

Taking Advantage of International Major Events to stimulate Top Level Tourism Industry and Business Tourism

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Dear Ladies and Gentlemen,

Please allow me to share part of our experience which I'd like to illustrate with personal impressions and experience using Bulgaria and the changes that occurred as a result of the three major events of the past 20 years as an example of how they influenced the development of tourism.

After the fall of the Berlin wall my country started the process of transition from communism to market economy. The process continued for 17 years with variable intensity and concluded with the accession of Bulgaria into the European Union and NATO.

"Why NATO too" some of you would ask and rightfully so. What does this membership have to do with economy and tourism. The answer is very simple: Bulgaria is a Balkan state and being a member of NATO protects the investors against political upheavals not alien to our neighbouring countries which might jeopardise their investment. The President of the Republic of Bulgaria for the years 1997 to 2002 expressed the opinion that had it not become a member of NATO Bulgaria would not have become a member of the European Union either and would not have become as attractive for real estate and tourism business investment as it is now.

Bulgaria has always been a tourist destination even during the communist times, of course only for the Soviet Bloc countries, but very attractive as a summer and winter holiday destination for tourists coming from the Czech Republic, Slovak Republic, Poland, Hungary, Romania, and Russia.

The process of privatisation of hotels and resorts started in 1999. This was crucial to their modernisation. We could not, of course, avoid the over-building of some of our top destinations as in the period 2000 – 2006 most investors were interested in the cheap and mass tourism. We could look for the reasons behind it in the lack of experience in high class tourism, the fact that Bulgaria was not quite popular as a tourist destination and the initial poor quality of the hotels and services as well as the staff who were not very well trained.

Over the past several years some of the investors realised the appearing need for top level destinations. With the EU accession close at hand the construction of several very high class and fully equipped yacht ports started. One of them is now complete and has become very popular. It is located in St. Vlas which used to be in the past a small fishermen village, with an excellent climate combining the sea and the mountain. There are several residential complexes in that area, several 3 and 4-star hotels and a 5-star hotel in the yacht port itself, a promenade with a shopping area and a number of restaurants, casinos, night clubs and of course a yacht club.

Another type of top tourist destinations which appeared right before our accession to the EU are the golf clubs. We could distinguish between two main types: those that are close to the sea aiming at higher class complexes but also prolonging the tourist season from three to five or six months and the second type are those that are close to natural resources – at the foothill of mountains, close to ski resorts and thermal springs. Their season is 9 to 10 months of golfing and 3 to 4 months of skiing.

I myself have the pleasure to be part of the construction of the 1st Nicklaus Design Golf Course in South-East Europe. The location is 50 minutes away from the capital of Sofia, 18 km. away from the ski resort of Borovets and at the foothill of the highest mountain on the Balkans, the Rila Mountain. We've made many mistakes with this project but two absolutely right decisions determined its success – the prime location and the top designer combined with a mild climate with real 4 seasons will help you understand the secret of our success. We should also add the hot mineral water for the Spa Centre and the villas.

To our great joy 5 more golf courses are being constructed in Bulgaria and 20 more are being designed. The designers are famous names such as Garry Player, Ian Woosman and Haradine. The big names are a must for a new destination as they create trust in the project.

All of the above projects are possible because of the changes that have occurred over the past 17 years. Without the fall of communism, our membership in NATO and the European Union no one would have thought of investing into real estate in Bulgaria regardless of all golf courses and yacht ports.

Bulgaria is a very good investment opportunity at the moment because the prices of the land as well as the construction costs are quite competitive. Furthermore as of 2007 the cabinet of the Prime Minister, Sergei Stanishev, introduced the flat rate tax of 10% and decreased the corporate tax to 10% for everyone.

The investment in the upper segment of the tourist industry is difficult and expensive but its reliability and stability in times of crises are much higher and for our market where such investment opportunities are still few, the risk in my opinion is not that high and the potential profit would definitely be more in comparison with other already popular and established destinations.

I am drawing this conclusion firstly because I have had the privilege over those 17 years to be part of the political changes in my country in my capacity of Chief of Staff of the President, Petar Stoyanov, from 1997 to 2002 when we made the most

decisive steps towards NATO and EC and secondly as a developer with the construction of one of the most beautiful golf courses in South-East Europe designed by Nicklaus Design of the golf legend of the 20th century, Jack Nicklaus. Because of this project I turned down the offer to become an Ambassador of Bulgaria in Switzerland. For me it is a real challenge to be part of the changes in my country and its integration into the European politics and economy.