

# BULGARIAN “LAW ON INDUSTRIAL PARKS”: AN INSTRUCTIVE EXPERIENCE FOR UKRAINE

**Vedenyapina Maryna,**

PhD of Law, Associate Professor of the Department of Economic Security and Financial Investigations of the National Academy of Internal Affairs, Kyiv, Ukraine

ORCID ID: <https://orcid.org/0000-0002-3148-4744>

E-mail: [marveden27@gmail.com](mailto:marveden27@gmail.com)

**Popovych-Blavitska Hanna**

Postgraduate student of the Department of Doctoral and Postgraduate Studies of the National Academy of Internal Affairs, Kyiv, Ukraine

ORCID: <https://orcid.org/0009-0004-6727-3270>

E-mail: [popovichanetta7@gmail.com](mailto:popovichanetta7@gmail.com)

---

**Abstract.** *The article consists of 14 pages, contains a preface, which considers the relevance of the studying industrial parks' legislation in Bulgaria, as an example of a fairly successful legal regulation of the activity of industrial parks in the country, the purpose of the study, the degree of scientific development of the topic, the main part, conclusions, reflections about the perspective of partly use "About Industrial Parks" Legislative Act of Bulgaria in domestic legislation in the future. The article is devoted to research and analysis Bulgarian "About Industrial Parks" Legislative Act and a comparison of similar legislation in our country. It is concluded that Bulgarian 2021 "About Industrial Parks" Legislative Act is not perfect, but it is significantly ahead of the similar domestic law in terms of clarity of legal regulation of the activity of industrial parks. Among the points that are imperfect, there is an almost complete absence of environmental requirements, which is currently relevant in global legislation, and a certain confusion in terminology. Among the positive aspects there are completeness and integrity of the legal regulation of industrial parks in Bulgaria, flexibility regarding the types of owners of industrial parks, their relations with operators and participants of industrial parks, the possibility of old industrial parks to continue their activities, etc. The activity of the Bulgarian government regarding the support of national industrial parks is investigated separately. Considering the closeness of the borders and the similar history of Ukraine and Bulgaria, we found this experience very useful for our country.*

**Key words:** *industrial parks, Bulgaria, "About Industrial Parks" Legislative Act, legal regulation of industrial parks, industrial park owner, industrial park participant, industrial park operator, investment attraction.*

---

**Relevance of the research topic.** Ukraine should bring its own legislation on industrial parks into line with modern international requirements as soon as possible, in order to receive private investments from large international companies after the war, interested not only in the territory and benefits, but also in the environmental safety of production, the availability of high technologies and experienced personnel. In this sense, the experience of Bulgaria, which adopted the national "Law on Industrial Parks" in 2021, seems very interesting. Analyzing this law, adopted relatively recently, and comparing it with domestic legislation, one can see how Ukrainian legislation on industrial parks is too general and does not meet the needs of modern times. Therefore, Ukrainian industrial parks cannot attract foreign investors, while Bulgaria, for example, confidently joins the fight for well-known investors, such as the Volkswagen concern, etc.

The degree of research. In Ukraine, the development of Bulgarian legislation regarding industrial parks was practically not studied. There are some studies at the level of regional administrations regarding the preferences and benefits provided in Bulgarian industrial parks. In Bulgaria itself, such scientists and practitioners as P. Murgova, D. Nikolov, D. Pavlova, V. Gerdzhikov, E. Marinova, R. Nikolova, P. Petrunova, B. Gerginov, K. Bonyev, P. Westerhofen, I. Dikov, E. Kandilarov, and

others have been studying the current legislation on industrial parks. Some of them published their research in English. Also, relevant studies were conducted by the international organization UNIDO. Considering Bulgaria's recent achievements in the development of industrial parks and the proximity of its borders and the mentality of its population, it is worth studying the legislation of this country.

**The purpose of the study** is to analyze the legislation of Bulgaria on industrial parks and study the possibility of implementing the positive experience of this European country on Ukrainian territory.

**Results.** Industrial parks have existed in Bulgaria for a long time. Such closed industrial complexes were built near Sofia, Plovdiv, Pazardzhik, Shumen, Varna, Burgas, Ruse, Troyan and many other places. "Industrial Zone Trakia", in particular, unites 6 industrial zones - "Maritsa", "Rakovsky", "Kuklen", Industrial Park "Plovdiv", Park "Innovations" and Agrocenter "Kaloyanovo". It has existed for over 20 years and has a total area of 10.7 million square meters. Investments in the amount of more than 2 billion euros were realized there and more than 30,000 jobs were created.

In addition, Bulgaria has built parks and several industrial zones managed by the state-owned National

Industrial Zones Company EAD. The company manages 11 projects with an area of more than 7.4 million square meters. There are six working zones in Sofia - Bozhurishche, Burgas, Vidin, Ruse, Svilengrad and Varna. As of 2020, five projects were under development - in Kirzhali, Stariy Zahora, Karlovo, Telisha and Suvorovo.

One of the largest investments takes place in the Sofia-Bozhurishche area and amounts to more than 520 million levs. As of 2020, this industrial zone has attracted 32 investors in the automotive industry, high technology, warehousing and logistics activities. The largest investor in the zone is the Danish company JYSK. The company built a distribution center for Southeast Europe on an area of 300,000 square meters. His investments as of 2020 amounted to 200 million leva [4, 5].

Already from this review, it can be seen that the state takes care of the formation and development of industrial parks. We do not propose to create a state-owned company that takes care of industrial parks, but we believe that the state's supervision of national industrial parks' compliance with the requirements of the updated legislation should be strengthened. In particular, this new legislation may use certain achievements of the Bulgarian national legislation.

So, on March 12, 2021, the Law "On Industrial Parks" [1] was promulgated in Bulgaria, which regulates relations regarding the status of industrial parks and the conditions for their creation, construction, operation and development. Among the goals of the new regulatory act are to increase the economic efficiency of enterprises, attract and stimulate investments in high-tech production, and provide state support for the creation of industrial parks.

According to Art. 4, par. 1 of the said Law, "industrial park" is a defined territory located in one or more municipal entities, for which structural, technical and organizational conditions for production activities have been created [1].

At first glance, this definition almost coincides with the definition specified in the relevant Law of Ukraine [2]. However, it is worth noting the remark "in one or more municipal entities", which makes it possible to create industrial parks on the borders of municipalities and, accordingly, receive several times more investments from different municipalities.

The law provides for three categories of industrial parks in view of the production activities that will be carried out in them:

type A – general, in which there is no specialization of production activity;

type B – specialized, in which one type of production and related activity or similar production activity is carried out;

type C - specialized, in which high-tech and related activities are carried out [1].

Although we consider that types B and C may partially coincide, such a detailed consideration of the

types of industrial parks is an example for the domestic legislator to build his own system of industrial parks. We offer the following types of industrial parks for Ukraine:

- industrial parks of general type. Note that according to UNIDO recommendations, these should be industrial parks with a closed production cycle, environmentally safe;
- science-intensive industrial parks, where scientific research institutions that will create the latest technologies will prevail.

Industrial parks created in accordance with the Bulgarian Law "On Industrial Parks" must be entered in a special electronic register, the creation and management of which is entrusted to the Minister of Economy. The norms of the new law and the measures taken as part of the implementation of the state policy of promoting industrial parks will be applied only to the parks entered in the electronic register [1].

This is a very interesting provision that allows the existence of parks that were created earlier, but at the same time encourages them to introduce the latest technologies and meets the requirements of the Law. This experience is worth studying in detail.

Industrial parks according to the Bulgarian Law "On Industrial Parks" can be created and owned by the state and/or one or more municipalities, as well as commercial companies and their associations. According to the formation of ownership, industrial parks are divided into:

- state-owned - when the owner is the state;
- municipal - when the owner is a municipality;
- joint - when the owner is the state and one or more municipal entities, as well as when the owner is two or more municipal entities;
- private - when the owner is a legal entity registered as an entrepreneur or a relevant company [1].

In our opinion, two points deserve attention in this clause of the Bulgarian Law. We have already talked about the first one - it is the separation of the industrial park from some specific administrative entity and the possibility of creating an industrial zone by two or more municipalities. In the case of Ukraine, this can be done at the level of several independent communities. The second point concerns the possibility of creating an association of entrepreneurs (which is directly mentioned in several articles of the Law) as the owner of an industrial park. We believe that, given the Ukrainian realities, the creation of such associations is the best option for investing in industrial parks.

The owner of the industrial park is responsible for ensuring the organizational, organizational and technical conditions for the creation, construction, operation and development of the park. It should be noted that, in relation to these conditions, the Law lists the minimum and other conditions for the creation of a park quite extensively. In particular, according to Clause 1 of Article 7 of the Law, the internal technical infrastructure of the industrial park must include at least:

1. transport and technical infrastructure of the industrial park;
2. water supply and drainage network on the territory of the industrial park;

3. electricity distribution network within the meaning of § 1, clause 22 or clause 24f of additional provisions of the Law on Energy [1].

We believe that these points should be included in the domestic Law with all the additions and lists provided in the relevant laws and by-laws. This will make it possible to prevent the scattering of funds by allegedly creating non-existing industrial parks and allocating state funds to them.

The operator of the industrial park, according to the Bulgarian Law, is the person who carries out the activity of operating the industrial park. The method of determining the operator depends on the form of ownership of the park [1]. An interesting point is that if the park is owned by a private legal entity or an association of legal entities, the owner and operator may be the same person.

The relationship between the owner of the industrial park and the operator is regulated by the agreement on the operation of the industrial park, the conclusion and content of which the Law establishes clear requirements.

The law regulates the status of three more categories of entities that are assigned to participate in the activities of industrial parks:

1. An investor is a trader who carries out production activities in the park on the basis of an economic activity contract concluded with the operator.
2. Partner – a person who, under the contract with the operator, ensures the functioning and development of the industrial park. Owners of elements of the technical infrastructure, except for the internal technical infrastructure belonging to the owner of the industrial park, are not partners.
3. Users are investors and partners who work on the territory of the park [1].

These specifications, in our opinion, help to better regulate the relations between the participants of the industrial park. At least they are more understandable and acceptable than the terms "participant of the industrial park" and "other subject of the industrial park" [2] specified in the Ukrainian Law "On Industrial Parks".

The law establishes many documents that must be attached to a proposal for the creation of a park. Among them, the researchers single out the following:

- the concept of the industrial park, which defines the long-term prospects and goals of the park's development;
- regulations on the general organization of the park, which regulates what types of activities are allowed on the territory of the park, what are the rights and obligations of the operator and users, as well as other important issues regarding the construction and operation of the park;
- the operator's business plan, which, as a minimum, must contain an analysis of the environment, market and competition, as well as an operational, financial and marketing plan, a management plan and sources of funding for the park;
- a draft contract for operation (except in cases where the owner will be the operator), which regulates the relationship between the owner and the operator, including the activity entrusted to the operator to operate the park, the conditions of operation and development of

the industrial park, the rights and obligations of the operator in relation to the property of the owner and financial relations between the parties [6].

It should be borne in mind that the Law provides for a number of requirements that industrial parks must meet. Yes, there are restrictions on the minimum area of industrial parks. As a general rule, an industrial park must have an area of at least 300 hectares. Exceptions are allowed for parks specializing in high-tech activities within the meaning of the Investment Promotion Law.

When creating an industrial park, the owner must have ownership rights to the objects included in its territory. An exception is allowed for state, municipal or joint industrial parks, where the property is allowed to be transferred to the ownership of the operator (a person who will carry out the activity of operating the industrial park), if it is a state enterprise. When registering an industrial park, it is not allowed to include in its territory plots of land in respect of which there are disputes about property rights.

The territory of industrial parks must be determined and regulated by a special detailed plan for the location of the industrial park. The plan determines the structure of the territory of the industrial park, development zones and territories with a development regime, and the purpose of land plots in the sense of the Law on Territory Development. As a general rule, the land objects of the industrial park must be designated for production activities. Exceptions are allowed for land plots of auxiliary and service activities, for communal and household activities, for landscaping and for special objects. The total area of objects, the purpose of which is not industrial, should be less than half of the area of the park.

The industrial park is subject to entry into the electronic register maintained by the Minister of Economy. The registration application is submitted by the park operator in electronic form using a qualified electronic signature. The concept and rules of the general organization of the industrial park, which are published in the electronic register, are attached to the application.

Construction activities (building planning, investment design and construction for construction, development and maintenance) of an industrial park must be carried out after the park has been entered into the register of industrial parks.

The law contains clear instructions on the list of permitted activities for the operation and use of the industrial park. Production activities and activities of partners must be carried out in accordance with the conditions and procedure provided for by the regulation on the general organization of the industrial park.

The law regulates special rules regarding expansion of the park territory, restructuring of the park and reconstruction of buildings on its territory [6].

The program for the development of industrial parks in Bulgaria is carried out quite consistently. In particular, in 2023, the Ministry of Innovation and Development opened for applications a program under the Recovery

and Sustainable Development Plan for the development of industrial zones and parks in Bulgaria. The budget of the program is 212.5 million leva, and it is expected that at least five industrial zones in the country will be developed with its help - existing or new.

Applicants are actually operators of industrial zones – usually utilities or public utilities. They must apply within five months. Project submissions are made entirely electronically through the ISUN 2020 platform.

A total of four types of activities can be financed:

- 1) the leading infrastructure on the territory of the park is usually communal, municipal or state property, that is, the application must be made in cooperation with the relevant state or municipal bodies;
- 2) internal infrastructure on the territory of the park (roads, streets, alleys, squares, parking lots, wires) - for this infrastructure, however, an accepted modern building plan is required;
- 3) construction of a new or reconstruction of an existing building on the territory of the research park;
- 4) construction of charging stations for electric vehicles.

The project must include supply or internal infrastructure, and the project cannot be submitted solely for scientific research or for the construction of electric cars.

Funding is up to 80% for technical and environmental infrastructure and up to 50% for research.

The minimum threshold for the project is 1 million leva, the maximum amount is 40 million leva.

Priority in the selection of projects is given to Northern Bulgaria, which is economically more backward.

Other leading criteria are: a) the number of investors interested in investing in the specified territory - the requirement is to confirm their interest; b) the number of jobs that will be created in the end; c) degree of readiness of the project for which the application is submitted [3].

Of course, now our state is unable to find money for such projects, but in post-war times we consider it necessary to take this experience into account. First, the state supports regions that have fallen or are economically backward from the very beginning - this equalizes the economic situation in the country, prevents excess migration to economically successful regions and, accordingly, the

outflow of human resources from the relevant territory (in the case of Bulgaria, the north). Secondly, the requirement to confirm interest in the project from investors cuts off the possibility of squandering funds and abuse of official position; the same applies to the requirement to confirm the facility's degree of readiness. Also, the requirement regarding the number of jobs created, especially in economically backward regions, does not raise any questions.

We consider it necessary for the Cabinet of Ministers of Ukraine after the war to issue a similar regulatory act at least once every five years and provide money from the budget for the creation of industrial parks, guided by approximately the same criteria and at the same time accepting reports from those who received such grants in the past. In this way, it will be possible to really support the economy of economically backward regions and Ukraine as a whole.

**Conclusions.** Bulgaria's Law on Industrial Parks is not perfect. In particular, it almost does not take into account the environmental requirements of UNIDO, it has contradictions, for example, in determining the types of industrial parks, etc. However, it provides the entrepreneur with clear and unambiguous requirements regarding the creation, registration and process of industrial parks on the territory of Bulgaria. It also has a close connection with another body of Bulgarian legislation - legislation on the targeted use of territories and buildings on them, legislation on electricity, etc. In addition, the Bulgarian Law is quite flexible regarding the types of industrial park owners and the types of entrepreneurs that can participate in the creation and operation of the park. Therefore, Ukraine should study Bulgaria's experience in detail and develop its own legislation that would enable Ukrainian entrepreneurs and investors to have at least the same (and preferably more significant) advantages that entrepreneurs and investors in Bulgaria have.

Prospects for further research. Further research, in our opinion, should be focused on the common and different legal functioning and historical background of the industrial parks of Ukraine and Bulgaria in order to best ensure the priority positions of domestic industrial parks, taking into account European and world experience.

## REFERENCES

1. Law on industrial parks dated 2021, February 25. - State Gazette. - 2021, March 12. - Access mode: <https://dv.parliament.bg/DVWeb/showMaterialDV.jsp?idMat=156334>
2. "On Industrial Parks": Law of Ukraine dated 2012, June 21. (last version dated 2023, July 27). - Official website of the Verkhovna Rada of Ukraine, 2023. - Access mode: <https://zakon.rada.gov.ua/laws/show/5018-17#Text>
3. The state will open a program for the development of industrial zones. - Economic.bg. - 2023. - June 3. - Access mode: <https://www.economic.bg/bg/a/view/dyrjavatvori-programata-za-razvitie-na-industrialnite-zoni-v-bylgarija>
4. Murhova, Petya. Industrial parks in Bulgaria already have their own regulations. - Your Business, 2021. - April 9. - Access mode: <https://www.tbmagazine.net/statia/industrialnite-parkove-v-blgariya-veche-imat-svoyata-normativna-uredba.html>
5. Nikolov, Dragomir. Industrial parks should revitalize regions in Bulgaria. - Euractiv Bulgaria. - 2020. - July 24. - Access mode: <https://euractiv.bg/section>
6. Pavlova, D., Gerdzhikov, V. New law on industrial parks in Bulgaria. - Bulgarian-Romanian Chamber of Commerce and Industry. - 2021. - April 2. - Access mode: <https://brcci.eu/industrial-parks-in-bulgaria>