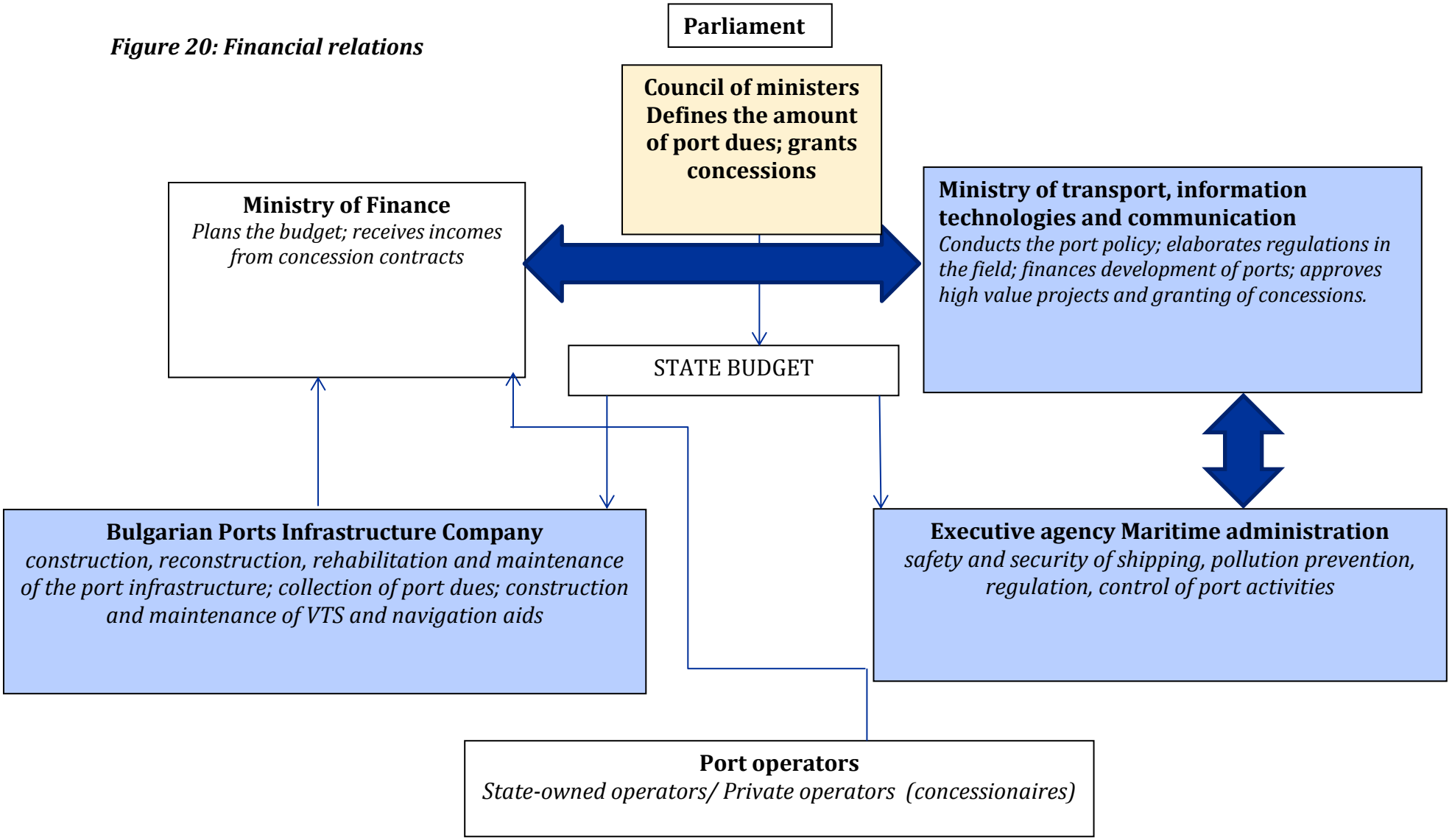


Figure 20: Financial relations



The management model for port terminals of national importance may be split in two types, according to the current situation:

1. **Management model with private operators (concessionaires)**
2. **Management model with public operators (state owned entities)**

The second most common type of port management is the **private service port model.** Usually private ports are smaller and with local or regional importance. Regardless of that private ports handle import and export cargo and participate actively in the market competition. There are 14 private port terminal handling cargo in the Bulgarian stretch of the Danube River.

Brief historic overview of port management in Bulgaria for the past 28 years

After 1989, during Bulgaria's transition to market economy, port authority went through a long way of creation and reformation. The current port management model has about 12 years history and continues to be changing.

In February 1991 two institutions were established to take care for the privatization process. One of them - the Agency for Privatization was dealing with direct privatization of state enterprises. At the same time, the government created the legal basis for ownership rights, including the legal framework for foreign investment.

In 1999, with Decree 212 of the Council of Ministers the **Executive Agency Port Administration (EAPA)** was created with the task to support the Minister of transport to maintain his power to manage and control the port activity in Bulgaria. EAPA had to ensure safety and security in ports, to help the Minister in the process of taking out the public state property objects from the property of the commercial companies, and to decline their capital with the value of the extracted property, and to collect the taxes for ship visits as per Tariff 5 for the taxes collected within the system of MTITC.

Collected taxes were transferred directly to the State budget, which made investment and maintenance of port infrastructure insufficient. Up till 2000 the activities aimed at maintenance and rehabilitation of port infrastructure and aquatory were obligation of the port operators only – sole commercial proprietorships with 100% state property.

After February 2001 the port tariffs valid for all ports were repealed, giving the right of port operators to negotiate their prices freely. Since then port operators' prices are not state tariffs any more. Operators decided on their own how to invest the collected revenue and profits. In most of the cases, there was lack of infrastructure projects, due to their significant amount and long term of revenue return.

In 2000 the newly adopted Law on Maritime Spaces, Inland Waterways and Ports of the Republic of Bulgaria has put the official beginning of the legal regulation of matters related to maritime and river ports in the country. The lack of sufficient funds in the state budget for

the maintenance and modernization of the port infrastructure largely predetermined the philosophy of the Law, providing for the granting of concession as the main form of private participation in the port industry.

By Amending the Maritime spaces law Executive Agency "Port Administration" has been transformed into National Company "Ports" as of 01.12.2004. In the second half of 2005 the part of the Act, which regulated the functions of National Company "Ports" was declared unconstitutional.

On 28-th of December 2005 the **Bulgarian Ports Infrastructure Company** (BPICo.) - legal successor of National Company "Ports" and part of IAPA was officially registered. Part of the personnel of the Executive agency Port Administration was transferred to BPICo. Until the BPICo was formed, the fees went directly to the state budget and only a small part of them returned in the form of investments in the port infrastructure. With the restructuring, the total income amount is invested back to maintaining and developing the ports.[4]

In 2008 (with Amending Act of the Merchant Shipping Code) Executive Agency Port Administration was merged in the Executive Agency Maritime Administration. In the meantime, BPICo started the provision of services for traffic management and information navigation services, as well as river information services.

It is undisputable, that the constant amendment of the legislative frame has generated a lot of difficulties in the port management system and in the process of investment in port infrastructure. Due to their larger strategic importance for the country, bigger cargo volumes and scope of activity, maritime ports have developed more quickly compared to river ports. Probably that fact and the low promotion of the river transport led to diversion of cargo flows from the river to the sea. Maritime ports report about 8 times bigger total volume in comparison to the river cargo flow. Bulgarian sea ports seem to be more attractive to container operators that the river. Due to similar internal transport costs, for example, in the last two or three years, exporters of grain preferred the maritime ports in Bulgaria for loading of their production.

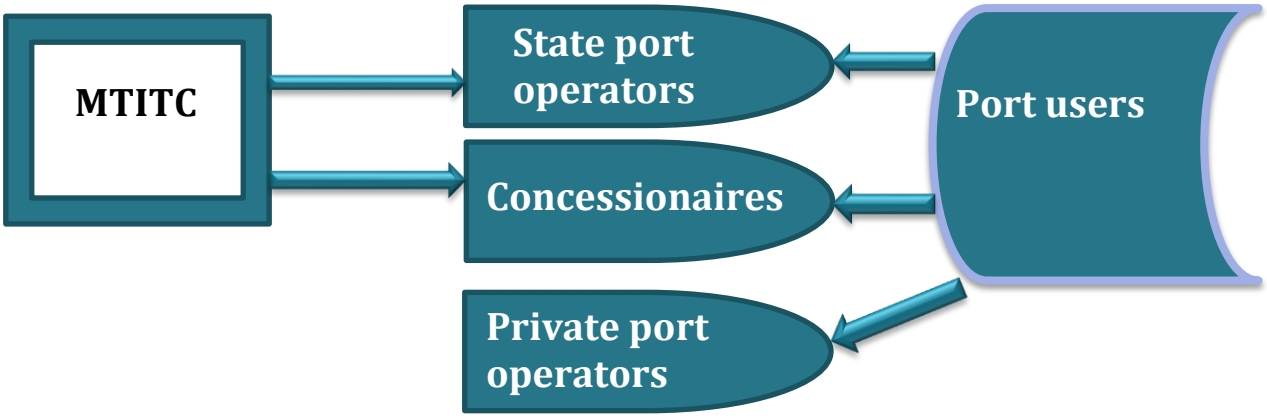
2.2.2 Nature and content of the contractual relationships

Contractual relationships between the main actors of ports include three main contract types between:

1) the **Ministry of transport, information technologies and communication** with state owned **port operators**;
2) the **Ministry** and private companies operating ports granted on a concession - **concessionaires**;
3) **port operators** (public or private) **and port users.**

[4] Source: Bulgarian Ports (1879 – 2014) Chronicles, author Atanas Panayotov

Figure 21: Contractual relations



Private port operators of private ports do not have contractual relations with the Ministry of transport. They are obliged to comply with the legislation in force (to be registered as port operators, to register their port terminals in the official register of EAMA, to organize issuance of Certificate for exploitation fitting) and they pay aquatorial tax to the state, regulated in Tariff № 5 for the taxes collected within system of the Ministry of transport.

Operational rules in the ports are traditionally defined by the operator in compliance with the legislation in force. Except the contract between the operator and the port user, there are the so called "Rules and customs" valid for all clients and users working within the territory of the port. **Port rules and customs are a set of rules, norms and long-established practices applicable in the port concerned**. According to Decree № 7/2001 for the order for visiting, maneuvering and stay of vessels in ports and raids, for loading and unloading, embarking and disembarking of crew, passengers or other persons, as well as for connection of the ship with the shore, and other legislative documents, Rules and customs are applied for all cases that are not regulated by the legislation in force.

The Rules and customs include:

- Historic information about the port operator;
- Basic provisions about conditions, procedures and norms for handling the ships and other means of transport, document turnover, as well as the relations between the port and its clients, scope of activity;
- Operating conditions (regime) in the port;
- Type of services provided by the port operator;
- Information on arriving ships – notices, rules for information supply;
- Rules for positioning of ships for handling, readiness for handling of the ship;
- Responsibility of the captain of the ship;

- Liability for arrangement, fixing and separation of cargo on board;
- Responsibilities of the port;
- Basic provisions for acceptance, delivery, storage and dispatch of the cargo;
- Rules for handling and dispatch of export cargo;
- Rules for handling and dispatch of import cargo;
- Rules for handling and dispatch of cabotage cargo;
- Rules for servicing cargo from the European Union;
- Rules for handling of dangerous cargo;
- Claims;
- Documents – obligatory requisites

More information about rules and customs (in Bulgarian language) of some Bulgarian river ports can be found on the operators' web sites:

- Rules and customs of Port Invest Ltd. – concessionaire of Port of Lom: http://www.portinvest.bg/rules_and_traditions.php ;
- Rules and customs of Port Complex Ruse – state owned port operator for cargo port terminals Port Ruse-east, Tutrakan: http://www.port-ruse-bg.com/en/documents;
- Rules and customs for Ferryboat terminal Nikopol: http://www.brp.bg/nikopol/nikopol_pravila.pdf;
- Rules and customs of Port ADM Silistra: http://portadmsilistra.com/PortRules.pdf.

According to a common principle applied by all port operators, the provision of transhipment and storage services in the ports is performed after conclusion of **a contract** with the client **or** according to the **"Prices and terms"** and the acting **Rules and customs** of the concerned port. For each port service a preliminary written request is required which includes information about the client, the cargo, transport means, way of handling, as well as other important data.

Contracts for port services provision between the operator and the port user are usually concluded for a period of one year. The contents of the contract most often include:

- Subject of the contract with information about the port terminal, type of cargo, quantity of the cargo, etc.;
- Obligations of the port – for example provision of technical facilities, manpower, universal or specialized handling equipment to enable cargo handling without damage to packaging or cargo, provision of suitable conditions and care related to storage of cargo, etc.;
- Obligations of the cargo shipper (the client that delivers the cargo, and that is authorized to make all arrangements related to port services) – for example: to deliver the cargo to the port for handling and storage, providing all the transport

means at his expense; to determine the special requirements (if any) for handling and storage of the cargo, etc.
- Prices and payment conditions;
- Special conditions and requirements;
- Other.

What is typical for Bulgarian port service provision is that most of the port users are long-term clients with experience for some even before the start of the transition period in 1989. Basic rules within ports are similar and well known to port related companies.

On the other side, contracts between the Ministry of transport and port operators are relatively new field of experience, compared to these between port operators and port users.

First contracts between the Ministry and operators were signed after 2006.

Contracts between the MTITC (Ministry of transport in 2006) and public operators are concluded with a time limit "until granting to concession of the terminals within the scope of the contract". The grounds for this type of contract are consisted in § 74, art. 3 from the transitional and final provisions of the Maritime spaces Act (as amended in 2004), which states the following:

"*As of the date of entry into force of the decision for reduction of the capital under para. 2 the Minister of Transport shall conclude contracts with the sole commercial companies for carrying out port services under Art. 116, para. 1 and of activities under Art. 116a, para. 1. The contracts shall determine the rights and obligations of the Parties in accordance with the provisions of this Act (note: Maritime spaces Act). Contracts are time-bound up to the conclusion of the contracts for the provision of port services or concessions with the operator who has won the competition in accordance with the law*".

The contracts regulate the rights and liabilities of the Minister of transport and the port operator in connection with the use, maintenance, repair, reconstruction, modernization and rehabilitation of the public property, which is granted **to be managed** by Bulgarian Ports Infrastructure Company and **to be used** by the port operator for provision of services as per art. 116 para 1 from the Maritime spaces Act, for which use of port territory and or port facilities is necessary.

The Minister of transport exercises his rights and fulfils his obligations in relation with the contract through Bulgarian Ports Infrastructure Company, except otherwise is expressly negotiated.

For the period of the validity of the contract, the port operator is obliged to dispose of all the necessary licenses, permits, or other required documents necessary for port activities and services. The operator agrees with the Bulgarian Ports Infrastructure Company his programme for maintenance and modernization of the port and has no rights to sell or to

arrange any obligations connected with the public property (land, buildings, and other infrastructure).

The operator is obliged to invest in port infrastructure maintenance and/ or modernization at a minimum level, dependant on the cargo volume and passengers on a yearly basis.

Contracts between the Ministry of transport, information technologies and communication and concessionaires (private operators) are concluded after procedure for granting concession has been conducted.

After a process of detailed analysis and preparation, the Ministry of transport proposes a motivated decision to the Council of ministers for opening a procedure for concession of a certain terminal. Then, the Council of Ministers takes a decision for opening a concession procedure for provision of service, which is officially published in the State gazette for information to all interested parties.

After a competition has been performed under certain rules and conditions, a company is chosen to be the concessionaire of the concerned port terminal. The process is officially finished with as a decision of the Council of ministers. The Minister of transport informs in a seven days period the chosen company - concessionaire.

The contract for granting s concession is concluded between the Minister of transport and the private company – concessionaire. The contract is for management of service of public interest (port services as per art. 116 para 3 from the Maritime spaces Act) at the risk of the concessionaire by keeping the port services available and ensuring their continuity and quality level in accordance with the terms of the concession contract against the concessionaire's right to operate the service by receiving revenue from consumers and third parties; management and maintenance of the operational capacity of the property granted on concession.

2.2.3 Rules and legislation

Rules for port management and the local legislation are performed in compliance with the national strategies for future development. Ports are perceived as part of the national transport system and part of the European transport system. The following documents have impact on the national port policy:

- National Development Program "Bulgaria 2020"
- Strategy for Development of the Transport System of the Republic of Bulgaria until 2020
- Master Plan on the transport of the Republic of Bulgaria
- Operational Program "Transport and Transport Infrastructure 2014-2020"
- European Union Strategy for the Development of the Danube Region and Priority Projects for the Republic of Bulgaria

Main rules that determine the operation of the ports

Traditionally rules /laws, decrees, orders, etc./ in the port sector are proposed by the Ministry of transport with the help of the entities within the system of the Ministry (EAMA, BPICo, etc.). Laws and by-laws are accepted, changed and repealed by the Parliament, which is the only institution that has the right to perform these functions on the basis of the Constitution.

Bulgarian rules and legislation

1. Merchant shipping code – in force from 1971, last amended in July 2016
2. Maritime spaces, inland waterways and ports in the Republic of Bulgaria Act – in force from 2000, last amended in July 2017
3. State property Act and its Administration rules
4. Public procurement Act and its Administration rules
5. Environment protection Act
6. Spatial planning Act
7. Concessions Act
8. Commercial Act
9. Waste management Act;
10. Cadaster and Land Register Act;
11. Ordinance No 15 of 28 September 2004 on the submission and reception of waste - result of shipping activity and of cargo residues;
12. Ordinance No. 7 of 23.05.2001 on the procedure for visiting, maneuvering and stay of ships in ports and raids, for loading and unloading, embarking and disembarking of crew, passengers or other persons, as well as for connection of the ship with the shore;
13. Ordinance for the provision of river information services on inland waterways of the Republic of Bulgaria from 28.12.2007
14. Ordinance No. 9 of 17.10.2013 on the requirements for exploitation suitability of ports and specialized port facilities;
15. Ordinance No 18 on the Registration of Port Operators in the Republic of Bulgaria;
16. Ordinance No. 19 of 09.12.2004 on registration of the ports in the Republic of Bulgaria;
17. Ordinance on the conditions and procedures for achieving the security of ships, ports and port areas;
18. Ordinance No 919 of 08.12.2000 for the collection of statistical information on the activity of the port operators and the owners of ports and port facilities in the Republic of Bulgaria;
19. Ordinance No. 5 of 01.09.2004 on Ship Documents;

20. Ordinance No. 10 of 31 March 2014 for the scope and content, the elaboration, approval and amendment of the master plans for port fort public transport;
21. Statutes of the Executive Agency "Maritime Administration";
22. Regulations for the structure, functions and activities of BPICo.;
23. Ordinance on the organization of carrying out border passport, customs, health, veterinary and phytosanitary control, as well as control of the means of transport in the ports of the Republic of Bulgaria serving ships of international voyage;
24. Tariff No 5 for the fees collected in the system of the Ministry of Transport, Information Technology and Communications;
25. Tariff for port charges collected by the Bulgarian Ports Infrastructure Company

Applicable European rules and legislation

1) EU Strategy on the Danube region

2) Regulation (EC) No 415/2007 of 13 March 2007 concerning the technical specifications for vessel tracking and tracing systems referred to in Article 5 of Directive 2005/44/EC of the European Parliament and of the Council on harmonised river information services (RIS) on inland waterways in the Community

3) Regulation (EC) No 725/2004 of the European Parliament and of the Council of 31 March 2004 on enhancing ship and port facility security (Text with EEA relevance)

4) Directive 2010/65/EU of the European Parliament and of the Council of 20 October 2010 on reporting formalities for ships arriving in and/or departing from ports of the Member States and repealing Directive 2002/6/EC Text with EEA relevance

5) Directive 2009/17/EC of the European Parliament and of the Council of 23 April 2009 amending Directive 2002/59/EC establishing a Community vessel traffic monitoring and information system (Text with EEA relevance)

6) Directive 2002/59/EC of the European Parliament and of the Council of 27 June 2002 establishing a Community vessel traffic monitoring and information system and repealing Council Directive 93/75/EEC

7) Regulation (EU) no 1315/2013 of the European parliament and of the Council on Union guidelines for the development of the trans-European transport network and repealing Decision No 661/2010/EU

8) Commission Implementing Regulation (EU) No 909/2013 of 10 September 2013 on the technical specifications for the electronic chart display and information system for inland navigation (Inland ECDIS) referred to in Directive 2005/44/EC of the European Parliament and of the Council

9) Regulation (EU) No 1316/2013 of the European Parliament and of the Council of 11 December 2013 establishing the Connecting Europe Facility, amending Regulation (EU) No 913/2010 and repealing Regulations (EC) No 680/2007 and (EC) No 67/2010 Text with EEA relevance

10) Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006

11) Regulation (EU) No 1300/2013 of the European Parliament and of the Council of 17 December 2013 on the Cohesion Fund and repealing Council Regulation (EC) No 1084/2006;

12) Regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006;

13) Commission Regulation (EC) No 414/2007 of 13 March 2007 concerning the technical guidelines for the planning, implementation and operational use of river information services (RIS) referred to in Article 5 of Directive 2005/44/EC of the European Parliament and of the Council on harmonised river information services (RIS) on inland waterways in the Community

14) Commission Regulation (EC) No 416/2007 of 22 March 2007 concerning the technical specifications for Notices to Skippers

15) Commission Implementing Regulation (EU) No 689/2012 of 27 July 2012 amending Regulation (EC) No 415/2007 concerning the technical specifications for vessel tracking and tracing systems

16) Directive 2005/44/EC of the European Parliament and of the Council of 7 September 2005 on harmonised river information services (RIS) on inland waterways in the Community;

17) Directive 2009/42/EC of the European Parliament and of the Council of 6 May 2009 on statistical returns in respect of carriage of goods and passengers by sea;

18) Directive 2005/65/EC of the European Parliament and of the Council of 26 October 2005 on enhancing port security;

19) Directive 2000/59/EC of the European Parliament and of the Council of 27 November 2000 on port reception facilities for ship-generated waste and cargo residues;

20) Directive 2014/23/EU of the European Parliament and of the Council of 26 February 2014 on the award of concession contracts;

21) Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC.

22) Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC;

23) Directive 2014/89/EU of the European Parliament and of the Council of 23 July 2014 establishing a framework for maritime spatial planning;

24) Directive 2014/94/EU of the European Parliament and of the Council of 22 October 2014 on the deployment of alternative fuels infrastructure.

25) 2006/87/EC Directive of the European Parliament and of the Council of 12 December 2006 laying down technical requirements for inland waterway vessels and repealing Council Directive 82/714/EEC

26) Regulation (EU) 2017/352 of the European Parliament and of the Council of 15 February 2017 establishing a framework for the provision of port services and common rules on the financial transparency of ports.

2.2.4 Relevance of Regulation (EU) 2017/352

The Regulation (EU) 2017/352 was issued in 2017 after several years of preparation and consultation with various stakeholders of the European port industry. This regulation has a binding force only on maritime ports, the inland ports are not covered by the legislation. However, rules similar to those laid down in this legal act, might have relevance in the IWW sector.

Applicability of Regulation (EU) 2017/352 - specific to maritime ports – for inland freight ports of Bulgaria.

For each of the regulatory items below is explained whether in Bulgaria there is already a regulation in place for the specific topic described by the Regulation (EU) 2017/352 according to the following (The entire legislation is at the following link: http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32017R0352)

As it is known, the Regulation will apply directly from March 2019, but in view of the interpretation of the provisions, however, Member States will need to take legislative initiatives to comply with the new rules. This report outlined the main actors involved in the port sector in Bulgaria and their functions were also considered. Similar to the other EU countries, legislative changes are foreseen in the country in relation to ports in the country in order to reach compliance with the requirements of the Regulation. It is necessary to a model to be developped with a clear distinction in the functions at the level of the State (Ministry of Transport), Maritime Administration and port authority, so as to create a sustainable legal framework applicable to ports at national level and in line with European legislation.

The assessment of the applicability of the provisions of the Regulation with regard to river ports was made in the light of the above circumstances and given that it has not yet been transposed into the national legal system.

4. Table: applicability of Regulation (EU) 2017/352 in Bulgaria

Regulation (EU) 2017/352	Regulatory item	Answer	Comments
Article 4 (1)	*"According to the regulation the managing body of the port, or the competent authority, may require providers of port services, including subcontractors, to comply with minimum requirements for the performance of the corresponding port service."*	Yes	
Article 4 (2)	In your country is there any minimum criteria determined by the managing body of the port, or the competent authority in relation to the following: (a) the professional qualifications of the provider of port services, its personnel or the natural persons who actually and continuously manage the activities of the provider of port services;	Yes	
Article 4 (2)	(b) the financial capacity of the provider of port services;	yes	The Concessions Act provides for certain criteria, one or more of which are used to select the participants in the procedure - one of them is the economic and financial status of the participants
Article 4 (2)	(c) the equipment needed to provide the relevant port service in normal and safe conditions and the capacity to maintain this equipment at the required level;	yes	The Concessions Act provides for certain criteria, one or more of which are used to select the participants in the procedure - one of them being technical options and / or professional qualifications
Article 4 (2)	(d) the availability of the relevant port service to all users, at all berths and without interruptions, day and night, throughout the year;	partially	Periods of interruption are not specified.
Article 4 (2)	(e) compliance with requirements on maritime safety or the safety	Yes/	

Regulation (EU) 2017/352	Regulatory item	Answer	Comments
	and security of the port or access to it, its installations, equipment and workers and other persons;		
Article 4 (2)	(f) compliance with local, national, Union and international environmental requirements;	Yes	
Article 4 (2)	(g) compliance with obligations in the field of social and labour law that apply in the Member State of the port concerned, including the terms of applicable collective agreements, manning requirements and requirements relating to hours of work and hours of rest for seafarers, and with applicable rules on labour inspections;	Yes	
Article 4 (2)	(h) the good repute of the port service provider, as determined in accordance with any applicable national law on good repute, taking into consideration any compelling grounds to doubt the reliability of the provider of port services.	No	
Article 4 (3)	Does a flag requirement exist for waterborne vessels predominantly used for towage or mooring operations in ports located on its territory?	No	
Article 4 (4)	Shall the minimum requirements: (a) be transparent, objective, non-discriminatory, proportionate, and relevant to the category and nature of the port service concerned;	Yes	
Article 4 (4)	(b) be complied with until the right to provide a port service expires?	Yes	
Article 4	Where the minimum requirements include specific	Partially	Selection criteria for concession granting procedures as well as

Regulation (EU) 2017/352	Regulatory item	Answer	Comments
(5)	knowledge of local conditions, shall the managing body of the port, or the competent authority ensure adequate access to information, under transparent and non-discriminatory conditions?		concession contracts with operators are publicly available.
Article 5 (1)	Shall the managing body of the port, or the competent authority treat providers of port services in a transparent, objective, non-discriminatory and proportionate manner?	Partially	Concessions are granted keeping to the following principles: publicity and transparency; free and fair competition; equality; proportionality.
Article 5 (1)	Shall the managing body of the port, or the competent authority grant or refuse the right to provide port services on the basis of the minimum requirements established in accordance with Article 4 within a reasonable period?	Partially	In the event of non-compliance with the conditions of the concluded contracts, operators may be penalized / terminated.
Article 5 (1)	If yes, shall any such refusal, by the managing body of the port, or by the competent authority, be duly justified?	Partially	
Article 5 (1)	or shall any limitation or termination by the managing body of the port, or the competent authority, of the right to provide a port service be duly justified?	Partially	
Article 6 (1)	May the managing body of the port, or the competent authority limit the number of providers of port services for a given port service for one or more of the following reasons: (a) the scarcity or reserved use of land or waterside space, provided that the limitation is in accordance with the decisions or plans agreed by the managing body of the port and, where appropriate, any other	No	

Regulation (EU) 2017/352	Regulatory item	Answer	Comments
	public authorities competent in accordance with the national law;		
Article 6 (1)	(b) the absence of such a limitation is obstructing the performance of public service obligations as provided for in Article 7, including when such absence leads to excessively high costs related to the performance of such obligations for the managing body of the port, the competent authority, or the port users;	No	
Article 6 (1)	(c) the absence of such a limitation runs counter to the need to ensure safe, secure or environmentally sustainable port operations;	No	
Article 6 (1)	(d) the characteristics of the port infrastructure or the nature of the port traffic are such that the operations of multiple providers of port services in the port would not be possible;	No	
Article 6 (1)	(e) where it has been established pursuant to Article 35 of Directive 2014/25/EU that a port sector or subsector, together with its port services, within a Member State carries out an activity that is directly exposed to competition in accordance with Article 34 of that Directive. In such cases, paragraphs 2 and 3 of this Article shall not apply?	No	
Article 7 (1)	May the Member States decide to impose public service obligations related to port services on providers of port services and may entrust the right to impose such obligations to the managing body of the port, or to the competent authority, in order to ensure at	Yes/Partially/No	This article is not applicable to port management in Bulgaria.

Regulation (EU) 2017/352	Regulatory item	Answer	Comments
	least one of the following: (a) the availability of the port service to all port users, at all berths, without interruption, day and night, throughout the year;		
Article 7 (1)	(b) the availability of the service to all users on equal terms;	Yes/Partially/No	
Article 7 (1)	(c) the affordability of the service for certain categories of users;	Yes/Partially/No	
Article 7 (1)	(d) the safety, security or environmental sustainability of port operations;	Yes/Partially/No	
Article 7 (1)	(e) the provision of adequate transport services to the public; and	Yes/Partially/No	
Article 7 (1)	(f) territorial cohesion?=	Yes/Partially/No	
Article 7 (1)	Besides the above mentioned is there any rule or regulation concerning the following fields regarding the inland cargo ports in your country?	Yes/Partially/No	
Article 9	Safeguarding of employees' rights	Yes	
Article 11	Transparency of financial relations	Partially/	
Article 12	Port service charges	Partially/	
Article 13	Port infrastructure charges	Partially/	
Article 14	Training of staff	Yes	
Article 15	Consultation of port users and other stakeholders	Yes	
Article 16	Handling of complaints	Yes	

2.3 SWOT – analysis of Port Management Models

Most common port management models in Bulgaria are:

I. **Management model**, split in two types as follows:

1. with state-owned operators and
2. with private operators – concessionaires.

II. **Port management of private ports with private servicing**.

2.3.1 SWOT analysis of port management model 1

*5 Table: SWOT analysis of port management model **with STATE OWNED OPERATORS***

STRENGTHS	WEAKNESSES
▪ Long tradition in commercial relations and experience in port services, ▪ Stable market share, ▪ Public ports open to all clients, ▪ Big capacity for cargo handling and storage ▪ High qualification level of the personnel with long term experience ▪ Favorable geographical location on European transport corridor VII, ▪ Good reputation, fairness, stability and equal rules for all clients.	▪ Port operation is accompanied by high bureaucracy level; ▪ Limited role of the private sector in the port; ▪ Predominantly old infrastructure and transshipment facilities; ▪ Old handling technologies; ▪ Old-fashioned information and documentation systems; ▪ Slow process in taking important investment decisions; ▪ Low possibility for significant infrastructure development ▪ Road and railway connections not in good condition; ▪ Low capacity for funding investment in modern transshipment facilities;
OPPORTUNITIES	**THREATS**
▪ Possibility for attracting funding of projects from the state budget or other sources; ▪ Free capacity for attracting additional cargo flow; ▪ Investment in modern facilities for	▪ Sudden breakdown of the old machinery and infrastructure; ▪ Unfair competition from the side of concessionaire and private ports; ▪ Deviation of cargo flows to private ports, to maritime ports or to other

reaching higher level of port service; ▪ Development of Port Ruse as part of the core TEN-T network;	modes for transport due to low management flexibility; ▪ Loss of cargo due to extreme conditions limiting cargo handling and navigation (strong wind, fogs, low water levels, extreme temperatures, etc.)

2.3.2 SWOT analysis of port management model 2

*6. Table: SWOT Analysis of port management model with **PRIVATE PORT OPERATORS (CONCESSIONAIRES)***

STRENGTHS	WEAKNESSES
▪ Faster investment and development decisions; ▪ Flexible management, lower bureaucracy level; ▪ Work with experienced personnel, that was part of the former (state) operators' manpower ▪ Capacity to ensure their own or other funding of important port related projects ▪ Favorable geographical location on European transport corridor VII	▪ Preferences to companies close to the business sphere of the port operator, or preference to handle operators' cargo first; ▪ Old machinery and equipment inherited (bought) from the former operator – high level of needed investment; ▪ Higher degree of fluctuation of the manpower; ▪ Road and railway connection not in good condition;
OPPORTUNITIES	**THREATS**
▪ To develop the port terminal which is granted on a concession from bureaucratic and old-fashioned to a modern and well equipped logistic hub; ▪ To attract new cargo flows in connection to commercial sphere of the concessionaire;	▪ Breaking the contract for concession due to bad performance of the operator or failure to fulfill obligations; ▪ Bankruptcy of the private company, due to economic crisis or bad management; ▪ Loss of cargo due to extreme conditions limiting cargo handling and navigation (strong wind, fogs,

	low water levels, extreme temperatures, etc.); ▪ Unfair competition from the side of other port operators to attract cargo;

2.3.3 SWOT analysis of port management model 3

*7. Table: SWOT Analysis of port management model **PRIVATE PORT SERVICE***

STRENGTHS	WEAKNESSES
▪ Fast investment and development decisions; ▪ Flexible management, low bureaucracy; ▪ High capacity to ensure their own or other funding of important port related projects; ▪ Freedom to specialize or diverse services offered by the private company; ▪ New machinery and equipment; ▪ Profit oriented management – good service at competitive prices; ▪ Do not pay concession fee (pay only aquatorial tax) and there is no legislative provision obliging their clients to pay infrastructure dues; ▪ Favorable geographical location on European transport corridor VII	▪ Preferences to companies close to the business of the port operator, or preference to handle operators cargo first; ▪ Lower cargo handling capacity in comparison to the other models. In times of fast market development, they could not meet the entire demand for services; ▪ Fluctuation of the personnel; ▪ Less popular than state owned companies and ports, presented at national level; ▪ Road and railway connection not in good condition;
OPPORTUNITIES	**THREATS**
▪ To attract new cargo flows in connection to commercial sphere of the concessionaire; ▪ Most likely this group of operators has the chance to implement innovations in port servicing; ▪ To promote river cargo transport	▪ Bankruptcy of the private company due to economic crisis or bad management; ▪ Unfair competition from the side of the private operator to attract cargo from other ports; ▪ Loss of cargo due to extreme

more effectively; ▪ To use their international partners or mother – companies or trade organization for increasing the cargo flow;	conditions limiting cargo handling and navigation (strong wind, fogs, low water levels, extreme temperatures, etc.);

2.4 Potential success factors

During the process of analysis, several success factors were identified. The factors are determined on the basis of a research amongst port users.

2.4.1 Success factor 1

Description of the success factor: **Diversity of port services**

This success factor gives opportunity to port operators to focus their efforts on the service with high demand from the clients. In moments of market changes, companies can easily redirect their activity to the more successful and profitable service, eliminating the stress if they offer a limited service – only one cargo type or only one transport mode for example. There are historic evidences that Bulgarian river ports have relied upon diversity: real situations bring forward storage, or ro-ro, or railway transshipment and send the usually predominant vessel transshipment services in more unfavorable position. In the past main cargo flows were formed by coal, coke, ore and similar handled from ships to quay. Nowadays cargo flows are changing, coal and coke have decreased and port operators have to search for other sources of income.

Measurement method – **number of services provided.**

2.4.2 Success factor 2

Description of the success factor: **Access to funding for big investment projects**

Fast development pace may be guaranteed by good opportunities for funding and easy access to achieving financing for important port projects. Easier access to funding is typical for private service ports, which can take faster decisions and apply more easily for funding. State owned companies have a strict hierarchical organization of investment. This causes delays or refuses for project funding and lowers the motivation of the participants involved.

Measurement method: **number of new infrastructure facilities or undergoing projects.**

2.4.3 Success factor 3

Description of the success factor: **Specialization or uniqueness**

Specialization in certain sector or, in other words, uniqueness, makes the cargo flow stable and predictable. Some examples for uniqueness are: handling of fuels, handling of heavy cargo, handling of hazardous cargo, container handling. Port operators that offer these services have competitive advantage in attracting clients from wider hinterland. An example from the recent past is the handling of wind propeller blades and other parts for electrical wind propeller stations in port terminal Ruse-east. Low number of Bulgarian river ports has possibility to transship this type of cargo (except maritime ports). Containers and trailers are also cargo types that cannot be handled in all local river ports.

Measurement method: **number of specialized facilities/ berths, new cargo flow attracted.**

2.4.4 Success factor 4

Description of the success factor: **high qualification and experience of the personnel**

It is known that except appropriate technical facilities and conditions, manpower is one of the most important assets of ports. Modern machinery has to be operated by qualified specialists, the maintenance of the existing facilities (especially if they are old and are breaking often) is more effective if the port disposes of a specialized department with qualified personnel. Experience and qualification is also of big importance for the good management of ports.

Measurement method: **number of qualified persons (certificates per person), number of qualification courses attended.**

2.4.5 Success factor 5

Description of the success factor: **good information and communication management**

In the contemporary society, access and analysis of information is of crucial importance. Knowing how to work, who your competitor is and what rules have to be complied may bring success to port operators. The wider the circle of communication is, the more useful is the information obtained. It is logical for all types of business to take important decisions for investment on the basis of detailed information.

Measurement method: **existence of port information systems, identification of communication methods with authorities and with clients.**

It must be summed up that success is more likely to be achieved when there is a combination of the success factors and a focused consistent state strategic policy. Development of ports cannot be done separately from the entire transport system. In order to have a competitive transport service, the state must develop its roads, rails, waterways and ports together.

2.4.6 Applicability of the identified success factors for best practices on port management and operation model

Evaluation of the above identified success factors based on the following criteria:

2.4.7 Relevance in applying port management models in Bulgaria

8. Table: Relevance of the management models

SUCCESS FACTOR	Model with public operator	Model with private operator - concessionaire	Model with private port
Diversity of port services	Full relevance, high level of diversity for Ruse-east and Ruse-west terminals. There is a small level of diversity in Tutrakan for example and other smaller ports.	High degree of compliance at terminals Lom and Svishtov. Lower compliance levels for Somovit, Oryahovo and Nicopol (the latter diversified its services by offering grain transshipment in addition to ro-ro services)	High level of relevance at Port Bullmarket and lower in DF Ruse, Svishtov Svilosa, TEC Svilosa, etc.
Access to funding for big investment projects	Low relevance, lack of large scale projects.	Medium relevance.	High relevance – good development pace.
Specialization or uniqueness	Ruse-east specialized in the processing of machinery and equipment, trailers and containers.	Specialization of Dredging fleet Istar in handling inert materiala, ports Somovit and Oryahovo handle grain and fertilizers; port Oryah	Specialized terminals for fuels, one terminal for LNG, private terminals for coal handling or metal products, or grain handling
High qualification and experience of the personnel	High level of compliance.	Medium relevance.	
Good information and communication management	Medium relevance.	Medium relevance.	High level of relevance.

2.4.8 Applicability

Method of measurement is described for each success factor:

9. Table: Applicability of the identified success factors

SUCCESS FACTOR	Method for measurement
Diversity of port services	**number of services provided:** ▪ transshipment from to vessel/ vehicle/ railway; ▪ storage; ▪ maneuvering; ▪ cargo manipulation – packaging, sorting, etc.; ▪ weighing of trucks; ▪ repair and technical services; ▪ logistic and marketing services etc.
Access to funding for big investment projects	**number of new infrastructure facilities or undergoing projects:** ▪ new quay walls; ▪ new berths/ pontoons/ ro-ro ramps; ▪ new port road and railway lines; ▪ new open and/ covered warehouses; ▪ new basins;
Specialization or uniqueness	**number of specialized facilities/ berths, new cargo flow attracted:** - LNG terminals; - Stationary and mobile cranes with large loading capacity; - Silos, special purpose storages for food products, for dangerous cargo, for consumer goods, etc.; - Covered berths, etc.
High qualification and experience of the personnel	**Number of qualified persons, number of machinery, that is driven by certified personnel:** - devices and machinery with electronic control; - cranes, machinery and other facilities which require special training and certificate of the responsible persons; - qualification of the management personnel, etc.
Good information and communication management	**Existence of port information systems, identification of communication methods with authorities and with clients:** - existence of customer relations management (CRM) system; - existence of ERP systems; - existence of national/ port single point information system;

2.4.9 Comparability

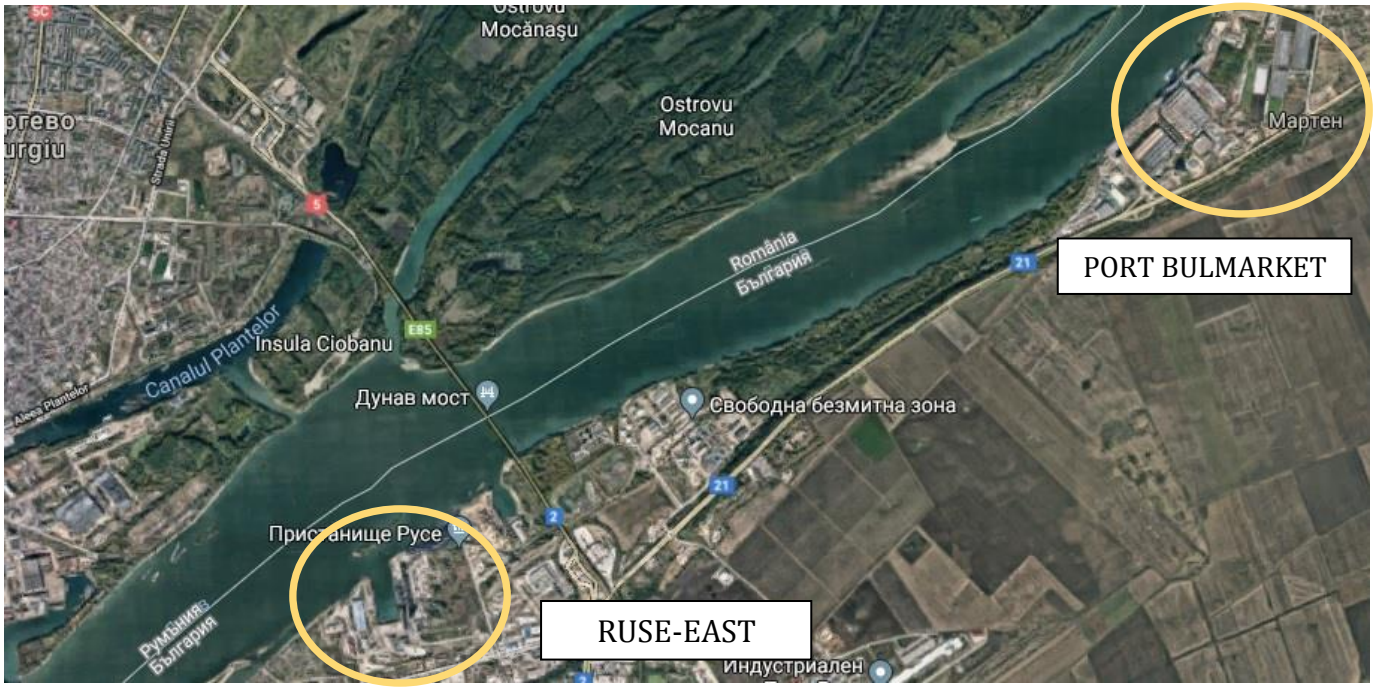
The identified success factors in this report are valid for the port terminals across the Danube and for ports as a whole. Bearing in mind that port companies - whether private or public - compete with each other, the factors that would bring them success are based on the observance of basic economic and market principles. Regardless of the management model and the organization of the operational activities of the different Danube ports, their customers are looking for security, reliability, good service at a good price.

3 Best practices

Best practices can be identified for the terminals Ruse-east with a state-owned operator and the private Port Bulmarket. The choice of these two terminals is determined by the following factors:

- They are located in Ruse, on important crossroad between European transport corridors VII и IX;
- Good performance indicators;
- Evidences for port development and innovative approach;
- Both terminals give example for successful implementation of two different management models;

Figure 22: Location of port terminals Ruse-east and Bulmarket



source:https://www.google.bg/maps/@43.885116,26.013388,6997m/data=!3m1!1e3

These two port terminals have mutually recognized their good competitiveness. The terminals the following characteristics:

Port terminal Ruse-east: It is a multimodal transport center with good river, road and rail connection. It has 12 berths equipped with port cranes and 2 berths on the ro-ro terminal on its territory. Ruse-east has a large area of 825 thousand square meters, of which about 300 thousand sq. meters are for future development. Operator of the terminal is Port Complex – Ruse JSCo. (www.port-ruse-bg.com), with 100% state-owned property. Principal of the company is the Minister of Transport. Rousse East has been operating since 1975 and has a stable customer base. His staff is qualified and experienced. Its current turnover is about 700 thousand tons per year, and the main types of cargo are coal, coke, metals, fertilizers, agricultural and construction machinery and equipment, cereals, inert materials and others. Offers open and covered warehousing for its customers. On the territory of Ruse-east there is a customs office, offices of clients and contractors, control organizations and transport companies. Although it is developing at a slower pace in terms of infrastructure, the terminal still holds leading positions in the river port sector in the country.

10 Table: Success factors availability in Ruse-east and Port Bulmarket

SUCCESS FACTOR	Ruse-east	Port Bulmarket
Diversity of port services	Available: cargo loading and unloading, three modes of transport served – river, automobile, railway, storage, administrative and technical services, maneuvering services, etc.	Available: cargo loading and unloading, storage in open and covered areas, part of a corporation – group of companies, providing automobile, railway and river transportation;
Access to funding for big investment projects	More difficult access.	Yes, good development pace.
Specialization or uniqueness	Available – ro-ro services, handling and storage ot machinery and technics, heavy cargo handling with up to 100 tons unit weight; large capacity;	Available – existence of silos, handling of petroleum products, in 2017 Bulmarket has built the first LNG terminal in the country.
High qualification and experience of the personnel	Available – related to the long-term operation of the port and successful overcoming of the economic and political changes.	Available – the rapid development of the port proves that good and effective management decisions are taken.
Good information and communication management	Available – recognizable, easy to contact.	Available – recognizable, easy to contact.

Port Bulmarket (www.bulmarket.bg) is also located within the city of Ruse, in close proximity to the Ruse-east terminal. Initially, the port was built to serve the activity of the privatized Heavy machinery plant (abbreviation in Bulgarian language "KTM") in Ruse. After the privatization of KTM, more than 100 companies operate on its territory. Many of them use the services of Port Bulmarket for their activities. The private terminal processes mostly grain, petroleum products and metals. It has long-term business relations with its clients. In 2015 Bulmarket purchased and has put into service two cranes with lifting capacity of 10 - 20 tons. The company reports a nearly increase of five times in the volume of cargo over the quay for the last ten years! For the year 2015 - 518,000 tons of goods were reported. The terminal and the company running it have a proactive and innovative approach to development. The first LNG terminal for Eastern Europe is built there.