CBI MARKET SURVEY

THE CHEMICALS MARKET IN BULGARIA

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Introduction
This CBI market survey gives exporters in developing countries information on some main developments in the chemicals market in Bulgaria. The information is complementary to the information provided in the CBI market survey 'The chemicals market in the EU', which covers the EU in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used, as well as information on other available documents for this sector. It can be downloaded from http://www.cbi.eu/marketinfo.

1 Market description: consumption and production

Industrial demand
- Figures on industrial demand for chemicals are not yet available for Bulgaria. Nevertheless, overall economic indicators for the Bulgarian economy offer some insight, as the performance of the chemical sector is closely related to the overall economic development. In 2006, the GDP of Bulgaria increased by 5.9% (National Statistical Institute, 2007).
- According to a Euromonitor report, the Bulgarian market for household care products is growing as well. This could lead to a higher industrial demand for detergents. The commercial director of Medea-Him, a leading detergents producer, estimated a growth of 15% in 2007 for this market. Currently, the market for detergents is mainly supplied by Medea-Him and Ficosota-Syntez. Together they hold a market share of 55%.
- According to Espicom, a business intelligence company, the pharmaceuticals market still consists for a relatively large part of generic drugs, due to their low costs.

Production
- Sales of chemicals (excluding pharmaceuticals) increased by 7% between 2001 and 2005 and continued to increase by 6% in 2006. The following table provide more detailed figures on industrial production and sales of chemicals and chemical products. The figures show that production and sales continued to increase significantly in 2007.

Table 1.1 Industrial production indices (Year 2000 = 100)

	Month of the year											
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
2001	108.4	114	128.9	102.7	93.8	88.3	101.7	81.7	81.9	106.4	106.1	95.2
2002	87.3	107.6	98.8	96.9	87.5	93.2	92.1	77.6	88.9	110.4	105.8	96.8
2003	103.3	102.5	114.9	113	98.4	98	103.5	89.6	108.7	112.1	106.7	106.7
2004	100.1	101.3	117.6	108.3	104.1	109	99.8	91.2	100.7	96.1	110.3	116.4
2005	102.9	87.6	127.8	117.1	114.5	124.8	117.1	117.4	122.5	122.1	128	124.5
2006	102.1	112.9	128	110.2	123.4	124.4	108.9	114.8	121	109.7	125.8	124.3
2007	105	117.8	152.3	120.9	118.5							

Source: National Statistical Institute, 2007

Table 1.2 Industrial sales indices (Year 2000 = 100)

	Month of the year											
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
2001	121.9	124.2	129.4	102.8	91.8	87.3	104.4	94.7	86.2	97	106.1	96
2002	97.6	106.9	99.4	105.2	85.5	95.3	87.1	86.8	92.8	104.2	105.8	95.7
2003	113.7	106.3	130.9	111.8	103.3	95.3	104.4	92	107.9	113.8	111.9	109.3
2004	98.1	104.3	121.8	102.6	114.2	116.6	108.5	99.9	112.8	104.3	115.2	121.7
2005	102.2	96.6	138.4	121.3	130.2	129.9	124.2	123	130.7	124	135.4	121.7
2006	106.5	110	139.7	122	128.8	138.6	118.8	128.4	127.9	118.9	134.6	132.7
2007	102.9	118.1	155.4	129.4	131.3							

Source: National Statistical Institute, 2007

- Bulgaria has a considerable petrochemical industry. This is confirmed by the fact that the manufacture of rubber and plastics is listed separately by the National Statistical Institute. In 2006, the average industrial sales and production indices for this sector were 181 and 188 respectively (year 2000 = 100). This indicates high growth rates in this particular sub-sector.
- Bulgaria also manufactures significant amounts of organic and inorganic chemicals. Its biotechnology sector is particularly competitive and one of the leading companies in this sector is Actavis, formerly known as Balkanpharma (http://www.actavis.bg/en). The main production area for petrochemicals is Burgas and the main production area for organic chemicals is Vratsa.
- According to Espicom and the website of the leading pharmaceutical company in Bulgaria, Sopharma, pharmaceutical companies in Bulgaria have invested heavily in modernisation of their facilities and compliance with EU standards and regulations in the last 5 years. Nevertheless, it was expected that many locally-made drugs were (temporarily) banned in 2007, as they needed to be re-registered with the European Medicines Agency (EMEA).
- In general, much dynamism is caused in the Bulgarian chemicals sector, as foreign companies are investing in Bulgaria to profit from the good performance of the economy and the country's accession to the EU in 2007.

Opportunities and threats
Although the situation of the Bulgarian chemicals sector is not very well documented, it is safe to state that the sector is dynamic and performing well. However, specific opportunities or threats could not yet be identified.

Useful sources
- Bulgarian Chamber of Chemical Industry: http://www.bcci2001.com

2 Trade channels for market entry

- In general, the trade channels in Bulgaria do not differ from the trade channels which have been mentioned in the CBI market survey covering the EU market for chemicals. The traditional approach of contacting traders, intermediate processing companies, agents and wholesalers (either with or without processing capacity, dependent on the chemical) remains the most effective method.
- A listing of companies active in the chemical industry in Bulgaria can be found at: http://www.need.bg/en/?c=115

3 Trade: imports and exports

Imports
- Bulgaria is a very small importer of chemicals, accounting for 0.2% of total EU imports.
- In 2006, Bulgaria imported € 120 million / 84 thousand tonnes of chemicals, representing an annual average growth of 11% during the review period.
- In 2006, developing countries supplied 17% of all Bulgarian imports, which is a relatively large amount compared to the EU average of 7%. Imports from developing countries increased by an annual average rate of 5% in the period reviewed, amounting to € 20 million / 16 thousand tonnes in 2006. The most important developing country suppliers are China and Turkey, accounting for 8% and 5% respectively of total Bulgarian imports.
- Germany, Czech Republic and Romania are Bulgaria's main suppliers, accounting for 11%, 10% and 8% of total Bulgarian imports.
- Bulgarian imports of chemicals consisted of oleo chemicals (52%), dyes and pigments, (26%) organic chemicals (18%), and inorganic chemicals (3%).

Exports

- Bulgaria is a negligible exporter of chemicals. Only Bulgarian exports of inorganic chemicals showed a dramatic increase, but still amounted to only € 2.6 million in 2006.

Opportunities and threats

Import and export figures for Bulgaria show that the structure of the chemical sector is very different from that of West European countries. Bulgaria produces a lot of base chemicals (inorganic chemicals and certain organic chemicals) and thus has little need to import these products. In contrast, it has a large need for oleo chemicals, which are often of minor importance in the imports of West European countries.

As the borders to the EU were not completely open until shortly, developing countries have gained a relatively high share in Bulgarian imports. However, the accession to the EU might shift the favour to EU countries.

Useful sources

- EU Expanding Exports Helpdesk - http://export-help.cec.eu.int/
- Eurostat – official statistical office of the EU - http://epp.eurostat.cec.eu.int

4 Price developments

- The CBI market survey, which covers the EU market for chemicals, presents general information on prices. These price indications do not differ from those in Bulgaria.
- The prices of most commodity chemicals can be found relatively easily. Useful sources are http://www.cnionline.com (subscription site with information on companies, markets, products, strategies, mergers, acquisitions, capacity expansions, forecasts and trends in the chemical industry) and http://www.icislor.com (subscription site for prices on the petrochemical and oil markets).
- However, the prices of fine and specialty chemicals are more difficult to obtain. They are not published and can vary widely from one application area to another. Obtaining reliable price information in these segments often requires asking a distributor, or asking a producer for a quotation.

5 Market access requirements

As a manufacturer in a developing country preparing to access Bulgaria, you should be aware of the market access requirements of your trading partners and the Bulgarian government. For information on legislative and non-legislative requirements, go to 'Search CBI database' at http://www.cbi.eu/marketinfo, select chemicals and Bulgaria in the category search, click on the search button and click on market access requirements.

Detailed information on packaging can be found at the website of ITC on export packaging: http://www.intracen.org/ep/packaging/packit.htm

Information on tariffs and quota can be found at http://export-help.cec.eu.int/.

6 Doing business

Trade fair

Chemical Industry: http://www.fair.bg/en/

This survey was compiled for CBI by ProFound in collaboration with Jan Ramakers Fine Chemical Consulting Group