

## The Experiment of the Chamber of commerce in Rouse of Creating Bulgarian Danubian shipping Company at the end of xx century

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**Abstract:** *In the present statement is revealed the initiative of the Chamber of Commerce in Rouse for creating Bulgarian Danubian shipping company during the first decade of XX century.*

**Key words:** *a shipping company, the chamber of commerce, export, import.*

### INTRODUCTION

Chamber of Commerce in Rouse is an initiator of many economic activities with national significance. One of these activities is enlightened in the present statement. It is connected with the desire of the economic agents from Rouse to create Bulgarian Danubian shipping company for commercial transport with the cooperation between the State and the entrepreneurial class .

### ПРОСПЕКТ

The idea of creating Bulgarian Danubian shipping company was generated from the Renaissance. The Danube River was a natural communication artery connecting the developed Central European countries with the Balkans. Danubian shipping company was based in Svishtov in 1867. Its major shareholder was the local businessman Nikolaki Stanchev. However the company didn't succeed in developing broad activity with its vessel because of the strong competition of European shipping companies. During this period there was impressive commercial fleet consisting of 150 Danubian sails in Svishtov [1, p. 48]. Turkish shipping company with six steamships existed in Rouse. But it ceased activity because of the impossibility to keep regular passenger and commodity traffic and the strong competition of Austrian - Hungarian shipping companies. [2, p. 107].

Unfortunately nothing was done for Danubian ports after the Liberation till the mid 90's of XIX century. They continued functioning like under the Ottoman Rule. When the government employed French technician Emme Mayard in 1896, preparation of projects for building ports in Danubian towns started and this process was continuing over a decade. [3, p. 612-613; 4, p. 714-715; 5, p. 85].

On the other hand, it must be noted that 1/3 of Bulgarian export and import was realized by the Danube. Traditionally on the Danubian waterway industrial goods were imported from the west. Bulgarian export consisted mainly of cereals and other agricultural production [6, p. 70-73].

The international trade exchange for the Principality of Bulgaria during the first decades after the Liberation was marked by the capitulation mode inherited by the Ottoman Rule and consolidated by Berlin Treaty. In this way the "young" Bulgarian State in the moment of its restoration became thoroughly "open for free trade", i.e. for western goods with low duty up to 8% [7, p. 363]. Bulgarian governments made effort to change the status quo in this sphere. For the first time on 14 th December 1889 the Office of St. Stambolov succeeded in concluding separate customs agreement with England for goods export with Bulgaria at higher duty- 8 1/2% according to the clause of the most favoured nation. Next year 1890 such duty agreements were signed with the other big European countries. This custom regime was continued till .31 st December 1896 by the next Office of K.Stoilov as the import duty increased from 8 1/2% to 10 1/2%. After this period Bulgaria concluded trade contracts with other countries. In 1904 the common customs tariff entered into force. It treated specific duty for different imported goods. In this way the interests of Bulgarian producers were defended and the trade relations of Bulgaria with other countries were set on peer relationships [8, p. 9-10].

One of the Danubian cities which was functioning as a main commission and deposit center of European manufacturing imports was Rousse. After the Liberation till the connection of Bulgaria with European railway network almost all imported goods had reached the interior part of Bulgaria by deposit stores of commission companies in Rousse. 542 trade houses was developing their activities in Rousse at the period of the Wars [9, p. 48]. The export of the port in Rousse for the period 1890-1894, 1895-1899 and 1900-1904 г. was respectively 4,72%, 5,12% and 3,63% from the total export of the country and 13,73%, 14,13% and 13,38% of the Danubian export. The import through Rousse for the same years is respectively – 15,17%, 16,29% and 14,98% of the total import and 41,15%, 48,03% and 55,34% of the import through the Danube [10, p. 946]. For the period 1896-1905 г. 30,3% of the export and 29,2% of the import of the country was realized through the Danube [7, p. 367].

The entrepreneurial class of Rousse took advantage of the convenient Danubian waterway and the successful experiments of Bulgarian governments to set equal basis for export-import relations of Bulgaria with the other countries. But to a considerable degree the government's active commercial work was prevented from the absence of Bulgarian shipping company. So till the end of the first decade of XX century the goods traffic along Bulgarian Danubian coast was realized 74,7% by Austro- Hungarian vessels, 11,6% – by Romanian, 7,3% – by Russian, 3,2% – by Greek, 0,2% – by German, 1,1% – by others, and under Bulgarian flag there was only 1,9% and they were warships without significance for the trade navigation [6, p. 70]. As a result Bulgarian goods traffic was serviced by the ships of foreign shipping companies. Bulgarian State was forced to pay annual subsidy of 500 000 gold levs to Austrian - Hungarian shipping companies. The traffic between Rousse and Giurgiu was handled by Romanian ship Turnu Magurele for the annual subsidy 200 000 gold levs. [11, p. 145]

On 2<sup>nd</sup> June 1906 the bureau of the Chamber of Commerce in Rousse discussed seriously the necessity of foundation of Bulgarian Danubian shipping company. Two main questions were discussed – if this company could realize any profit and if it was important for Bulgarian trade through Danube and totally for Bulgarian country's interests. About the first question all members of the bureau unanimously joined around the opinion that such company wouldn't be profitable. But despite of this ascertainment the economic agent of Rousse thought that this idea shouldn't be abandoned. Considering foreign experience of shipping companies they pointed out that although such companies were created from the private initiative of entrepreneurial class because they were useful for trade they must always get help of the country. And, on the other hand, where the private initiative was missed or was insufficient, the State itself should provide river and maritime navigation. In this case the bureau of the Chamber of Commerce in Rousse gave as an example our Southern neighbor Romania which had spent more than 25 million lv for foundation of maritime and Danubian commercial fleet fully funded by the government. Romanian State didn't earn profit from these companies but annually lost 1 million lv from them. According to the opinion of the management of the Chamber of Commerce in Rousse the reasons for this were in bad state stewardship, strong competition from foreign shipping companies, poor planning of the bus courses and buying expensive and non-target vessels. Because of this in Romania was spread the opinion of selling state shipping companies which would receive only certain regulated country subsidy.

Thinking over Romanian experience of foundation and exploitation of shipping companies the bureau of the Chamber of Commerce in Rousse concluded that in this aspect the most appropriate action was to prioritize the private initiative supported by the State. Some questions generated from this conclusion – if it was adequate such state support from the point of view of people and if it was OK – in which way and how much state subsidy must be given. Chamber agents answered positive the first question because they were convinced that the existence of Bulgarian shipping company would unanimously facilitate the trade of the country along the Danubian coast. If such company

existed, Bulgarian state in agreement with this company should manage easier its duty policy in accordance with its interests. On the other hand, the commercial agents of Rouse hoped that foreign shipping companies wouldn't stand the competition and would be driven by the traffic on the Danube. This fact would free Bulgarian foreign trade from external dependence. Connected with these economic analyses which the bureau of Rouse Chamber of commerce had done, pure political considerations were taken and they were related with the approval of Bulgaria as an independent Danubian country. Because of this reason the Chamber was sure that its idea of foundation Bulgarian Danubian shipping company would reach wide support in Bulgarian public. It was still open the question with the State support and its size.

Many times in the business circles in our country it was imposed the vision that the navy must be reorganized in merchant. On the surface this idea was acceptable but in fact its realization wouldn't have the desired results. It turned out that Bulgarian military boats were too old and they had remained from Russian- Turkish Liberation War and it was impossible to adjust them to passenger and commodity transport. In this case the maintenance of such fleet would be extremely expensive, mostly because of the necessity of continuous maintenance of the very old ship engines. It could be estimated that the value of the spent fuel would be enough to cover the interests which would be paid for the purchase of new ships. The members of the bureau of Rouse Chamber of Commerce were unanimous that the state of Bulgarian Danubian navy couldn't be material part of new future reference navigation Company.

The economic agents from Rouse came to the conclusion that the creation of such company would require serious research for offshore commodity and passenger movement. This research would foresee the scale of future Bulgarian shipping company, its profitability and eventually what kind of state support it would need. However this idea so much debated was staying for several years in the sphere of preliminary research<sup>12</sup>, п. 55-58].

After some years on 1<sup>st</sup> December 1909 Rouse Chamber of Commerce proposed officially to the government the foundation of "Bulgarian Danubian shipping company". According to the chamber agents this act should start by voting a special law by the National Assembly. They wanted to be a joint-stock company, its management should be realized by Bulgarian citizens and its fixed capital must be 4 million lv. The increase in the capital must be voted by the Parliament and the State itself should guarantee profit 6 % from the paid-in capital. Half of the company's profit which exceeded the guaranteed profit must be given to the State.

It was also insisted on special preferences for the future Bulgarian Danubian shipping company from the State. In fact, these preferences included cost-free concession of all needed state and municipal places, free of duties and other taxes import of machines and devices for the company and usage of all other advantages for the period of 20 years applicable for industrial companies according to the Promoting Local Industry Law. These preferences would guarantee the State the right to transport free post and to supervise the company by the Ministry of Trade and Agriculture. In this aspect, it was proposed transport tariffs and all regulations connected with company's activity to come into force after the confirmation of the Minister of Trade and Agriculture.

It was an honour for Rouse economic agents that they were engaged in this project and defended the economic interests of the State unselfishly without jealousy to already created and functioning Bulgarian Black Sea shipping company. In their proposition to the government they included special clause in which they asked the central government to support the Black Sea shipping company, "so that it - the founder of our popular fleet – expands its activity in east and west markets and arranges regular buses to Braila and Galac which will connect buses with future Bulgarian Danubian shipping company". On the other hand, Rouse Chamber of Commerce considered the government

should stop subsidy for foreign shipping companies which were strongly competitive in the starting Bulgarian merchant navy.

However taking into consideration the limited resources of Bulgarian entrepreneurial class and the insufficient opportunities of the State, the Chamber noted that the transport financing of Danubian navy must be decreased and in return some of its ships could be given to the future trade company. In the opinion of competent specialists they should be used for exploitation. It was insisted on the foundation of "special Danubian hydraulic service" which would do the main activities for the safe work of future Danubian shipping company. This service would develop projects for building ports in Danubian cities where there weren't ports, maintenance of the existing ports and tracing the changes in the regime of the river, preparation of the projects for building the needed for trade port devices, mapping of the midstream of the Danube and supervising the Danubian convention with Romania.

Economic agents in Rouse were convinced that the future Bulgarian trade shipping company would transport a lot of buses all over the Danube as the other foreign companies did. For this purpose they appealed to the government to enter into agreement with Romanian, Serbian and other concerned governments for taking the total pressure to Austria-Hungary for decreasing the taxes which were collected for crossing the Iron Gates [13, p. 207-210].

## CONCLUSION

The initiative of the agents of Chamber of Commerce in Rouse for foundation of Bulgarian Danubian trade shipping company during the first decade of XX century was unsuccessful. It was obvious that neither the entrepreneurial class nor the State had the resources for this. The idea of Chamber of Commerce in Rouse for Bulgarian Danubian shipping company was realized later in the mid 30's years of last century by the founded by the State on 17 March 1935 service "Coastal River Navigation" in Rouse which had been initially included in the system of Bulgarian State Railways with two passenger vessels – "Iskyr" and "Vit". During 1938 XXIV Ordinary National Assembly voted Law on Loan in size of 150 million lv for Section Navigation of General Division of Bulgarian State Railways for purchase of 4 big motor ships from Germany. [14, p. 39-41, 50, 52].

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**The paper is reviewed.**