



## Doing Business in Bulgaria

### 2014 Country Commercial Guide for U.S. Companies

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- [Chapter 1: Doing Business In Bulgaria](#)
- [Chapter 2: Political and Economic Environment](#)
- [Chapter 3: Selling U.S. Products and Services](#)
- [Chapter 4: Leading Sectors for U.S. Export and Investment](#)
- [Chapter 5: Trade Regulations, Customs and Standards](#)
- [Chapter 6: Investment Climate](#)
- [Chapter 7: Trade and Project Financing](#)
- [Chapter 8: Business Travel](#)
- [Chapter 9: Contacts, Market Research and Trade Events](#)
- [Chapter 10: Guide to Our Services](#)

[Return to table of contents](#)

## Chapter 1: Doing Business In Bulgaria

- [Market Overview](#)
- [Market Challenges](#)
- [Market Opportunities](#)
- [Market Entry Strategy](#)

### Market Overview

[Return to top](#)

A member of the European Union since 2007, Bulgaria is a small, strategically located country in Europe's southeast corner offering interesting opportunities for U.S. companies in infrastructure development, IT and agriculture among others. Bulgaria boasts Europe's lowest public deficit rates and will likely grow at a rate of 1-2 percent in 2014. Bulgaria has the lowest tax rates in the region – ten per cent rate both on personal income and on corporate income – as well as a bilateral treaty for the avoidance of double-taxation with the United States. The global financial crisis slowed investment growth, particularly in the real estate and manufacturing sectors, but as the European economy recovers, investment may pick up in certain sectors. Bulgaria weathered the global financial downturn through strict fiscal discipline. The currency peg to the Euro and fixed exchange rate are seen as sources of stability. Local demand will remain low because of limited allocation of consumer loans and an 11% unemployment rate. Other risks include political uncertainties and weak rule of law.

U.S. companies are conducting business across the major industry sectors. The top foreign investor in Bulgaria is a U.S. company. EU membership will continue to offer opportunities for funding for infrastructure projects, provided Bulgarian government procedures are efficient and transparent. Due to its geographical location, Bulgaria is an excellent launching pad for sales into the European Union, Russia, Turkey and the Middle East.

Bulgaria joined NATO in 2004 and is participating in joint operations. The Bulgarian market is receptive to American goods and services.

### Market Challenges

[Return to top](#)

Bulgaria offers opportunities for U.S. firms, but there are challenges. While the business climate is generally positive, there are factors that inhibit trade and investment. The major challenges include: regulatory and legislative unpredictability; inefficient bureaucracy; a slow moving court system; organized crime influence on some sectors of the economy; corruption; intellectual property rights violations; and a complex and often opaque tendering process.

Although Bulgaria has exceeded average EU growth rates for the last three years, the country remains one of the EU's poorest countries with limited consumer disposable income, although purchasing power, in power parity terms, has increased steadily over the last 10 years.

Upon its EU accession, Bulgaria adopted regulations and standards that conform to EU norms. While this is good news for many U.S. firms, American companies sometimes find these EU regulations and standards difficult to understand. The U.S. mission to the EU provides assistance to U.S. companies. Please refer to their website for more information: <http://www.export.gov/europeanunion/>

## **Market Opportunities**

[Return to top](#)

Bulgaria boasts a well-educated labor force, one of the lowest wage rates in the EU, and a convenient geographical location. EU membership offers additional opportunities as Structural and Cohesion funds are funding major infrastructure projects. Please refer to: [http://www.export.gov/europeanunion/eu\\_funds.html](http://www.export.gov/europeanunion/eu_funds.html)

Good prospects for exports to Bulgaria are listed below (in alphabetical order). A more detailed analysis of these sectors can be found in Chapter Four of this Guide:

- Agricultural Equipment
- Environmental Technologies
- Franchising
- Healthcare/Medical
- Information and Communication Technologies
- Power Generation, Renewable Sources of Energy and Energy Efficiency
- Safety and Security equipment

Financing from the U.S. Export-Import Bank (Exim Bank) <http://www.exim.gov> and the Overseas Private Investment Corporation (OPIC) <http://www.opic.gov> is available. The U.S. Trade and Development Agency (USTDA) <http://www.ustda.gov> offers financing for technical assistance, feasibility studies, orientation visits, and training grants.

## **Market Entry Strategy**

[Return to top](#)

Finding a good, reputable local representative is a key factor for successful entrance into the market, and conducting due diligence before selecting a representative is essential. Enlisting qualified local legal services for contract negotiations is also highly recommended. The U.S. Commercial Service located in the U.S. Embassy in Sofia can assist with market research, contact facilitation, contact evaluation, and service providers – refer to: <http://www.export.gov/bulgaria>.

[Return to table of contents](#)

[Return to table of contents](#)

## **Chapter 2: Political and Economic Environment**

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/p/eur/ci/bu/>

[Return to table of contents](#)

## Chapter 3: Selling U.S. Products and Services

- [Using an Agent or Distributor](#)
- [Establishing an Office](#)
- [Franchising](#)
- [Direct Marketing](#)
- [Joint Ventures/Licensing](#)
- [Selling to the Government](#)
- [Distribution and Sales Channels](#)
- [Selling Factors/Techniques](#)
- [Electronic Commerce](#)
- [Trade Promotion and Advertising](#)
- [Pricing](#)
- [Sales Service/Customer Support](#)
- [Protecting Your Intellectual Property](#)
- [Due Diligence](#)
- [Local Professional Services](#)
- [Web Resources](#)

### Using an Agent or Distributor

[Return to top](#)

Bulgarian law stipulates that representation in court and before administrative agencies must be performed by duly licensed members of the Bulgarian Bar Association, who are independent practitioners in law firms or who are employees of corporations with the necessary competence.

Bulgaria does not allow foreign (i.e., non-EU) lawyers to practice in Bulgarian courts, except as defense counsel of a national of his/her own country in a criminal case. In such instances, the attorney must be accompanied by a Bulgarian lawyer, and there must be an agreement between Bulgaria and the respective foreign state or this representation must be justified on the basis of reciprocity. In all instances, a preliminary request must be submitted to the Chairperson of the Supreme Bar Council for approval.

Lawyers who practice in another EU member state can establish a branch office of their international firm in Bulgaria and provide legal services in the local market. In the case of a corporation, representation may be either by an authorized senior executive of the firm such as executive director, or by an employee who has passed the practical examination of the Ministry of Justice and who has a power of attorney from the corporation to represent it as “in-house counsel”.

A Bulgarian patent representative who specializes in intellectual property rights and who is admitted to practice before the Bulgarian Patent Office is also essential for preparing documents to protect intellectual property rights. Some lawyers are patent representatives.

Other services such as filing corporate documents with the courts or the Commercial Registry, legal opinions, and legal consultations, are in practice performed by self-styled “legal consultants” whose qualifications and experience may vary. Some legal consultants may be former in-house counsel. Attorneys who are members of the Bulgarian Bar Association also provide such services. Additionally, some of the larger international accounting and consultancy firms have established legal offices, which perform some of the services offered by a law

firm. The AmCham membership list at <http://www.amcham.bg> and the Commercial Service Business Service Provider <http://www.export.gov/bulgaria/en/serviceproviderlist.html> are good places to start when looking for legal and other business services in Bulgaria.

The EU regulations and legislation for this topic can be found in the European Country Commercial Guide developed by the U.S. Mission to the EU. The document is available at [http://www.buyusainfo.net/docs/x\\_2758095.pdf](http://www.buyusainfo.net/docs/x_2758095.pdf). More information on the U.S. Mission to the EU's activity can be found at <http://useu.usmission.gov/doing-business-local.html>.

## Establishing an Office

[Return to top](#)

The Law on Encouragement of Investments sets forth preferential treatment measures for foreign and local investments. The measures are differentiated according to the class of the investments, and include two levels of benefits, depending on the amount of the investment. The law recognizes three classes of investments, namely Class A, Class B and Class C. In practice, however, Class C investments do not exist, since this class is for investments at the municipality level only, yet no substantive provisions regulating these matters have been adopted. Moreover, the Law on Encouragement of Investments also provides for the so called "priority investment projects", which relate to all sectors of the economy and are essential for the economic development of Bulgaria and its regions. The criteria for identifying certain investment as "priority investment projects" are very comparable to the other investment classes. For more information, see <http://www.investbg.government.bg/en>

A representative office for information gathering and non-proprietary activities, such as performing sales promotions, exhibitions, demonstrations, training or advertising of products or services, is established by registration with the Bulgarian Chamber of Commerce and Industry, see <http://www.bcci.bg/english/>

A representative office is not a legal entity in Bulgaria. The Law on Encouragement of Investments places certain restrictions on the office's activities, and in particular, a representative office may not carry out commercial activities. The Law on Commerce defines the various forms of economic associations and regulates their foundation, organization, and termination. While it is possible to register a branch of a foreign entity in Bulgaria, the most common type of organization for foreign investors is a limited liability company (OOD), or a one-person owned limited liability company (EOOD).

## Franchising

[Return to top](#)

More than half of the franchise chains present in Bulgaria entered the market during the last ten years, and a significant surge was experienced in 2008-2011. This trend will accelerate even more as disposable income and understanding of the franchise business model grows. Among the most visible brands in Bulgaria are: KFC, Dunkin Donuts, Subway, Berlitz, National Geographic, Century 21, Remax, GNC, McDonald's and others. Recent entrants to the Bulgarian market are Dale Carnegie, Domino's Pizza, Curves, Subway and Starbucks.

The Bulgarian legal system accommodates franchise agreements. Laws on labor relations are clearly spelled out, leases can be freely negotiated, and laws protect trademarks, patents and copyrights. Currently, there are no franchise laws or specific regulations pertaining to this business model. In general, no specific registration or government approval is required in order to establish a franchise enterprise.

## Direct Marketing

[Return to top](#)

Direct marketing is relatively undeveloped in Bulgaria. There are few Bulgarian mail-order catalogs. Vacuum cleaners, small kitchen appliances, home healthcare products and consumables, hospitality, catering and cosmetics are being sold fairly successfully door-to-door. Companies employ different marketing techniques. A Slovenian company, which offers direct marketing of U.S. products, and an Austrian company are currently using television home shopping "infomercials" to sell kitchen tools and fitness appliances not available in local shops. Home demonstrations are not popular and have generated little success. Avon and the Swedish company Oriflame report success in the direct sale of cosmetics.

Direct marketing through catalogs, telemarketing and the Internet from the U.S. to Bulgaria is still quite difficult. Bulgarians increasingly use debit and credit cards, but the use of cash is still more prevalent than in other EU countries. Catalog and internet shopping are still in their infancy due to low purchasing power, the high cost of shipping and lack of security for parcels.

The EU regulations and legislation for this topic can be found in the European Country Commercial Guide developed by the U.S. Mission to the EU. The document is available

At

<http://export.gov/europeanunion/eustandardsandcertification/2010countrycommercialguide/index.asp>

## Joint Ventures/Licensing

[Return to top](#)

In addition to establishing their own companies, U.S. companies can also invest in existing companies.

Joint ventures with state-owned companies (i.e., wholly owned by the Bulgarian State) must be approved by the Council of Ministers or by the relevant minister. The negotiation phase usually addresses the evaluation of existing assets and contribution of the foreign partner. The foreign contribution can be in cash and/or in-kind, for example know-how. The contributions of the local partners are usually in long-term assets (i.e., existing equipment, and facilities).

Joint ventures with private companies do not follow the same procedures. No government involvement or approval is necessary. After completion of negotiations, the new legal entity must be registered in the Commercial Registry. Joint ventures are subject to the Law on Protection of Competition provisions regulating concentration of economic activity.

## Selling to the Government

[Return to top](#)

Public procurement procedures used by state agencies and state controlled companies for purchases are prescribed by the Law on Public Procurement. That law has made Bulgarian legislation consistent with the two major public procurement directives of the EU, however, implementation is inconsistent and some companies report problems with the transparency of the public procurement process. Under this law, a Government Procurement Agency was established to deal with public procurement and with reports which concern the Minister of Economy and Energy. The most often used form of procurement is a public tender.

All Bulgarian and foreign companies are eligible to participate in public procurement tenders in Bulgaria. The Commission on Protection of Competition (CPC) is the authority enforcing the Law on Public Procurement and the Law on Protection of Competition. Appeals are no longer under the direct competence of the civil courts.

A Law on the Public – Private Partnerships was also adopted in 2012. According to it, the public partner in such public – private partnerships can be (i) a minister or a head of department; (ii) a mayor of municipality; or (iii) state and municipal public organization.

Regarding public tenders funded by EU funds, see <http://export.gov/europeanunion/marketresearch/eufundingandgovernmentprocurementsectors/index.asp>

## **Distribution and Sales Channels**

[Return to top](#)

Recent developments in retail sales channels are worth noting.

Overall there are 4 (four) groups of distribution channels in Bulgaria:

Food hypermarkets: Billa, CBA, Kaufland, T-market, Tesco, Piccadilly, Lidl, Carrefour, METRO, Penny Market, Hit, Roda, Ena, ProMarket, Tempo, Plus

DIY hypermarkets: bauMax, Praktiker, Mr. Bricolage, Bauhaus, IKEA

Local chains: Food hypermarkets: Fantastico, 345, Evropa, Dar ;

Tech hypermarkets: Technomarket, Technopolis, Domo, Zora and Furniture hypermarkets: Aiko, Aron, Como

IKEA opened its first store in Sofia in September 2011. By the end of 2013, the following retail chains have established network of stores throughout Bulgaria: Decathlon(2), Fantastiko (35), Billa (86), Metro (15), Picadilly/member of Belgium Delhaize group(53), Praktiker (9), Hit (2), Mr. Bricolage (11), Baumax (8), German discounters Penny (48), Kaufland (42) and Lidl (64); PLUS (25); Tempo (11), Roda (2), T Market (42), ProMarket (22); Como (1) and Aiko (4) are furniture and houseware retail chains. Technopolis (31), Technomarket (60), Densi (6) and Domo (1) are retail chains for consumer electronics. Carrefour (20), the world's second-largest retailer after Wal-Mart, started operations in 2010 as well.

According to GfK Shopping Monitor, Bulgarian consumers still prefer to use the local store near their homes. There are three major factors, which influence the choice of the place for shopping: the proximity to home and the work place, the level of prices, and the range of goods. The Bulgarian consumer is still not very mobile – less than 30 per cent of consumers go shopping by automobile, which limits the choice of stores. The percentage of consumers who read promotional brochures is around 26 per cent.

The number of shopping malls in Bulgaria is 32. They are becoming very popular among the urban population.

## **Selling Factors/Techniques**

[Return to top](#)

Bulgarian consumers and companies have low purchasing power, which means that price is a major consideration in developing a market strategy. American companies are widely recognized for their quality and reasonable price, and value sells well in Bulgaria.

Available market size statistics can be unreliable and should not be used as a sole indicator in market analyses.

## **Electronic Commerce**

[Return to top](#)

In 2013, Bulgarian consumers spent 9.5 billion leva through debit and credit cards.

The number of purchases with debit cards in Bulgaria is constantly increasing. The total amount spent reaches a billion and a half leva in 2013, which is 32% more than in 2012.

According to the National Statistical Institute over 680 000 Bulgarians have shopped online in the past year. For a comparison in 2012 there were about 520,000 online purchases.

Online payments by credit cards at merchants amounted to 334 million leva. This is an increase of over 90% per year.

The most common online purchases in 2013 were clothing and footwear.

The steady growth of e-commerce in Bulgaria is among the largest in Europe. Over the next year experts expect a 20% growth in e-commerce, and in 2015 it will cover nearly 13% of all retail purchases.

Along with the trend of increasing online orders, online stores are growing. This is due to low start-up costs and maintenance. In comparison, the prices of software solutions for online store start at around 25 lev per month and offer a free trial period, while individual software solutions are in the range 2-7000 lev and relevant implementation of the project takes between two months.

Using SaaS platforms worldwide has increased by 50 % for 2013, and projections are that this trend is expected to double in 2014.

## **Trade Promotion and Advertising**

[Return to top](#)

The 2008 Law on the Protection of Competition, and the 2006 Law on Protection of Consumers regulate advertising. These laws prohibit advertisements that disseminate misleading information to consumers or malign the reputation of competitors. Separate legislation regulates advertising for specific products such as tobacco products, pharmaceuticals, and alcohol beverages.

All the normal channels for advertising are available and are widely used in Bulgaria, including newspapers, internet banners, magazines, television, radio, and outdoor billboards/signs.

Trade fair activities in Bulgaria have grown rapidly to a full year's schedule of industry and product specific events in major cities around the country. Bulgaria has a number of industry-specific trade shows. Many U.S. products are displayed through local agents, distributors and dealers. Information on trade shows in Bulgaria is available in Chapter 9 of this Guide or through links on the U.S. Commercial Service website <http://www.export.gov/bulgaria>

## **Pricing**

[Return to top](#)

Due to low per capita income and purchasing power, consumers are highly price sensitive. Consumers are willing to spend more in return for higher quality.

Most people restrict purchasing to basic necessities. Imported products are typically higher priced than locally produced goods. Small niche markets exist where consumers demand high-end luxury goods.

Bulgarian consumers expect good after-sales service and customer support when purchasing products. New private companies understand the importance of customer support and follow through on promises.

Companies expect support from the U.S. exporter when purchasing imported products. Emphasis on customer support is an initial step in developing customer loyalty.

Most American companies operating in Bulgaria provide training to their distributors/agents. In many cases, agents and distributors are trained in the US in order to communicate the firm's distinctive corporate policies, behavior and standards.

**Protecting Your Intellectual Property in Bulgaria:**

Several general principles are important for an effective management of intellectual property ("IP") rights in Bulgaria. First, it is important to have an overall strategy to protect your IP. Second, IP is protected differently in Bulgaria than in the U.S. Third, rights must be registered and enforced in Bulgaria under local laws. Your U.S. trademark and patent registrations will not protect you in Bulgaria. There is no such thing as an "international copyright" that will automatically protect an author's writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the Bulgaria market. Instances of bad-faith trademark and patent registration in Bulgaria are not uncommon. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government generally cannot enforce rights for private individuals in Bulgaria. It is the responsibility of the rights holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Bulgaria law. The U.S. Commercial Service can provide a list of local lawyers upon request

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership

end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Bulgaria require constant attention. Work with legal counsel familiar with Bulgaria laws to create a solid contract that includes incomplete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Bulgaria or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

## IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at [www.StopFakes.gov](http://www.StopFakes.gov).
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at [www.stopfakes.gov](http://www.stopfakes.gov).
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: [www.StopFakes.gov](http://www.StopFakes.gov) This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IP-infringing products) and allows you to register for Webinars on protecting IP.
- The U.S. Commerce Department has positioned IP attachés in key markets around the world. You can get contact information for the IP attaché who covers Bulgaria at: [Michael.rogers@trade.gov](mailto:Michael.rogers@trade.gov)

- Bulgaria remained on the Special 301 Watch List of Countries that do not provide adequate protection of Intellectual Property Rights in 2014. Bulgarian legislation in place to protect IP enforcement is weak and internet piracy in particular is widespread. Crimes that are discovered most frequently are punished through an administrative process with a low maximum fine, and recidivism is therefore common; Bulgarian authorities have not successfully prosecuted any major criminal IPR case through to sentencing in several years.

Bulgaria is a member of the World Intellectual Property Organization (WIPO) and a signatory to the following agreements:

- Paris Convention for the Protection of Intellectual Property;
- Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcast Organizations;
- Geneva Phonograms Convention;
- Madrid Agreement for the Repression of False or Deceptive Indications of Source of Goods;
- Madrid Agreement and Protocol on the Registration of Trademarks;
- Nice agreement on the International Trademark Classification
- Madrid Agreement on the International Classification and Registration of Trademarks;
- Patent Cooperation Treaty;
- Universal Copyright Convention;
- Bern Convention for the Protection of Literary and Artistic Works;
- Lisbon Agreement for the Protection of Appellations of Origin and their International Registration;
- Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purpose of Patent Protection;
- Nairobi Treaty on the Protection of the Olympic Symbol;
- Vienna Agreement Establishing an International Classification of the Figurative Elements of Marks;
- Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks;
- Strasbourg Agreement Concerning the International Patent Classification;
- Locarno Agreement Establishing an International Classification for Industrial Designs;
- WIPO Copyright Treaty; and
- WIPO Performances and Phonograms Treaty.

## Due Diligence

[Return to top](#)

The U.S. Commercial Service offers the International Company Profile service for evaluating potential business partners. See [www.export.gov/Bulgaria](http://www.export.gov/Bulgaria) for more information.

There is only one internationally recognized credit-reporting agency in Bulgaria, Credit Reform Bulgaria <http://www.creditreform.bg/en/index>, headquartered in Germany, although there are new companies that have advertised their ability to check corporate references and provide corporate financial data. As of 2012 Creditreform Rating AG and BCRA - Credit Rating Agency AD have established a European Rating Network.

The official database online source called DAXY ([www.daxy.com](http://www.daxy.com)) provides information on official court, tax, address registration of Bulgarian companies, major shareholders, balance

sheets, direct and indirect connections between and among managers and other Bulgarian companies and other public information.

More and more Bulgarian companies are registering with Dun and Bradstreet register and can be viewed on ([www.dandb.com](http://www.dandb.com)).

An agency called the Financial Intelligence Agency (FIA) (member of the international EGMONT Group) was established in the Ministry of Finance in 2001 by virtue of the Law on Amendments and Complements to the Law on Measures against Money Laundering (LMML). Under December 2007 legislation, FIA was transferred to the new State Agency for State Security (DANS) (<http://www.dans.bg/en>) and was renamed, as currently its name is Special Administrative Directorate Financial Intelligence ("SADFI"). The SADFI receives, saves, examines, analyses and discloses to law enforcement bodies information connected with suspicion of money laundering or financing of terrorist activities. SADFI also carries out international exchange of financial intelligence information and performs control over persons under article 3, paragraphs 1 and 2 of the LMML with regard to the compliance with anti-money laundering measures and measures against financing terrorist activities.

## Local Professional Services

[Return to top](#)

The American Chamber of Commerce in Bulgaria (AmCham) maintains a membership list that can be sorted by product and service. The AmCham web site <http://www.amcham.bg> is a good place to start when looking for legal and other business services in Bulgaria. From the AmCham home page, click on "About us" then "Members list" for a directory of local professional services.

The Commercial Service also keeps a list of Business Service Providers on its website that may be of interest. Please go to [http://export.gov/bulgaria/businessserviceprovidersinbulgaria/eg\\_bg\\_031937.asp](http://export.gov/bulgaria/businessserviceprovidersinbulgaria/eg_bg_031937.asp)

## Web Resources

[Return to top](#)

<http://sofia.usembassy.gov/> (U.S. Embassy, Sofia)  
<http://www.export.gov/bulgaria> (U.S. Commercial Service, Sofia)  
<http://www.export.gov/europeanunion> (U.S. Mission to the EU, Brussels)  
<http://www.government.bg> (Bulgarian Government English language site)  
<http://www.amcham.bg> (American Chamber of Commerce in Bulgaria)  
<http://www.bcci.bg> (Bulgarian Chamber of Commerce and Industry)  
<http://www.bia-bg.com> (Bulgarian Industrial Association)  
<http://www.daxy.com> (business, financial and tax registration of Bulgarian companies)  
<http://www.creditreform.bg/en/index.jsp> (credit-reporting agency)  
<http://www.dandb.com>  
[http://ec.europa.eu/internal\\_market/consultations/2011/intellectual\\_property\\_rights\\_en](http://ec.europa.eu/internal_market/consultations/2011/intellectual_property_rights_en)  
<http://www.export.gov/europeanunion>  
<https://ec.europa.eu/digital-agenda/sites/digital-agenda/files/BU%20internet%20use.pdf>

[Return to table of contents](#)

# Chapter 4: Leading Sectors for U.S. Export and Investment

## Commercial Sectors

- [Agricultural Equipment](#)
- [Healthcare](#)
- [Environmental Technologies](#)
- [Information and Communications Technologies](#)
- [Franchising](#)
- [Energy](#)

## 1) Agricultural Equipment

### Overview

[Return to top](#)

The agricultural sector in Bulgaria comprises 5.6% (World Bank [Agriculture Report 2013](#)) of the overall GDP.

Total arable land in Bulgaria is 5 122 983 ha, which is 46.2% of the country surface area (World Bank Agriculture Report 2013).

The agricultural machinery market in Bulgaria is rather competitive. Most of the well-known worldwide agriculture equipment manufacturers are present on the domestic market. It is perceived that 15-20 top agricultural machinery manufacturers are competing for 20 000 potential customers.

In the past two years, the Bulgarian agriculture machinery market experienced an unprecedented boom resulting from:

- An excellent harvest in 2010 through 2013
- An increase in prices for agricultural products Good long-term reputation and marketing strategy of German agriculture machinery importers. German tractors and agricultural machinery make up to 40 % of total imports.
- Allocation of EU funding for the development of Rural Areas including subsidized purchase of equipment
- Market launch of the best US made farming equipment from companies like John Deere, Titan Machinery, Massey Ferguson, GSI etc.

There are two major groups of agriculture equipment, which drive the Bulgarian agriculture equipment market and identify its future trends: tractors and combines.

There is a third subgroup for irrigation equipment of which the development is tied to the status of the first subgroups.

	2011	2012	2013	2014 (estimated)
Total Market Size	73 883	77 829	77 280	n/a
Total Local Production	10 559	n/a	n/a	n/a
Total Exports	n/a	n/a	n/a	n/a
Total Imports	63 324	77 829	77 280	Statistics predict upward trend
Imports from the US (in US dollars)	13 841 998	11 296 562	10 627 626	n/a
Exchange Rate: 1USD	1.4786 BGN	1.4501 BGN	1.4271	

**Note:** Publically available data in Bulgaria is scarce and unreliable. These figures have been estimated using available information and industry contacts

**Remark:** After 2011 Bulgaria has not registered any data about the local production

For the past three years the market for agricultural machinery in Bulgaria was stable with upward trend, but importers are reluctant to make longer term predictions on its dynamics, due to the fact that it is entirely import dependent and in correlation with the EU funding and national co-payment preparedness.

**Note:** Statistical data in Bulgaria is scarce and unreliable. These figures have been estimated using available information and industry contacts

## Sub-Sector Best Prospects

[Return to top](#)

### Combines

The average density per hectare for total grain area is one combine per 163 hectares. For comparison the average combine density in Germany is one combine per 30 hectares, in France – per 52 hectares, in Italy - per 68 hectares, in Spain and United Kingdom – per 71 hectares, and in Greece and Portugal – per 130 hectares.

The crop yield efficiency is highly dependent on the overall technical condition of the agriculture equipment and of the timely crop harvesting.

Unlike the agricultural land in U.S. and in some EU countries, Bulgarian agricultural land is used more intensively since almost all farms have both winter and spring crops in their crop rotation. For this reason, time (which is very limited) is critically important for quality of field work, and this challenge is usually met by purchases of highly efficient modern equipment which can work fast and at high quality rate.

The average age of the combines in Bulgaria is 18 years (44% are older than 20 years, and 81% of them are with outdated technology (Niva – SK 5 (Russian) and Fortschritt, series E (East German)).

Over 75% of all combines, which are now used by Bulgarian farmers, are older than 10 years, and have a low technical coefficient and safety factor, and are high maintenance cost and fuel inefficient.

Modernization and upgrading of Bulgarian combines started in 1989.

938 new combines were imported in 1989, from 2003 to 2007 the number of new combines imported was 150 per annum and for 2008 and 2009 their number increased by another 641. The total number of combines in Bulgaria as of June 2010 was 9697, which increased to 10719 (grain combines) by the end of 2013.

Almost all new imports were the highest class combines, which allowed for a daily yield of 50-60 hectares grain area.

Major importers are:

- Megatron Ltd. (John Deere, Bobcat, Kuhn, Storm, Geringhoff, Perard)
- Titan Machinery Bulgaria AD (Case IH, Vaderstad, Tecnomat, Kverneland, Salford)
- Zlateks OOD (FENDT, Rabe, Krone, Farmtech, Kerner)
- Rapid KB OOD (Amazone, Bergmann, Berthoud, Claas, Farwick, Regent)
- Vareks OOD (Challenger, Laverda, Valtra, Great Plains, Goizin, Seppi M, Capello, Gasparido)
- Farmer 2000 (Massey Ferguson, Manitou, Miller, Kinze, Farmet, Antonio Carraro, Kurt, Glaucho)
- NIK90 – (Valmont) irrigation equipment

### **Tractors**

The average age of tractors at present is approx. 18 years. More specifically 52 248 tractors (i.e. 80% of the whole fleet) are over 10 years of age.

The opinion of experts in the sector is that in short to medium term the average age of tractors should become 10 years, which translates into the need for quick modernization and upgrade.

At present one tractor cultivates 62.7 hectares land in Bulgaria, while in Portugal and Greece the density is 1 tractor per 16 hectares land, in Germany -11.6, in France 15.3 hectares etc. The energy efficiency of one tractor in Bulgaria is 138.9 KW/100 hectares while in Europe it is 240 KW/100 hectares.

The total number of tractors (wheel and crawler type) at the end of 2013 in Bulgaria was 66561.

For the last 8 years modernization of tractors in Bulgaria has been slow – only 8 to 10% of the overall tractors' pool has been replaced by newer ones. In 2013 only 3% of tractors have been replaced by new ones.

Experts in Bulgaria consider that for 2013-2015 timeframe Bulgarian farmers need to invest in 100 000 KW tractors capacity annually to reach the average EU density rate.

In view of energy prices, the overall the aim is to import more energy efficient agriculture machines.

In terms of brand variety almost all worldwide known brands are available on the local market – John Deere, Case, Massey Ferguson, Challenger, Fendt, Claas, Valtra, Belarus along with Chinese, Japanese, Korean and even some Bulgarian made.

### **Trailed and mounted implements**

As of 2009 there were 103,008 such machines in Bulgaria. Their number increased to 121896 at the end of 2013.

In 2004, 83.4% of the implements used to be older than ten years. In 2011, this number has dropped to 75% and at the end of 2012 their number is further reduced to 69.8%.

## **Opportunities**

[Return to top](#)

For the past three years the market for agricultural machinery was stable with upward trend, but importers are reluctant to make longer term predictions on its dynamics. Over the past three years there has been an upward trend in the registration of new tractors and tractor trailers, manure spreaders and tillage machines, seeders and sprayers. However, new harvester production has stalled. There is a decrease in the registration of used farm machinery, except for sprinklers and manure spreaders machines.

Agriculture land is undergoing constant consolidation and farmers are motivated to go for large capacity and more efficient high-tech machines, which translates into expectations for a stable upward trend of imports.

In addition, the very high yields of the past 20 years, higher profits have encouraged farmers to invest in the latest agricultural machinery, but the supply segment of that market has not kept up with the demand.

A new phenomenon on the market is seasonal demand for second hand agricultural equipment until new high-tech machines become available.

## Web Resources

[Return to top](#)

- [www.mzh.government.bg](http://www.mzh.government.bg) (Ministry of Agriculture)
- [www.investbg.government.bg](http://www.investbg.government.bg) (Bulgarian Investment Agency)
- [www.mee.government.bg](http://www.mee.government.bg) (Ministry of Economy)
- <http://www.tradingeconomics.com/bulgaria/agricultural-machinery-tractors-per-100-sq-km-of-arable-land-wb-data.html>

## 2) Healthcare

### Overview

[Return to top](#)

Following a five-year trend since 2009, Bulgaria's healthcare budget for 2014 remained at 4% of GDP. In 2009 and 2010 it amounted to 1.573 billion EUR and 1.329 billion EUR respectively. The healthcare budget for 2011 amounted to 1.659 billion EUR (4.2% of GDP). It increased to 1.875 billion EUR in 2012 and in 2013 it reached 1.607 billion (4.1% of the GDP).

Individual segments of the healthcare market indicate a slight increase. This refers mainly to the pharmaceuticals market with a trend of 3 - 5% increase per IMS Health prognosis.

According to Eurostat data, Bulgaria's public spending in the health sector as a percentage of GDP is lower than that in other EU countries, but its rate of increase for the 2007–2011 period is the highest in comparison to the rest of the European Union.

With the implementation of the EU directive on cross-border healthcare, the way healthcare in Europe is planned and the range of providers to which patients have access could look very different in the years to come.

The directive outlines the right of patients to receive healthcare in other EU member states. Legislation that will extend patient choice beyond national borders, with significant implications for both National Health Service commissioners and providers, came into force in October 2013.

The short-term negotiations between the NHIF and market authorization holders (i.e. drug producers) appear to have concluded by the end of December 2013. However, the Ministry of Health is looking at new ways to extend these negotiations to include non-fully reimbursed drugs and increase patients' authorization to co-payment, thus providing better access to modern biotech drugs

### National Healthcare insurance system

	2012	2013	2014 (estimated)	2015 (estimated)
Total Income	3 894 632	3 929 000	4 028 703	n/a
Total Expenses	4 588 095	4 643 220	n/a	n/a

**Note:** Publically available data in Bulgaria is scarce and unreliable. These figures have been estimated using available information and industry contacts

### Pharmaceutical Trade data

- In thousand dollars

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	161.27	38.67		
Total Local Production	n/a	n/a	n/a	n/a
Total Exports	889.5	1 106.25	1 364	1 670.49
Total Imports	1 050.77	1 144. 92	1 180.80	1 229.13
Imports from the US	0.73%	1.22%	0.37%	

**Remark:** Individual segments of the healthcare market indicate a slight increase. This refers mainly to the *pharmaceuticals market with a trend of 3 - 5% increase per IMS Health prognosis.*

**Note:** Publically available data in Bulgaria is scarce and unreliable. These figures have been estimated using available information and industry contacts

## Medical equipment/Devices

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	n/a	n/a	n/a	n/a
Total Local Production	n/a	n/a	n/a	n/a
Total Exports	5 738 651	4 098 658	5 631 983	n/a
Total Imports	n/a	n/a	n/a	n/a
Imports from the US (as a percentage of the total imports)	7.9%	6.43%	5.55%	

**Note:** Publically available data in Bulgaria is scarce and unreliable. These figures have been estimated using available information and industry contacts

The short and long term development of the healthcare sector in Bulgaria is strongly determined by healthcare reform, a fundamental reform aiming at an efficient allocation and expenditure of healthcare assigned funds, improvement of primary and ambulatory care, reform of the existing hospital system, introduction of eHealth and mHealth tools, improvement of the National Health Insurance Fund's operational efficiency, and strengthening the institutional capacity of all healthcare related institutions. The current government has announced it is interested in accomplishing some of these improvements through Public-Private Partnerships.

The health sector reform has several components, the first one being reform and sustainability of the primary and ambulatory care sector. It provides equipment for primary health care, funds physicians' office information systems, provides training in general practitioner (GP) management, funds an information campaign, finances a health reform investment program to provide low-interest loans to physicians, and funds a labor adjustment strategy.

The second component targets reform of the hospital system, including: funding hospital information systems, financing a health reform investment program, reduction in the number of hospitals, optimizing their functionality and funding a labor adjustment strategy.

The third component aims at assisting the National Health Insurance Fund (NHIF) to establish the technological infrastructure to operate the insurance system, including the hardware and software systems needed as well as the training and technical assistance required.

The fourth component aims at strengthening the management and institutional capacity of the Health Ministry, the NHIF, and the health system in general.

### **Sub-Sector Best Prospects**

[Return to top](#)

Sub-sector best prospects in healthcare include, but are not limited to clinical research and monitoring, pharmaceuticals and hospital equipment, homecare equipment, emergency equipment, telemedicine and eHealth systems, mobile veterinary equipment and real-time PCR veterinary tests for pandemic diseases.

### **Opportunities**

[Return to top](#)

The healthcare reform in Bulgaria is driving demand in the following areas:

- invasive and noninvasive surgery equipment, ultrasound equipment, in-vitro diagnostic equipment, urology equipment, laboratory and testing equipment, diagnostic imaging equipment, equipment for kidney treatment, tissue and blood bank related equipment, veterinary turnkey project equipment, hospital care equipment, information systems, modern patient monitoring systems, hospital management systems, new high tech products such as laser instruments, magnetic resonance picture imaging apparatus and computerized systems for cosmetic, aesthetic and restorative medicine including such for dentistry.
- X-ray systems, dental mechanical tools and instruments, dental surgery services, surgical tools, chairs, ultrasound equipment, photopolymer equipment, physiotherapy equipment, abrasive tools, maxillary surgery, anesthetics, sterilizing equipment, fittings, appliances, metal workplaces, ceramic work places and plastic workplaces
- Telemedicine and introduction of healthcare portal to be based on unified healthcare database files for every Bulgarian citizen fully compatible with EU standards
- Development of eHealth/mhealth/Health2.0

Healthcare professionals, social and business society have voiced their determination to introduce eHealthcare, which they believe will ensure patients' better access to quality health services and will improve value-for-money in health spending. The process began in 2012 with the development of electronic birth registers and of invasive cardiology procedures as well as with various activities associated with the development of electronic registers of medical devices and of patients with particular diseases such as persons with mental disorders. The next phase would be completion of the integrated system for data collection and processing at the national level. This integrated information system would enable exchange of information in real time. It will gather data about health services provided, the number of patients serviced, and the cost of diagnostics and treatment. The next step in the e-Healthcare project implementation is the electronic prescription.

It is expected that the Bulgarian Ministry of Agriculture and Food soon will introduce measures concerning sanitation and eradication of pandemic diseases. As the entry point to the EU veterinary markets, Bulgaria is mandated to carefully and strictly undertake sanitation and eradication measures of any possible veterinary pandemic diseases such as Classic Swine Fever, Foot-and-Mouth disease, Bird Flu.

## Opportunities

[Return to top](#)

Ministry of Healthcare - [www.mh.government.bg](http://www.mh.government.bg)

National Health Insurance Fund (NHIF) – [www.nhif.bg](http://www.nhif.bg)

Bulgarian Drug Agency – [www.bda.bg](http://www.bda.bg)

Veterinary Institute with Ministry of Agriculture and Forestry – [www.mzh.government.bg](http://www.mzh.government.bg)

Ministry of Healthcare - [www.mh.government.bg](http://www.mh.government.bg)

National Health Insurance Fund (NHIF) – [www.nhif.bg](http://www.nhif.bg)

Bulgarian Drug Agency – [www.bda.bg](http://www.bda.bg)

Veterinary Institute with Ministry of Agriculture and Forestry – [www.mzh.government.bg](http://www.mzh.government.bg)

## 3. Environmental Technologies

- in million USD

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	308	320	310	320
Total Local Production	6	8	8	9
Total Exports	n/a	n/a	n/a	n/a
Total Imports	190	210	\$200 mln	210
Imports from the US	1.8	0.5	0.2	n/a

**Note:** Publically available data in Bulgaria is scarce and unreliable. These figures have been estimated using available information and industry contacts

## Overview

[Return to top](#)

Bulgaria's accession to the EU was a major impetus for large-scale environmental remediation and implementation of new environmental standards in Bulgaria. Bulgaria will have to invest major funds to meet EU environmental requirements, some of the funding coming from EU funds for environmental water and waste infrastructure projects. Bulgaria will need to import almost all of the technology for these projects, and U.S. companies that possess world-class technology, equipment, services and systems at competitive prices will be best poised to benefit from these opportunities.

The Ministry of Environment and Water (MOEW), together with other state institutions, representatives of NGOs and other partners are developing the new Operational Program on Environment (OPE) 2014-2020. The EU will provide substantial funding for water, wastewater, waste management and biodiversity projects. The overall amount of the funding is EUR 1,271 billion. The main challenges are creating a competitive low carbon economy, in which resources are used in an efficient and sustainable way, protecting the environment, reducing carbon dioxide emissions and preventing the loss of biodiversity. The EU operational program is currently suspended, but is expected to back on track in the coming year.

## Market opportunities

[Return to top](#)

Bulgaria boasts a well-educated labor force, one of the lowest wage rates in EU, and a strategic geographical location. EU membership offers additional opportunities as Structural and Cohesion funds are funding major infrastructure projects.

## Sub-Sector Best Prospects

[Return to top](#)

Air:

The air pollution control sector will provide opportunities for construction of air-pollution control installations at various industrial facilities.

Water and wastewater:

Most industries in Bulgaria need to construct or upgrade their wastewater treatment facilities in order to meet new EU requirements. Urban wastewater treatment plants are planned for hundreds of cities and towns with population equivalent of above 2,000. The aim is to provide the required level of treatment according to European Directive on Urban Wastewater. Financing of water infrastructure in an extraordinary degree depends on master plans that will identify needs of the given agglomerations. The OPE will provide funding to both the standard solutions for wastewater treatment and the solutions that are innovative and are less expensive. Furthermore, it strives to support business innovation aimed at improving the environment and resource efficiency. There are EU funds for the construction and rehabilitation of water

supply/sewage networks at many municipalities. The Bulgarian municipalities will tender these projects as design and build projects. Price is a leading factor in winning these tenders.

There is funding for construction or rehabilitation of sludge treatment facilities, wastewater treatment plants, and biomass utilization projects.

Solid waste:

Currently, Bulgaria utilizes landfills for the disposal of municipal waste. The EU requires Bulgaria to decrease the number of landfills and build regional landfills for a group of municipalities. There is a critical need to find more environmentally friendly ways to handle hazardous, solid, and industrial waste, such as waste-to-energy projects, recycling, and waste minimization. There are a few projects underway for the construction of solid waste treatment plants but nothings has been finalized yet. The market is not very receptive of composting projects.

Here are some of the OPE priorities –construction of municipal systems for separate collection of biodegradable waste, construction of plants for pre-treatment (sorting, separation) of waste, including improvements to already existing transfer stations; construction of plants for pre-treatment (sorting, separation) of hazardous waste from the waste stream.

Municipalities, regional associations of municipalities, waste management structures and small and medium enterprises are beneficiaries to the OPE for waste management projects

## Web Resources

[Return to top](#)

Ministry of Environment and Water-- <http://www.moew.government.bg/?&lang=en>

## 4. Information and Communications Technologies

- In billion USD

	2012	2013	2014 – to present	2015 (estimated)
Total Market Size	1	1.6	1.1	1.2
Total Local Production	n/a	n/a	n/a	n/a
Total Exports	0.189	0.231	0.250	0.268
Total Imports	n/a	n/a	n/a	n/a
Imports from the US	0.013	0.09	0.019	n/a

**Note:** Publicly available data in Bulgaria is scarce and unreliable. These figures have been estimated using available information and industry contacts



## Overview

[Return to top](#)

As Bulgarian companies must increase their competitiveness in the EU, and the Bulgarian Government must comply with EU directives and legislation on various aspects of the digital economy, new and expanded opportunities exist in the ICT sector. Bulgaria has a long tradition in the IT sector and electronics and it is still known as the Silicon Valley of Southeastern Europe. Bulgaria's ICT sector is one that proved to be the most flexible and prepared for the crisis. The ICT sector revenue amounts to about 10% of the total GDP. After its penetration in Bulgaria many Bulgarian ICT companies were ready to counter the difficulties with successful partnerships and projects abroad. Bulgaria has a highly-qualified and inexpensive pool of IT specialists working in the field, but as the sector has expanded, the education system has not kept up and the number of available jobs soon will exceed the number of graduates in IT fields.

International ICT companies find Bulgaria attractive because of the 0% export tax, low costs and skilled local workforce.

A number of foreign companies are opening global call/service centers in Bulgaria. There are opportunities for participation in tenders for sale of computers, peripherals, software, servers and other hardware technologies for government procurement. Moreover, the Bulgarian Government and many private companies have taken various information and communication initiatives that will provide major opportunities. The EU Operational Program on Good Governance and the EU Program on Rural Development have allocated funding for broadband access throughout Bulgaria, e-government and other ICT projects. There is EU funding for innovations and broadband access.

## Sub-Sector Best Prospects

[Return to top](#)

Sub-sectors of emerging importance include cybersecurity, e-health, e-education, automotive electronics, intelligent transportation and smart grid technologies.

Additional best prospects for U.S. providers include broadband Internet access technologies; consumer electronics (mainly smart phones and tablets); educational software; software for the financial services sector; ERP software; analytical software; telecommunications equipment; innovation center set-up services, and others.

## Opportunities

[Return to top](#)

There are opportunities for participation in tenders for sale of computers, peripherals, servers and other hardware technologies for government procurement. Moreover, the Bulgarian Government and many private companies have taken various information and communication initiatives that will provide major opportunities. The EU Operational Program on Regional Development may have funding for broadband access for remote areas and the EU Operational Program on Administrative Capacity may provide funds for the e-government project.

## Web Resources

[Return to top](#)

Ministry of Transport and IT-- <http://www.mtitc.government.bg>

## 5. Franchising

- **By the numbers**

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	n/a	n/a	n/a	n/a
Total Franchisors	92	110	120	n/a
Total Franchisees in BG	144	180	185	n/a
US Franchisors	15	16	17	n/a

**Note:** Publically available data in Bulgaria is scarce and unreliable. These figures have been estimated using available information and industry contacts

### Overview

[Return to top](#)

Franchising in Bulgaria has been growing by more than 20% annually for five years in a row, according to a survey by Franchising.bg, a local consultancy company.

The first international franchisors appeared in Bulgaria during the Soviet era, and included Sheraton Hotel and Coca-Cola. Despite this 30-year franchise history, most international franchises have opened relatively recently, and between 2006 and 2012 their number more than doubled. Since then, the market for franchises has grown even faster, and in 2012 the total number of franchise units (of both international and domestic companies) increased to 3348. While the financial crisis certainly hurt the industry, and forced approximately 8% of franchisors local experts suggest that in 2014 the number of franchise units will increase. The recession hit real estate franchisors hardest, due to their reliance on cheap credit, and had the least effect on fast food franchises.

In terms of attracting new franchisors, Bulgaria has a strong potential for U.S. companies. Recent years (excluding the financial crisis) have seen significant increases in disposable income and the growth of a middle class lifestyle that is receptive to western brands. Because of their western image, brands that compete in the United States based on price can sometimes charge higher prices in Bulgaria. Although in recent years several international companies have opened branches, the Bulgarian market for international franchises continues to be largely untapped. As more and more Bulgarians engage in international travel, recognition of American brands continues to grow. Because of their greater name recognition, large international brands are especially attractive to investors. For the same reason, trademark and IP protection can present problems.

Notwithstanding the high number of global franchisers entering the Bulgarian market, about 56% of all franchisees in Bulgaria belong to Bulgarian companies such as Happy restaurants; Eurofootball – a bookmaker; Second Hand Mania – a clothes store chain; Don Domat - a pizza house; Nedelya, Papaya – pastry shops, and Econt – a delivery service.

The average franchising fee in Bulgaria at present is about BGN 17 825 =USD 12,250 (in comparison, the same fee is over USD 40 000 in the USA).

Franchising is most apparent in the fast-food sector with many local and internationally recognized fast-food franchises operating in Bulgaria. For instance, one of the top fast-food chains by number of locations, Subway, has now 34 restaurants in Bulgaria, where McDonald's number of restaurants grew to 37.

The Bulgarian retail market is now ready for the many products and services that are typically marketed and sold internationally through franchise stores. Bulgarian consumers are looking for retailers that can provide a consistent selection of quality products, reasonable prices and good service. Bulgarian entrepreneurs are also eager to obtain marketing and management expertise. The Bulgarian legal framework is very accommodating to foreign franchises. Currently, there are no franchise laws or specific regulations pertaining to this business model. In general, no specific registration or government approval is required in order to establish a franchise enterprise.

Among the most visible brands in Bulgaria are: KFC, Dunkin Donuts, Subway, Domino's Pizza, Berlitz, ERA, Century 21, Remax, GNC, and Wilson Learning. The recent entry of Accore Hotels(1), RIU Hotels(5), Double Tree by Hilton(1), Best Western hotels (9) Holiday Inn, Subway, Dale Carnegie, Domino's Pizza and Starbucks, demonstrate that the franchise concept is becoming popular as the local market matures. McDonald's is the most visible franchise around the country employing over 1,000 Bulgarians and serving over 6 million customers a year. Dunkin Donuts, KFC and Burger King Restaurants benefited from a strong attendance due to the increased new malls construction in few big cities like Sofia, Stara Zagora, Plovdiv and Bourgas.

### **Sub-Sector Best Prospects**

[Return to top](#)

Sectors with the most significant potential for U.S. franchisers include automotive products and services, restaurants, coffee shops, lodging (hotels), laundry/dry-cleaning, hotel management, real estate brokerage, nutrition and supplement industry products, and employment/educational/training services. Good franchise opportunities also include convenience stores, ice cream/yogurt stores, hardware stores, marketing/public relations, specialty retail stores, commercial and residential cleaning, recreation facilities/equipment and services, baked foods, candy and snacks.

<http://expo.franchising.bg> Franchising Expo in Bulgaria

[www.franchising.bg](http://www.franchising.bg) Franchise Opportunities in Bulgaria

## **6. Energy**

Bulgaria as a European Union member state is expected to implement the Union's energy policy and in meeting its complex regulatory, energy efficiency and climate change objectives. That position is challenging, but it also presents decision-makers in Sofia and foreign companies interested in the Bulgarian energy market with opportunities.

Bulgaria's energy market remains heavily monopolistic and there is virtually no price discovery on free markets in the country. There is a regulated and an unregulated (free) segment of the market. Prices on the regulated market (the largest of the two market segments) are fixed, reference or formula-based, indicating the very low levels of competition in the energy sector. The regulatory regime is unpredictable, and American companies have faced problems with enforcing existing contracts.

Bulgaria has a fairly diverse energy mix, but it is highly dependent on imported fuels from a single source (oil and natural gas from Russia). In fact, Bulgaria's energy dependency is below the EU-28 average, but only due to the fact that nuclear fuel is considered a local energy source, which is not the case, as Bulgaria is 100% dependent on Russia for its nuclear fuel, technology, and high-grade radioactive waste management.

Domestic production includes nuclear energy and solid fuels (lignite coal), which are also the main fuels for electricity generation, as well as small quantities of gas. The role of renewable energy sources (wind, solar, biomass, and hydro) has been increasing in recent years, and renewables now make up nearly 20 percent of the electricity produced in Bulgaria. However, since January 1, 2014, renewables producers are subject to a 20 percent tax on their revenues, which has made investments in this sector less profitable.

Final energy consumption has decreased slightly in recent years, with the transport sector being the most energy-consuming sector, followed by the industry and the household sector. The share of the industry in final energy consumption has notably decreased since 2007, while energy consumption in the household sector has increased. Bulgaria's role as electricity exporter in the region decreased following the closure of two nuclear reactors as part of an agreement for EU accession, but the country is still a net exporter of electricity to neighboring countries. There are plans to restore nuclear capacity through construction of a new capacity or a new unit at the existing nuclear power plant (NPP).

Energy efficiency and energy security are critical to Bulgaria's productivity and competitiveness in the long-run. Secure, affordable, and environmentally friendly energy supplies will accelerate Bulgaria's recovery from the economic crisis and return to sustainable growth rates.

Currently, most of the thermal electricity generation capacity is privatized, and the new renewables sector (wind, solar, small hydro, and biomass) is fully private. Large hydropower plants and nuclear plants are still state owned. All of the electricity distribution companies are in private hands. Currently, there is about 12,668 MW of installed capacity in Bulgaria. The existing generation assets in Bulgaria have been sufficient to meet and exceed domestic demand, and they have created opportunities for a significant export of electricity.

## **Gas**

Bulgaria's domestic market for natural gas is only 3 billion cubic meters (bcm) per year, ninety percent of which is currently provided by Russia, but the country has an extensive system of transit gas pipelines that serves mostly heating utilities and industry as well as the needs of neighboring Turkey, Greece, and Macedonia (also with Russian gas). According to the baseline estimations, by 2022 Bulgaria will need 4.5 billion cubic meters of gas per year, but local production will account for only 1.5 billion. The best prospects for new discoveries of conventional natural gas are located offshore, most of which has yet to see a well drilled. Some depleted fields are being considered for construction of underground gas storage (UGS) and there are plans to expand the only existing UGS located at Chiren. USD330 million (EUR250 million) would be needed to expand the storage facility in Chiren. Bulgaria currently has a legal moratorium against exploration for unconventional gas from shale via hydraulic fracturing.

## **Oil**

The domestic oil resources in Bulgaria are very limited (about 15 million barrels) and production is marginal. Import, export, and trade in crude oil and refined products are completely liberalized. All of the crude oil and considerable quantities of refined products are imported from Russia. Russia's Lukoil also own the only refinery in the country. Bulgaria strives to become an oil producer and in 2012 awarded 5-year licenses for offshore oil and gas exploration to French TOTAL, in the location 1-21 Khan Asparouh. Two other companies, the Spanish Repsol and the Austrian OMV, are included as partners. According to these companies' estimates, 100 billion cubic meters of recoverable reserves lie beneath these waters, along with significant amounts of oil.

## **Smart Grids**

The existing Energy Strategy of Bulgaria foresees the replacement of ordinary power transmission networks with smart grids that will help Bulgaria achieve energy independence and also flexibility. According to the National Action Plan on Renewable Energy Sources, smart grids were planned to be deployed in Bulgaria in 2012, but this never happened due to lack of resources. Bulgaria will seek EU funds for the replacement of conventional electricity meters with smart ones. Without money from the EU however, the cost of replacing electricity meters with smart meters will be carried by the consumers of the providers via higher bills. The distribution companies operating on the territory of Bulgaria CEZ, EVN and Energo-Pro will have to seek funds and devices to this end.

## **Nuclear Energy**

The existing 2011 Bulgarian National Energy Strategy provides that nuclear energy will be supported institutionally because it is a promising resource for generation of emission-free electricity, but also because of the successful operation of nuclear plants and the capability of plant operations over the years. That support is contingent upon applying high standards for security, safety, nuclear waste management and decommissioning.

According to the existing National Energy Strategy, Bulgaria strongly considers using nuclear energy based on the extension of life of units 5 and 6 and building of new units. The main activities in the field of nuclear energy are related to the safe operation of the existing two units (5 and 6) at the Kozloduy NPP and decommissioning. Bulgaria has a total of 4 reactors to decommission (they are at various stages of being decommissioned, but 3 and 4 are just starting). The Government is currently in exclusive negotiations with Westinghouse over the construction of a new unit at the Kozloduy NPP using U.S. technology, and this project is likely to generate opportunities for hundreds of sub-contracts to local and international companies. Bulgaria's nuclear sector also offers excellent opportunities in the area of nuclear safety and radiation protection, as well technical support of the regulatory body and of the education system in related fields.

## **Biomass**

With recent changes in law and strong government support for biomass sector, Bulgaria could become a promising biomass energy market in the next few years in the regulatory system does not remain unstable. In view of maturing biomass markets in Germany, Austria, France, UK, Czech Republic, Slovakia and Italy, Bulgaria represents a stable investment environment in South-East Europe with clear rules and fair FIT rates. Currently, in Bulgaria total installed biomass capacity for electricity generation is less than 7 MW presenting huge growth opportunities for the next 2 years.

## **Energy Efficiency**

Bulgaria's energy intensity remains the highest in the EU (four times the EU average if using GDP at real prices) and there are energy savings opportunities across the whole economy and energy chain. Challenges to the efficient transformation and use of energy have been persistent in the transport, residential, and industrial sectors.

## **Electricity generation**

The EU has mandated full liberalization of the Bulgarian market by Jan. 1, 2015, which will likely usher in still higher prices, and Brussels is seeking to untangle Bulgaria's energy situation to ease the transition.

Currently, the power sector in Bulgaria faces a number of challenges, which can be addressed via the integration of smart grid technologies and specific balancing capacities. The Bulgarian electric power system incurs many non-technical losses (NTL).

## **Transmission grid**

Bulgaria's transmission lines are operating across great distances, resulting in high energy losses. To connect the planned new generation facilities to the grid, Bulgaria has to increase the transmission system capacity. However, investments in traditional transmission capacity alone will not be enough to guarantee the system's stability because of the intermittent nature of the many new renewable energy power plants. An integrated strategy of smart grid development would help secure transmission system reliability.

Ownership of the grid was transferred from the National Electric Company to the Electricity System Operator (ESO). ESO currently owns and operates the high voltage grid and is responsible for its maintenance and development. The low voltage grid is operated and maintained by three utility companies (CEZ, EVN, and EnergoPro) that are natural monopolies in Bulgaria. There are opportunities for U.S. companies to participate in the rehabilitation and extension of the Bulgarian power transmission network. The EU provides funding for a number of projects of "common interest" to its member states, which is an effective incentive for investing in the development of the transmission grid. Distribution grids are maintained by private utility companies, which are currently subject to regulatory action that is likely to reduce their profitability.

## **Coal**

The State-owned Maritsa East 2 TPP announced plans to acquire a 50-million BGN (USD 34.7 million) loan to finance partial modernization activities, which will allow the TPP to comply with EU regulations on harmful emissions (more specifically, NOx emissions entering into force in 2016). The lignite-based largest thermal power plant in the Balkans is planning a construction of two new units at their site (9 and 10). Maritza East 2 TPP is one of the main sources of electricity in Bulgaria, having eight units with installed capacity of 1,600 MW.

Major rehabilitation of existing capacities creates good opportunities for U.S. companies in Bulgaria. Firms providing solutions that will increase Bulgaria's energy independence and energy efficiency will also find excellent opportunities for equipment and services. Bulgaria is looking for energy providers other than Russia to secure its oil and natural gas supplies, amid continuous pressure from Gazprom and Lukoil.

The best prospects for U.S. companies are exports of electrical power systems and activities related to the construction of new power capacities including a new nuclear reactor and related subcontracts; energy network design and construction; co-generation and district heating equipment and technologies; upgrading and maintenance of street lighting; management of spent nuclear fuel; electricity/heat consumption meter reading equipment; smart grid; upgrading of boilers and electro precipitators (solid emission) and supply of Flu Gas desulphurization installations for the thermal energy sector. The coal mining sector and its rehabilitation also provide opportunities for American companies specialized in mining upgrade consulting, as well as mining equipment and technologies and those that can improve the lignite mines' energy efficiency. In the gas sector opportunities include: technology and services for expanding of gas storage capacities; equipment for control of shipment and transit of gas via Ukraine; and services related to construction of gas interconnections with Romania and Greece.

Companies specializing in regulation of power and natural gas utilities; retail energy hedging/trading; oil & gas exploration and production, drilling for conventional gas/oil, equipment and field services, transportation, storage and processing, as well as refining have very good opportunities in the next three years. The services and equipment of US firms in the area of biomass, fuels and bio fuels are also very well received.

It is expected that in the next few years U.S. exporters offering technologies, know-how and other consultancy services in the energy efficiency will be able to expand their presence in Bulgaria. Despite the large market share of European suppliers and manufacturers in the power industry sector, the American producers have favorable prospects for exporting equipment, machinery or services in the area of nuclear reactors, machinery, boilers, mechanical appliances. These exports from the U.S. grew from USD 30,981,831 in 2012 to USD 40,427,656 in 2013.

## Web Resources

[Return to top](#)

Bulgargaz [www.bulgargaz.bg](http://www.bulgargaz.bg)

National Electric Company [www.nek.bg](http://www.nek.bg)

Kozloduy NPP [www.kznpp.org](http://www.kznpp.org)

Ministry of Economy, Energy and Tourism [www.mi.government.bg/](http://www.mi.government.bg/)

State Energy and Water Regulatory Commission [www.dker.bg](http://www.dker.bg)

Energy Efficiency Agency [www.SEEA.government.bg](http://www.SEEA.government.bg)

Bulgarian Wind Energy Association <http://bgwea.org>

[Return to table of contents](#)

## Agricultural sectors

[Return to top](#)

EU membership has had a significant impact on trade in food and agricultural products in Bulgaria. Certain opportunities for U.S. exporters have all but disappeared (beef, poultry) while others have expanded (below). There are also several new market opportunities for new food products. In general, Bulgarian agricultural and food imports from the U.S. will increasingly resemble the profile of U.S. exports to other EU member states that is heavily weighted toward consumer-oriented and high-value products.

In Calendar Year 2013, consumer oriented products and agricultural related products categories accounted for 34 percent and 22 percent, respectively, or for 56 percent of total agricultural exports to Bulgaria. The category of intermediate products registered the highest growth in exports of 45 percent, followed by bulk products, 14 percent. The demand for these products will grow due to the expanding share of disposable income that is taken by retail and food service sectors.

Prior to CY 2013 there was a visible shift in trade and consumption trends within certain product groups toward more expensive, higher-quality products, including distilled spirits, snack foods, tree nuts, seafood, and soft drinks. The trend has slowed since then as a casualty of Europe's economic and financial turmoil. Despite economic challenges, however, and due to persistent AgSofia policy advocacy and marketing efforts, 2013 U.S. agricultural exports increased by 16 percent year –over-year and 20 percent compared to 2011. In the first quarter 2014, U.S. agricultural exports to Bulgaria grew an impressive 69 percent.

Although improvement in the country's general economic situation is projected for 2014, lower-than-average consumer income will continue to be a factor limiting imports of U.S. product.

In 2014, the business environment for trade should reflect more efficiencies as it converges further with EU norms. Trade practices are showing a shift from direct to indirect imports through wholesalers/importers within the EU which have longstanding links with U.S. suppliers. This practical shift reflects efficiencies sought by importers who can source small lot/partial containers quantities at more affordable price.

Due to growing investment and rising demand in the agricultural sector, U.S. export prospects are expected to continue to improve for agricultural inputs, including animal feed and feed additives, bovine and other animal genetic material, live animals, seeds, planting materials, and raw materials such as cotton, wool, powdered milk, and egg powder.

U.S. food products major competition remains products from other EU member states and from increasing output of local products resulting from rising foreign direct investment in this sector.

The following agricultural/food products hold the best market prospects:

#### 1) Distilled spirits

With Bulgaria's accession to the EU, export opportunities in this sector have expanded. In 2013, Bulgaria's imports of distilled spirits (whiskey) reached \$62.3 million, an impressive 17 percent growth over 2012. January 2014 sales show a 44 percent increase over January 2013. In volume terms, 2013 distilled spirits imports grew by 23 percent revealing a clear demand trend towards more expensive, quality products (source: World Trade Atlas).

In 2013, U.S. distilled spirits exports reached a new record of \$6.942 million, or 13 percent greater than in 2012. First quarter 2014, imports show a modest three percent increase over same period 2013 (source: USDA GATS report). The market is stable with assortment of brands on the market high, and prospects for increasing levels of imports strong.

With EU accession, import duties declined to zero for most products. Competition is strong as EU producers benefit from the same lower tariff levels and more stringent regulatory requirements that assist U.S. products.

#### 2) Nuts/Tree Nuts

The Bulgarian market for U.S. origin tree nuts has grown from \$1.3 million in 2006 to \$8.7 million in 2013. From 2012 to 2013, U.S. exports grew 21 percent. In highest demand are U.S. almonds followed by U.S. pistachios. In 2013, U.S. peanuts were introduced to the market, growing from none to \$1.99 million. Add in processed peanuts, U.S. peanut trade totaled \$2.7 million. In the first quarter 2014, U.S. tree nut imports expanded 11 percent.

Expanding availability via more food service outlets, rising tourism and a growing middle-income class translates to expanding demand. In 2014 prospects for U.S. supplies remain strong due to U.S.' recognized quality, a favorable tariff and regulatory regime, a lack of local competition and growing demand.

### 3) Wine

Since 2012 the wine market has enjoyed steady growth along with increased diversity and quality. The high-end imported wine segment showed the most dynamic and strong market presence. In 2013 Bulgaria wine imports reached over \$17.7 million, close to 10 percent in growth over 2012. In January 2014 this growth continued reflecting a four percent increase as compared to same period 2013. In volume terms, imports declined 7.5 percent in 2013, which confirmed the trend towards higher quality wines on the market.

Imported wines have a stable presence on the Bulgarian market due to modern trade development, slowly but steadily improving consumer income, new lifestyle and active promotions. In the food service sector, sales are led by imported wines as strong demand enables that product to compete with select local products. In the retail sector, U.S. wines have limited presence. Although the wine market is not very large, it is highly competitive. Competition comes mainly from Italy, Chile, Spain, France, and South Africa.

### 4) Snacks/Cereals

In the snack food sector, U.S. companies face stiff competition from EU producers. Snack foods generally are sourced from other EU member states, or are produced locally as the result of foreign direct investment (including U.S.). Bulgaria does not have a tradition of producing or consuming high-quality and/or price-competitive snack foods. Consumption, however, has been growing, thanks to changing consumer tastes resulting from broader travel, marketing by snack foods companies, rising incomes, and expanding tourism.

In 2013, U.S. snack foods exports reached \$0.5 million, or 36 percent more than in 2012. In the first quarter of 2014, U.S. exports grew 9 percent over same period 2013. Popcorn comprises the bulk of U.S. snack food imports. Prospects for 2014 remain very good. Local production of confectionery products continues to grow as a result of investment by EU-based companies. Currently, only a few local Bulgarian snack food producers exist but their market share is rising. Local consumers perceive U.S. products as being of high quality and as being of competitive prices. U.S. microwave popcorn, breakfast cereals, and some types of confectionery products are the most popular.

### 5) Prepared food

For 2012 and 2013, U.S. prepared food exports experienced good, stable growth topping over \$1.0 million in both years. For the first quarter of 2014, imports were also excellent with 96 percent increase compared to the respective period in 2013. This category includes products such as soups, mixes for dough, pastry, gelatin and other. The growth is due to development of the local food industry and especially of convenient food segment. Prospects are very good and further growth is expected to continue into the near future.

## 6) Seafood

Over the past 10 years, Bulgaria has been a net importer of fish and seafood. In 2013, the import market topped \$67 million, or 16 percent more than in 2012. In volume terms, imports reached 27,000 MT, or 3 percent over 2012. Still, more than 80 percent of total imports are frozen fish. Over the past three years U.S. seafood exports have remained stable. In 2013, U.S. seafood exports topped \$0.6 million, or 214 percent more than a year earlier. First quarter 2014 data reflects import growth up 253 percent year-over-year. Most imports consist of frozen fish – mackerel, herring, hake, but also lobsters and other higher-end seafood products. In 2009, mackerel import value reached \$2.8 million then dropped in response to a more preferential tariff regime offered to South American suppliers. Actual imports from the U.S. are higher due to transshipments through other EU countries, mainly via Greek and Romanian ports. Prospects for seafood imports remain very good due to steady market development. Demand for seafood is supported by the rapid expansion of retail and food service outlets which sell consumer-ready and ready-to-eat products.

## 7) Pulses

Bulgaria's pulse market is well developed with favorable demand and high per capita consumption. Dry beans and lentils are traditional foods that have seen local production recede in the wake of less expensive imports. U.S. exports of pulses grew from none in 2012 to \$0.5 million in 2013. The first quarter 2014 showed growth close to \$1.0 million. In 2013, total pulse imports reached \$25.5 million, or 20 percent more than in 2012, on 30,000 MT in volume terms. Prospects are very good due to increasing product diversification on the market and developing of consumer taste towards more high value pulses and new products.

## 8) Soft drinks/waters/juices

Soft drinks market is a one of the country's most dynamic. In 2013, soft drinks imports grew to \$62 million, or 12 percent more than in 2012. U.S. exports totaled \$0.33 million however; this reflects a 42 percent growth over 2012. Major market competitors are companies in Austria, Romania, and Serbia whose market share collectively exceeds 70 percent. Proximity (lower freight costs, traditional ties) keys their competitiveness. Waters, juice and energy drink consumption continues to increase in parallel with the rapid development of the hotel/restaurant sector. The Association of Soft Drinks Producers projects local consumption to increase over the next several years. U.S. producers successfully compete with juice concentrates (almost all concentrates are currently imported) as well as with some juices for direct consumption that are of higher quality and can be differentiated from local products. For example, cranberry juice and other frozen juices would be very popular with Bulgarian consumers if they were price competitive.

## 9) Cattle genetics

Over the last three years, Bulgarian dairy farm industry has significantly increased its demand for high quality genetic materials, both for live animals, imported mainly from the EU, and for semen and embryos, imported from the U.S. U.S. genetics share is estimated at over 70 percent (in 2013) of total genetics market. Although the size of the market currently is not big, the potential for growth is substantial. High-tech dairy and beef cattle genetics from genomically tested bulls are showing increased demand. In 2013 U.S. exports grew 107 percent and currently account for 33 percent of total imports. Trade regime (no import duties) and veterinary requirements are favorable, along with fast growing local demand.

## 10) Plant genetics/Planting Seeds

U.S. plant genetics is caught in a thriving agricultural sector. Although imports from the U.S. are limited due to the EU regulatory barriers, certain types of U.S. planting seeds, such as confectionary and some types of oil-bearing sunflower planting seeds, are showing increased demand. In the first quarter of 2014, imports grew sharply higher to \$7.0 million compared to only \$0.3 million annual imports in 2013. Similar trends exist for popcorn genetics as well. In 2013 Bulgaria's total import of corn planting seeds exceeded \$39 million (10,000 MT) with 9 percent annual growth over 2012 and by 81 percent more than in 2011. In 2013 sunflower genetics imports totaled \$61 million with an annual growth of 25 percent compared to 2012 and a three-fold increase than in 2011.

If you would like more information, please contact the Office of Agricultural Affairs at the U.S. Embassy: [agsofia@usda.gov](mailto:agsofia@usda.gov)

## Chapter 5: Trade Regulations, Customs and Standards

- [Import Tariffs](#)
- [Trade Barriers](#)
- [Import Requirements and Documentation](#)
- [U.S. Export Controls](#)
- [Temporary Entry](#)
- [Labeling and Marking Requirements](#)
- [Prohibited and Restricted Imports](#)
- [Customs Regulations and Contact Information](#)
- [Standards](#)
- [Trade Agreements](#)
- [Web Resources](#)

## Import Tariffs

[Return to top](#)

Bulgaria joined the EU on January 1, 2007, and became part of the EU customs union. Most Bulgarian customs provisions were replaced with the respective EU regulations including the Community Customs Code, the Integrated Community Tariff (TARIC) and implementing provisions.

TARIC is designed to show various rules applying to specific products being imported into the customs territory of the EU or, in some cases, when exported from it. To determine if a license is required for a particular product, check the TARIC

.The TARIC can be searched by country of origin, Harmonized System (HS) Code, and product description on the interactive website of the Directorate-General for Taxation and the Customs Union. The online TARIC is updated daily.

Key Link:

[http://ec.europa.eu/taxation\\_customs/customs/customs\\_duties/tariff\\_aspects/customs\\_tariff/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm)

## Trade Barriers

[Return to top](#)

Bulgaria remains a relatively open market, but certain administrative requirements and processes are potential non-tariff trade barriers. The lack of adequate protection of intellectual property, and the need for greater transparency and predictability in the regulatory environment are common market access issues with U.S. firms. This Chapter and the section on standards describe import requirements that may be considered as trade barriers.

For information on existing trade barriers, please see the National Trade Estimate Report on Foreign Trade Barriers, published by USTR and available through the following website: [http://www.ustr.gov/sites/default/files/uploads/reports/2009/NTE/asset\\_upload\\_file348\\_15473.pdf](http://www.ustr.gov/sites/default/files/uploads/reports/2009/NTE/asset_upload_file348_15473.pdf)

Information on agricultural trade barriers can be found at the following website: <http://www.fas.usda.gov/posthome/useu/>

To report existing or new trade barriers and get assistance in removing them, contact either the Trade Compliance Center at <http://www.trade.gov/tcc> or the U.S. Mission to the European Union at <http://www.buyusa.gov/europeanunion> .

Customs valuation is based on the transaction value – the price actually paid or payable for the goods, defined in Bulgarian Leva. The dutiable value consists of the purchase price, transportation costs, insurance charges, commissions, royalties, license fees and all the transportation costs (e.g., loading and unloading). After the calculation of the customs duty, all U.S. imports are subject to a 20% Value Added Tax (VAT), levied at the time of customs clearance. Some commodities are also subject to excise duties.

Goods are declared by a customs declaration either by a commercial or other document. The customs authorities may carry out post-clearance examination of relevant documents or data. Besides the customs declaration, other required documents include an invoice or pro forma invoice, a certificate of origin or a certificate of the movement of the goods in order to take advantage of preferential customs treatment, transport documents, an insurance policy, a specification, an Economic Operators Registration and Identification number (EORI) and a packing list. A veterinary or phyto-sanitary certificate is necessary for goods of animal or plant of origin. Customs authorities may require other documents, such as a commercial treaty or a laboratory analysis.

The European Commission Safety & Security regulations and the Advance Cargo Declaration are mandatory as of January 2011 for all goods leaving, arriving or transiting in the European Community.

A document issued by the competent State authority is required in case the goods are subject to a specific import procedure or a special import regulation is applied (permits, registration).

### Permits (Licenses)

According to Decree 289/2009, a permit is required prior to the entry of the following products: nuclear materials, explosives, arms, dual use commodities, plant protection products, and pharmaceuticals for human medicine. This is a non-automatic licensing process.

Bulgarian Customs exercises control over the export, import, re-export and transit of arms and dual-use goods and technologies. Bulgarian regulations follow the EU list of dual-use goods, which includes goods and technologies in the nuclear weapon, chemical and biological warfare and missile areas. A permit for each transaction (import, export and re-export) and transit with dual-use goods and arms issued by the Commission for Control and Permission for Foreign Transactions in Arms and Dual-use Goods and Technologies of the Ministry of Economy and Energy is required regardless of destination. More information on dual use and arms export control is available from the Interministerial Commission for Export Control and Non-Proliferation of Weapons of Mass Destruction, [www.exportcontrol.bg](http://www.exportcontrol.bg)

In case a company need to know whether your item falls under control, it is necessary to search for items that are comparable (similar) from the Lists of the controlled items, namely:

for import: Decree (CoM) No. 289 / 2009

for export and re-export: Annex I to Council Regulation (EC) No. 428/2009

for transfer: Annex IV of Council Regulation (EC) No. 428/2009

### Special Import/Export Requirements and Certifications

#### REACH

REACH is a major reform of EU chemicals policy that was adopted in December 2006 and became national law in the 27 EU member states in June 2007 (Regulation 1907/2006). Virtually every industrial sector, from automobiles to textiles, is affected by the new policy. REACH stands for the "Registration, Evaluation and Authorization and Restriction of Chemicals." Since June 1, 2008, REACH requires chemicals produced or imported into the EU in volumes above 1 ton per year to be registered with a central European Chemicals Agency (ECHA), including information on their properties, uses and safe ways of handling them. Chemicals pre-registered before December 1, 2008 benefit from extended registration deadlines, from three to eleven years depending on the volume of the substance and its hazardous properties. U.S. companies without a presence in Europe cannot register directly and must have their chemicals registered through their importer or EU-based 'Only Representative of non-EU manufacturer'. A list of Only Representatives can be found on the website of the U.S. Mission to the EU: <http://www.buyusa.gov/europeanunion/reach.html>.

U.S. exporters to the EU should carefully consider the REACH 'Candidate List' of substances of very high concern. Substances on that list are subject to communication requirements, and, at a later stage, may require authorization for the EU market. For more information, see the ECHA website:

[http://echa.europa.eu/chem\\_data/authorisation\\_process/candidate\\_list\\_table\\_en.asp](http://echa.europa.eu/chem_data/authorisation_process/candidate_list_table_en.asp)

## WEEE & RoHS

EU rules on Waste Electrical and Electronic Equipment (WEEE), while not requiring specific customs or import paperwork, may entail a financial obligation for U.S. exporters. They require U.S. exporters to register the products with a national WEEE authority, or arrange for this to be done by a local partner. Similarly, related rules for Restricting the Use of Hazardous Substances (RoHS) lead, cadmium, mercury, hexavalent chromium, PBBs, and PBDEs, do not entail customs or importation paperwork. However, U.S. exporters may be asked by a European RoHS enforcement authority or by a customer to provide evidence of due diligence in compliance with the substance bans on a case-by-case basis. The WEEE and RoHS Directives are currently being revised to enlarge the scope and add substances to be banned in electrical and electronic equipment; U.S. exporters seeking more information on WEEE and RoHS regulations should visit: <http://www.buyusa.gov/europeanunion/weee.html>

Products for human consumption should be analyzed in approved local laboratories in cooperation with local authorities. The State Agency for Standards and Metrology strictly enforces Bulgarian quality standards, which do not always coincide with generally accepted international standards. Foreign certificates may or may not be considered adequate. After approval is issued, the commodities may be sold on the local market

### **Agricultural Documentation**

**Phytosanitary Certificates:** Phytosanitary certificates are required for most fresh fruits, vegetables, and other plant materials.

**Sanitary Certificates:** For commodities composed of animal products or by-products, EU countries require that shipments be accompanied by a certificate issued by the competent authority of the exporting country. This applies regardless of whether the product is for human consumption, for pharmaceutical use, or strictly for non-human use (e.g., veterinary biologicals, animal feeds, fertilizers, research). The vast majority of these certificates are uniform throughout the EU, but the harmonization process is not complete. During this transition period, certain member state import requirements continue to apply. In addition to the legally required EU health certificates, a number of other certificates are used in international trade. These certificates, which may also be harmonized in EU legislation, certify origin for customs purposes and certain quality attributes. Up-to-date information on harmonized import requirements can be found at the following website: <http://www.fas.usda.gov/posthome/Useu/certificates-overview.html>

**Sanitary Certificates (Fisheries):** In April 2006, the European Union declared the U.S. seafood inspection system as equivalent to the European one. Consequently, a specific public health certificate must accompany U.S. seafood shipments. Commission Decision 2006/199/EC lays down specific conditions on imports of fishery products from the U.S. Unlike for fishery products, the U.S. shellfish sanitation system is not equivalent to EU's one.

The EU and the US are currently negotiating a veterinary equivalency agreement on shellfish. In the meantime the EU has put a ban in place since July 1, 2010, that prohibits the import of US bivalve mollusks, in whatever form, into the EU territory. This ban doesn't apply to wild roe-off scallops.

With the implementation of the second Hygiene Package, aquaculture products coming from the United States must be accompanied by a public health certificate according to Commission Decision 2006/199/EC and the animal health attestation included in the new fishery products certificate, covered by Regulation (EC) 1250/2008. This animal health attestation is not required in the case of live bivalve mollusks intended for immediate human consumption (retail).

Since June 2009, the unique U.S. competent authority for issuing sanitary certificates for fishery and aquaculture products is the U.S. Department of Commerce, National Marine Fisheries Service (NOAA-NMFS).

In addition to sanitary certificates, all third countries wishing to export fishery products to the EU are requested to provide a catch certificate. This catch certificate certifies that the products in question have been caught legally.

For further information on the issuance of this specific certificate please see the link below.

For detailed information on import documentation for seafood, please contact the NOAA Fisheries office at the U.S. Mission to the EU ([stephane.vrignaud@trade.gov](mailto:stephane.vrignaud@trade.gov)) or visit the following NOAA dedicated web site: [http://www.seafood.nmfs.noaa.gov/EU\\_Export.html](http://www.seafood.nmfs.noaa.gov/EU_Export.html)

## **U.S. Export Controls**

[Return to top](#)

For exports of sensitive technologies to Bulgaria, U.S. exporters should consult the U.S. Department of Commerce Bureau of Industry and Security web site <http://www.bis.doc.gov> for specific U.S. export licensing requirements.

## Temporary Entry

[Return to top](#)

Products may be imported into Bulgaria on a temporary basis as long as they are not prohibited by law. The entry of samples and products for trade exhibitions is allowed. The commodities intended for re-export without being subject to any changes in their characteristics may be totally or partially exempt from customs duties. In practice, Customs requires a deposit equivalent to the assessed duties or a bank guarantee during the temporary import period. Bulgaria is a party to the Customs Convention on Carnet (ATA) for Temporary Import of Goods.

**More information on ATA:** *The purpose of the Convention on temporary admission is to simplify procedures on temporary imports of certain kinds of goods (professional equipment, goods for exhibitions, etc.). The ATA Carnet is a customs document to perform temporary importation and temporary exportation and it also serves as a transit document for transit of goods to the country of temporary importation.*

Apart from the temporary import, the law sets out procedures concerning transit, customs warehousing, inward processing, processing under customs control, and outward processing. The law provides for public and private bonded warehouses.

## Labeling and Marking Requirements

[Return to top](#)

An overview of EU mandatory and voluntary labeling and marking requirements has been compiled in a market research report that is available at:

[http://www.buyusainfo.net/docs/x\\_4171929.pdf](http://www.buyusainfo.net/docs/x_4171929.pdf)

## Prohibited and Restricted Imports

[Return to top](#)

The EU's Common External Customs Tariff - TARIC is designed to show various rules applying to specific products being imported into the customs territory of the EU or, in some cases, when exported from it. To determine if a product is prohibited or subject to restriction, check the TARIC for that product for the following codes:

CITES	Convention on International Trade of Endangered Species
PROHI	Import Suspension
RSTR	Import Restriction

For information on how to access the TARIC, see the Import Requirements and Documentation Section above.

Key

Link:

[http://ec.europa.eu/taxation\\_customs/customs/customs\\_duties/tariff\\_aspects/customs\\_tariff/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm)

## Customs Regulations and Contact Information

[Return to top](#)

U.S. companies may direct inquiries to the Bulgarian Customs Agency.

Director: Mr. Vanio Tanov

47, Rakovska Street

1202 Sofia, Bulgaria

Phone: 359-2-9859-4213

E-mail: [pr@customs.bg](mailto:pr@customs.bg)

<http://www.customs.bg/>

## Standards

[Return to top](#)

- [Overview](#)
- [Standards Organizations](#)
- [Conformity Assessment](#)
- [Product Certification](#)
- [Accreditation](#)
- [Publication of Technical Regulations](#)
- [Labeling and Marking](#)
- [Contacts](#)

## Overview

[Return to top](#)

Products tested and certified in the United States to American standards are likely to have to be retested and re-certified to EU requirements as a result of the EU's different approach to the protection of the health and safety of consumers and the environment.

Bulgaria has its standardization, conformity assessment, accreditation and product certification bodies. In certain areas, such as processed foods, beverages and pharmaceutical products, individual ministries or agencies issue sector-specific standards and certificates. Bulgaria is making an effort to harmonize its national standards with international standards. Bulgaria is a participant in the International Organization for Standardization (ISO), the International Electro technical Commission (IEC) and International Technical Union (ITU).

The Bulgarian Institute for Standardization will answer questions regarding standards <http://www.bds-bg.org/> or the Bulgarian Institute of Metrology

<http://www.bim.government.bg.>

The major requirements for product safety are regulated in ordinances issued by the appropriate ministries and comply with the respective EU directives.

(see [http://www.bds-bg.org/pages/?button\\_id=38](http://www.bds-bg.org/pages/?button_id=38))

## Standards Organizations

[Return to top](#)

1. The Ministry of Economy, Energy and Tourism through its European Integration Department

<http://www.mi.government.bg/integration/eu/harmonize.html> is responsible for harmonizing the Bulgarian legislation with the EU legislation including everything related to ensuring the whole metrology, standardization, certification and testing, verification and accreditation process is in compliance with the EU requirements. The law on metrology can be reviewed on this web site as well.

2. The Bulgarian Drug Agency of the Ministry of Health <http://www.bda.bg> is responsible for registration, product testing & certification, and establishing standards for pharmaceutical products and implants. The Ministry of Healthcare <http://www.mh.government.bg> is responsible for certification, registration, import licensing and establishing standards for some medical equipment, medical and natural products. In some cases, the Ministry of Healthcare performs these activities jointly with the Drug Agency.

3. The Ministry of Agriculture and Food <http://www.mzh.government.bg> is the authority responsible for agriculture and food products testing and certification, registration of technical documentation, product certification, assessment of conformity, and establishing the national policy as to the Mutual Recognition Arrangement (MRA's) with international standardization institutions. It is responsible for the in-country and border control health and sanitary policy. The Ministry is performing its functions related to standards, certification, verification and conformity assessment through its National Services that are listed on its web site; the most important one being the National Veterinary Medical Service <http://www.nvms.government.bg/index.php> through its Directorate for Public Health Control. In January 2011, Bulgaria passed new legislation according to which the National Veterinary Medical Service, Phyto Sanitary Office and Public Health Offices of the Ministry of Health would be united in a single Food Safety Agency which will be responsible for the whole food and feed chain.

The Executive Agency Bulgarian Accreditation Service <http://www.nab-bas.bg> has accredited several laboratories for veterinary, food, and phyto sanitary expertise to perform laboratory testing, inspection, certification, auditing and verification of food, phyto and veterinary products.

4. The Bulgarian Institute for Standardization ([www.bds-bg.org](http://www.bds-bg.org)) performs all activities related to standardization, verification, editing and registration of standards for industrial commodities, machinery and transport equipment, construction and materials, chemistry, textiles, foodstuffs, electrical engineering commodities. The Bulgarian Institute for Standardization has signed Mutual Recognition Agreements (MRA's) with the following organizations:

DIN - Deutsches Institut für Normung

BSI - British Standards Institution

UNI - Ente Nazionale Italiano di Unificazione

ASTM International - American Society for Testing and Materials

The Bulgarian Institute for Standardization is a full member of the International Standard Organization (ISO), which is the core international standardization body, and of

International Electro technical Commission (IEC). The Institute is also an affiliate member of the European Committee for Electro technical Standardization (CENELEC) and of the European Committee for Standardization (CEN).

Bulgaria as a Member country of the World Trade Organization (WTO) is required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries.

### **NIST Notify U.S. Service**

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>

## **Conformity Assessment**

[Return to top](#)

Conformity Assessment is a mandatory step for the manufacturer in the process of complying with specific EU legislation. The purpose of conformity assessment is to ensure consistency of compliance during all stages, from design to production, to facilitate acceptance of the final product. EU product legislation gives manufacturers some choice with regard to conformity assessment, depending on the level of risk involved in the use of their product. These range from self-certification, type examination and production quality control system, to full quality assurance system. Conformity assessment bodies in individual member states are listed in NANDO, the European Commission's website.

Key Link: <http://ec.europa.eu/enterprise/newapproach/nando/>

To promote market acceptance of the final product, there are a number of voluntary conformity assessment programs. CEN's certification systems are the Keymark, the CENCER mark, and CEN workshop agreements (CWA) Certification Rules. CENELEC has its own initiative. ETSI does not offer conformity assessment services.

The conformity assessment body in Bulgaria is the Bulgarian Institute of Metrology <http://www.bim.government.bg>. The Agency is performing fundamental metrology, metrological control, monitoring and supervision; conformity assessment; technical inspection of high-risk equipment; market surveillance and quality control of liquid fuels.

## **Product Certification**

[Return to top](#)

Product certification is performed by the State Owned Certification JSC

<http://exact.e-gov.bg> the entity performs testing and certification of products and management systems.

To sell products on the EU market, U.S. exporters are required to apply CE marking whenever their product is covered by specific product legislation. CE marking product legislation offers manufacturers a number of choices and requires decisions to determine which safety/health concerns need to be addressed, which conformity assessment module is best suited to the manufacturing process, and whether or not to use EU-wide harmonized standards.

Products manufactured to standards adopted by CEN, CENELEC and ETSI, and published in the Official Journal as harmonized standards, are presumed to conform to the requirements of EU Directives. The manufacturer then applies the CE marking and issues a declaration of conformity. With the CE marking, the product will be allowed to circulate freely within the EU. A manufacturer can choose not to use the harmonized EU standards, but then must demonstrate that the product meets the essential safety and performance requirements. Trade barriers occur when design, rather than performance, standards are developed by the relevant European standardization organization, and when U.S. companies do not have access to the standardization process through a European presence.

The CE marking addresses itself primarily to the national control authorities of the member states, and its use simplifies the task of essential market surveillance of regulated products.

The CE marking is not intended to include detailed technical information on the product, but there must be enough information to enable the inspector to trace the product back to the manufacturer or the authorized representative established in the EU. This detailed information should not appear next to the CE marking, but rather on the declaration of conformity (which the manufacturer or authorized agent must be able to provide at any time, together with the product's technical file), or the documents accompanying the product

## Accreditation

[Return to top](#)

There is only one national accreditation body in Bulgaria – the Executive Agency Bulgarian Accreditation Service [http://www.nab-bas.bg/index\\_en.php](http://www.nab-bas.bg/index_en.php) The Agency reports directly to the Minister of Economy, Energy and Tourism and is the only national institute for accreditation of laboratories, certification bodies and inspection bodies. The Agency web site lists all accredited organizations and laboratories nationwide.

## Publication of Technical Regulations

[Return to top](#)

Each law, regulation, ordinance, Council of Ministers decree, decision, nationwide technical regulation, agreement etc. enters into force after official publication in the national gazette (State Gazette). Final regulations, ordinances and laws are published in State Gazette and in the official journals of every issuing authority. The State Gazette is issued only in Bulgarian. There are several information system database providers, which translate legislation published in State Gazette. See <http://www.apis.bg/en/>, <http://www.ciela.bg> or [www.daxy.com](http://www.daxy.com)

## Labeling and Marking

[Return to top](#)

Manufacturers should be mindful that, in addition to the EU's mandatory and voluntary schemes, national voluntary labeling schemes might still apply. These schemes may be highly appreciated by consumers, and thus, become unavoidable for marketing purposes.

Manufacturers are advised to take note that all labels require metric units although dual labeling is also acceptable. The use of language on labels has been the subject of a Commission Communication, which encourages multilingual information, while preserving the right of member states to require the use of the language of the country of consumption.

The EU has mandated that certain products be sold in standardized quantities. Council Directive 2007/45/EC harmonizes packaging of wine and spirits throughout the EU. Existing national sizes will be abolished with a few exceptions for domestic producers.

Key Link: [http://ec.europa.eu/enterprise/prepack/packsiz/packsiz\\_en.htm](http://ec.europa.eu/enterprise/prepack/packsiz/packsiz_en.htm)

## *The Eco-label*

The EU eco-label is a voluntary label which U.S. exporters can display on products that meet high standards of environmental awareness. The eco-label is intended to be a marketing tool to encourage consumers to purchase environmentally-friendly products. The criteria for displaying the eco-label are strict, covering the entire lifespan of the product from its manufacture, use, and disposal. These criteria are reviewed every three to five years to take into account advances in manufacturing procedures. There are currently twenty-three different product groups, and approximately 250 licenses have been awarded for several hundred products.

Applications to display the eco-label should be directed to the competency body of the member state in which the product is sold. The application fee will vary between €300 and €1300 depending on the tests required to verify if the product is eligible. The eco-label also carries an annual fee equal to 0.15% of the annual volume of sales of the product range within the European community. However, the minimum annual fee is currently set at €500 and maximum €25,000.

There are plans to significantly reform the eco-label in the near future, reducing the application and annual fees and expanding the product ranges significantly. It is also possible that future eligibility criteria may take into account carbon emissions.

## **Trade Agreements**

[Return to top](#)

Bulgaria joined the EU in January 2007; became a member of the World Trade Organization in December 1996 and joined the Central European Free Trade Agreement (CEFTA) in January 1999. Bulgaria has free trade agreements with the following countries: China (1995), Croatia (1998), Turkey (1999); Macedonia (signed in 1999); Israel (2002); Albania (2003), Serbia and Montenegro (2004), Bosnia and Herzegovina (2004).

## **Web Resources**

[Return to top](#)

<http://www.mi.government.bg> (Ministry of Economy, Energy and Tourism)

<http://www.customs.bg> (State Customs Agency)

<http://www.bda.bg> (Bulgarian Drug Agency)

<http://www.mzh.government.bg> (Ministry of Agriculture and Food Supply)

<http://www.bds-bg.org> (Bulgarian Institute for Standardization)

<http://www.bim.government.bg> (Bulgarian Institute of Metrology - BIM)

<http://exact.e-gov.bg> (State Certification JSC)

[http://www.nab-bas.bg/index\\_en.php](http://www.nab-bas.bg/index_en.php) (Executive Agency Bulgarian Accreditation Service)

<http://www.apis.bg/en/> (Law publications, law and business-information database management)

<http://www.ciela.bg> (Law publications, law and business-information database management)

[Return to table of contents](#)

## Chapter 6: Investment Climate

- [Openness to Foreign Investment](#)
- [Conversion and Transfer Policies](#)
- [Expropriation and Compensation](#)
- [Dispute Settlement](#)
- [Performance Requirements and Incentives](#)
- [Right to Private Ownership and Establishment](#)
- [Protection of Property Rights](#)
- [Transparency of Regulatory System](#)
- [Efficient Capital Markets and Portfolio Investment](#)
- [Competition from State Owned Enterprises](#)
- [Corporate Social Responsibility](#)
- [Political Violence](#)
- [Corruption](#)
- [Bilateral Investment Agreements](#)
- [OPIC and Other Investment Insurance Programs](#)
- [Labor](#)
- [Foreign-Trade Zones/Free Ports](#)
- [Foreign Direct Investment Statistics](#)
- [Web Resources](#)

### Executive Summary

Bulgaria has a favorable foreign investment regime, including government incentives for new investment and low and flat corporate and income taxes. Bulgaria still offers the cheapest labor in the European Union (EU). The IT and business process outsourcing sector has attracted many U.S. and foreign companies to Bulgaria and many have set up global and regional service centers here. In this sector, several U.S. companies have expanded operations in late 2013 and early 2014. EU funds, which will amount to USD 20 billion over the next seven year period (2014-2020), are a key source of funding for numerous projects to develop Bulgaria's environment and water sectors, energy, technical and social infrastructure, public services, and agriculture. There are no general limits on foreign ownership or control of firms. However, in April 2014 Parliament overcame a Presidential veto on legislative changes that restrict foreign purchase of Bulgarian agricultural land, making it subject to five years permanent residency of the buyer. That would result in new discrimination against foreign investors who otherwise generally are not denied the same treatment as national firms, nor are their investments screened or otherwise restricted. Under the new Offshore Company Act, which came into effect January 1, 2014, offshore companies are banned from doing business in Bulgaria across 28 specific activities, but certain exemptions are available. Other problems that foreign investors have raised include unpredictability due to frequent regulatory and legislative changes, a weak judicial system and limited enforcement of intellectual property rights (IPR) that can hamper the investment process. Moreover, the mounting debt of the National Electricity Company (NEC)

has brought the state energy sector to a near financial collapse and has caused the government to fall behind servicing payment obligations to foreign investors in this sector.

## **Openness to Foreign Investment**

[Return to top](#)

Bulgaria has a favorable foreign investment regime, including government incentives for new investment and low and flat corporate and income taxes. Promising sectors for foreign investors include: information technology, telecommunications, environmental technology (including water and waste water infrastructure), healthcare, biomass, and agriculture (including the beverage/processed foods industry). Planned infrastructure projects are coming online and may further improve the investment environment, including rail, motorways, tunnels, ports, and tourism resorts. As a new member of the EU, Bulgaria has access to significant EU funds, which support numerous projects and contribute to the growth of the economy. EU integration has opened new markets for Bulgarian-produced goods and services. Bulgaria's workforce is generally well-educated, and the cost of labor is the lowest in the EU. At the same time, however, the judicial system suffers from high caseloads and frequent delays. The IPR regime is challenged by widespread online piracy and inadequate enforcement of laws on copyrights, patents, and trademarks. At present, there are no general limits on foreign ownership or control of firms, nor means of screening or restricting foreign investment in Bulgaria. Foreign firms are not denied national treatment and there are no significant reports of discrimination against foreign investors. There are no requirements that nationals own shares of foreign investment and no laws authorizing firms to limit foreign investment. The country's geographic position places it at the crossroads of Europe, the Middle East, and the former Soviet Union. A stable U.S. ally, Bulgaria is a member of NATO, the EU, and the WTO. Although the government has stated a desire to root out corruption and organized crime, in fact Bulgaria's corruption record remains problematic according to Transparency International (TI). TI's Corruption Perception Index for 2013 ranked Bulgaria 77th out of 177 countries surveyed, down two places compared to 2012, but still putting Bulgaria only ahead of Greece among EU members for perceived corruption. In late 2013, the state-owned National Electricity Company (NEC) established a repayment plan to liquidate its arrears to power producers, including those owned by foreign investors, but while NEC has made regular payments against that plan it has not managed to stay current on its regular payments to these companies. In 2014, the government initiated a procedure to revoke the licenses of the three private foreign-owned electricity suppliers, blaming such an unprecedented decision on the suppliers' indebtedness to NEC which in turn was a result of the NEC's failure to pay required compensations to these companies for their obligation to purchase all green power produced in the country whether it is needed or not. The state has continued pushing for the renegotiation of long-term power purchase agreements that were signed more than ten years ago but has X years to run. Bulgaria has constantly revised renewable energy policies and gradually reduced state compensations for private renewable energy producers, causing many foreign investors' concern about an unpredictable regulatory environment. In 2013 Parliament passed a new 20 percent fee on revenues from production of solar and wind power and further increases were proposed in 2014 .

### ***Attitude toward FDI***

Generally sound economic performance and relative political stability have enabled Bulgaria to attract leading foreign investors. Gradual convergence with the EU common market, fiscal prudence, and a national currency pegged to the Euro has provided stability and incentives for increased trade and investment. After several years of solid growth, the global financial crisis caused a rapid decline in new foreign direct investment (FDI). Since 2010, the volume of new FDI dropped to very low levels: from 9 billion Euros (USD 12.4 billion) in 2007 to only 1.1 billion Euros (USD 1.5 billion) in 2012 and 2013. The economy posted 0.9 percent growth in GDP in 2013, higher than the 0.5 percent growth reported in 2012, but domestic demand remains weak while export volumes are slowly catching up with the Eurozone's demand. In 2013, Bulgaria made considerable progress in absorbing EU structural funds under the 2007-2013 programming cycle. The EU has reimbursed Bulgaria for approximately 50 percent of the USD 9.2 billion of funds available under seven operational programs (excluding the OPs for rural development and farmer subsidies) during this cycle, while 100 percent of the funds have been contracted. A recent IMF study recommended that Bulgaria enhance its administrative capacity further in order to maximize the absorption of EU funds, which remains one of the lowest among the EU-27. In 2014, Bulgaria will focus on the new seven-year cycle of EU assistance for: developing its human capital and improving labor productivity and skills, raising the economy's competitiveness and innovation potential, enhancing public administration's capacity and good governance, developing Bulgaria's backward municipalities and rural regions, rebuilding obsolete road, water and waste-water infrastructure, and modernizing agriculture. The total EU program funds and farmer subsidies for the new seven-year period are USD 20 billion. In 2013, the government sealed the first contracts with World Bank experts for the project design and implementation of large infrastructure projects in the water sector. In 2014, the World Bank will expand its services to include providing expertise on healthcare funding.

### ***Other Investment Policy Reviews***

Public-Private Partnerships (PPPs) offer an area with potential for private company involvement in supporting and developing public infrastructure and social programs. The government has expressed a desire to revoke the existing PPP Act, which leaders say is too restrictive. They plan to replace it with a new law that will serve as a departure point for the implementation of a PPP strategy that includes cooperation with the private sector to build new parks, parking lots, stadiums, and other public works, as well as to improve healthcare, education, prisons, and other public services.

## ***Laws/Regulations of FDI***

The 2004 Investment Promotion Act stipulates equal treatment of foreign and domestic investors. The law encourages investment in manufacturing and high-technology, as well as in education and human resource development. It creates investment incentives by helping investors purchase land, provides state financing for basic infrastructure and for training new staff, and provides tax incentives and opportunities for public-private partnerships with central and local government.

The most common type of organization for foreign investors is a limited liability company. The required minimum for registering a limited liability company is one Euro. Other typical corporate entities include joint stock companies, joint ventures, business associations, general and limited partnerships, and sole proprietorships.

Foreign investors must comply with the 1991 Commercial Code, which regulates commercial and company law, and with the 1951 Law on Obligations and Contracts, which regulates civil transactions.

The 2003 Law on Special Purpose Investment Companies (SPIC) allows for public investment companies in real estate and receivables, essentially real estate investment trusts (REITs). Since a SPIC is considered a pass-through structure for corporate income tax purposes, at least 90 percent of its net income must be distributed to shareholders as taxable dividends. A SPIC must apply for an operational license from the Financial Supervision Commission within six months of registration.

The 2014 Offshore Company Act list 28 activities banned for business by companies registered in offshore jurisdictions. The law, however, allows those companies to do business if the physical owners of the parent company are Bulgarian citizens and known to the public, if the parent company's stock is publicly traded, or if the parent company is registered in a jurisdiction with which Bulgaria enjoys a treaty for the avoidance of double taxation (such as the United States).

## ***Industrial Strategy***

Bulgaria typically supports small and medium business creation and development through strategies focused on EU co-funded innovation and competitiveness policies. The current government has revived efforts to sell some previously-closed communist-era factories in the mining and chemical industries, as a way to reindustrialize the Bulgarian economy while attracting private money and new management in these enterprises.

### ***Limits on Foreign Control***

Foreign investors often encounter the following problems: a sluggish government bureaucracy, poor infrastructure, corruption, frequent changes in the legal framework, lack of transparency, and pre-determined public tenders. In addition, a weak judicial system limits investor confidence in the courts' ability to serve as an enforcement mechanism.

U.S. music, software, pharmaceutical, and other industries report continuing intellectual property rights (IPR) concerns in Bulgaria, particularly with respect to internet piracy, ineffective prosecution of IPR cases, and delays and conflicts of interest in enforcing trademark and patent protection. Current Bulgarian legislation effectively bans all biotech crop trials and production. Food legislation imposes voluntary standards which restrict the use of soy protein in processed meat products.

A previous seven-year ban on the purchase of Bulgarian agricultural land by foreigners expired in 2014. However, in April 2014 Parliament passed legislative changes that impose a new five-year residency requirement for non-EU foreign citizens before they may purchase Bulgarian agricultural land. Parliament is also considering a bill introduced in March 2014 that would require that the Competition Protection Commission approve any draft contract between a company with reported sales income above BGN 50 million and its suppliers. If passed, this law could limit the freedom of international retail chains to conclude certain contracts with their local suppliers. Foreign investors in Bulgaria have raised concerns that these pieces of proposed legislation, combined with the Offshore Companies Act and the new 20 percent fee on revenues from renewable energy production (a sector in which most investments have been by foreign companies) aim at limiting competition from foreign investors with certain Bulgarian business interests.

### ***Privatization Program***

Bulgaria completed its major privatizations in the 1990s and early 2000s. All state-owned property is eligible for privatization, with the exception of a specific list of companies including water management companies, state hospitals, and state sports facilities. Municipally-owned property is considered for privatization upon decision by the municipal council, or authorized body and upon publication of the municipal privatization list in the State Gazette. Privatization methods include: public auctions, public tenders, and public offerings. Foreign companies, including state-owned ones, may purchase Bulgarian state-owned firms and the privatization process is generally fair and transparent.

The 2010 Privatization and Post-Privatization Act created a single Privatization and Post-Privatization Agency which makes privatization decisions regarding: hospitals; equity and shares in companies 50 percent or more owned by the state; state-owned property valued at between BGN 10,000 (USD 7,000) and BGN 500,000 (USD 352,000), following approval from the Minister of Regional Development and Public Works and the Minister of Finance; and state-owned property valued at over BGN 500,000 (USD 352,000), following approval from the Council of Ministers.

The Privatization and Post-Privatization Agency also oversees the implementation of privatization contracts and ensures that non-price privatization commitments (employee retention, technology transfer, environmental liability, and investment) in the privatization selection criteria are honored. In 2012, the government completed the sale of its minority interest in the three regional foreign owned electricity distributors. In April 2014, the State Energy and Water Regulatory Commission began a procedure to revoke these companies' licenses due to their alleged indebtedness to the NEC (which in turn was due to the NEC's indebtedness to the companies); a third hearing in this case is scheduled for May 12. The privatization of the arms factory VMZ-Sopot was halted in 2013 due to the change in government in May. The current government has listed for 2014 privatization: 50.05 percent of the capital of the Bulgarian Stock Exchange, 43.7 percent the Central Depository, 49.63 percent of the International Fair in Plovdiv, and 30 percent of the Bulgarian Maritime Fleet. Additionally, the government has plans to put for sale 100 percent of the capital of Diplomatic Properties Agency (ADIS) and the Free Trade Zone in Plovdiv. The expected 2014 privatization revenues have been estimated at USD 216 million.

### ***Competition Law***

The 2008 Law on the Protection of Competition (the "Competition Law") is intended to implement EU rules which promote competition and consumer protection. The Competition Law forbids monopolies, restrictive trade practices, abuse of market power, and unfair competition. Companies are prohibited from: direct or indirect abusive pricing practices, distribution of market shares and supply sources, limiting manufacturing development to the detriment of consumers, discriminatory treatment of competing customers, tying contracts to additional and unrelated obligations, and use of economic coercion to cause mergers. The law prohibits certain forms of unfair competition: damaging competitors' goodwill; misrepresentation with respect to goods or services; misrepresentation with respect to the origin, manufacturer, or other features of goods or services; use or disclosure of someone else's trade secrets in violation of good faith commercial practices; and "unfair solicitation of customers" (i.e., promotion through gifts and lotteries). Monopolies can only be legally established for certain categories of activities: railway and postal services, atomic energy, production of radioactive materials, and weapons production. The Competition Commission defines market concentration of 15 percent or more as potentially damaging to competition. It also defines market concentration of 25 percent or more as potentially damaging to competition if the companies involved are operating in different markets (and are not competitors).

In practice, the Competition Protection Act has been inconsistently applied. In one case, the Competition Committee charged with implementing the law ruled that it did not need to review the sale of Bulgaria’s tobacco monopoly, Bulgartabac, to an unknown purchaser and also that the identity of the purchaser did not need to be revealed before the transaction. As of March 2014, Parliament was considering an amendment to the Competition Protection Act that would require stores with “substantial market power,” which is defined in a way that applies mainly to retail chains, to seek approval from the Competition Commission for their contracts with suppliers.

### **Investment Trends**

**TABLE 1:** The following chart summarizes several well-regarded indices and rankings.

Measure	Year	Rank or value	Website Address
TI Corruption Perceptions index	2013	(77 of 177)	<a href="http://cpi.transparency.org/cpi2013/results/">http://cpi.transparency.org/cpi2013/results/</a>
Heritage Foundation’s Economic Freedom index	2014	(61 of 177)	<a href="http://www.heritage.org/index/ranking">http://www.heritage.org/index/ranking</a>
World Bank’s Doing Business Report “Ease of Doing Business”	2014	(58 of 189)	<a href="http://doingbusiness.org/rankings">http://doingbusiness.org/rankings</a>
Global Innovation Index	2013	(41 of 142)	<a href="http://www.globalinnovationindex.org/content.aspx?page=gii-full-report-2013#pdfopener">http://www.globalinnovationindex.org/content.aspx?page=gii-full-report-2013#pdfopener</a>
World Bank GNI per capita	2012	USD 6,840	<a href="http://data.worldbank.org/indicator/NY.GNP.PCAP.CD">http://data.worldbank.org/indicator/NY.GNP.PCAP.CD</a>

### **Conversion and Transfer Policies**

[Return to top](#)

Foreign exchange is freely accessible. The 2011 amendments of the 1999 Foreign Currency Act stipulate that anyone may import or export up to EUR 10,000 (USD 13,700) or its foreign exchange equivalent without filling out a customs declaration. The import or export of over EUR 10,000 or its equivalent in BGN or another currency across the border to or from a third country must be declared to the customs authorities.

The import or export of over EUR 10,000 or its equivalent in BGN or another currency across the border to or from an EU member state must be declared if requested by the customs authorities. Exporting over BGN 30,000 (USD 21,100) in cash requires a declaration about the source of the funds, supported by documents certifying that the exporter does not owe taxes. No tax certificate is required for foreigners exporting the cash equivalent of BGN 30,000 or greater provided the amount is equal to or less than the amount declared when imported. Bulgarian law requires all international payments over BGN 30,000 to be executed via bank transfer with supporting documentation detailing the purpose of the transaction. The central bank and commercial banks record every international transaction that is equal to or more than 100,000 BGN (USD 70,400).

## **Expropriation and Compensation**

[Return to top](#)

Private real property rights are legally protected by the Bulgarian Constitution. Only in cases where a public need cannot be met by other means, the Council of Ministers or a regional governor may expropriate land provided that the owner is compensated at fair market value. No taxes are levied on the expropriation transaction. Expropriation actions of the Council of Ministers can be appealed directly to the Supreme Administrative Court on the legality of the action itself, the property appraisal, or the amount of compensation. A regional governor's expropriation can be appealed in the appropriate local administrative court. In its Bilateral Investment Treaty (BIT) with the United States, Bulgaria committed itself to international arbitration in the event of expropriation and other investment disputes.

## **Dispute Settlement**

[Return to top](#)

### ***Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts***

The 1991 Constitution serves as the foundation of the legal system and creates an independent judicial branch comprised of judges, prosecutors, and investigators. Continued reform efforts have led to some improvements, particularly in the smaller courts. The busiest courts in Sofia, however, lack adequate resources and as a result suffer from serious backlogs and inefficient procedures that hamper the swift and fair administration of justice. Corruption remains a serious problem. The judiciary consistently scores among the least trusted institutions in the country with widespread allegations of nepotism, opaque selection procedures, and political and business influences.

There are three levels of courts. The 113 regional courts exercise jurisdiction over civil and criminal cases. Above them, 29 district courts (including the Sofia City Court and the Specialized Court for Organized Crime) serve as courts of appellate review for regional court decisions and have trial-level (first-instance) jurisdiction in serious criminal cases and in civil cases where claims exceed BGN 25,000 (USD 17,600), excluding alimony, labor disputes, and financial audit discrepancies, or in property cases where the property's value exceeds BGN 50,000 (USD 35,200). Six appellate courts review the first-instance decisions of the district courts.

The Supreme Court of Cassation is the court of last resort for criminal and civil appeals. There is a separate system of 28 specialized administrative courts which rules on the legality of local and national government decisions with the Supreme Administrative Court serving as appeals instance. The Constitutional Court, which is separate from the rest of the judiciary, issues final rulings on the compliance of laws with the Constitution.

Bulgaria has effective means of enforcing property and contractual rights under local legislation. The government's record of handling investment disputes is generally slow and bureaucratic, but usually the issues are resolved. There are no outstanding investment disputes before Bulgarian courts involving U.S. companies. However, legislation is a constantly moving target that is sometimes used to eliminate competition, including from foreign investors.

### ***Bankruptcy***

The 1994 Commercial Code Chapter on Bankruptcy provides for reorganization or rehabilitation of a legal entity, maximizes asset recovery, and provides for fair and for equal distribution among all creditors. The law applies to all commercial entities, except public monopolies or state-owned companies established by special law. Bank failures are regulated under the 2002 Bank Insolvency Act and 2006 Credit Institutions Act; while, the 2005 Insurance Code regulates insurance company failures.

Non-performance of a monetary obligation must be adjudicated before the bankruptcy court which can determine whether the debtor is insolvent. There is a presumption of insolvency when the debtor is unable to perform an executable obligation under a commercial transaction or public debt or related commercial activities, has suspended all payments, or is able to pay only the claims of certain creditors. The debtor is deemed over-indebted if its assets are insufficient to cover its short-term monetary obligations.

Bankruptcy proceedings may be initiated on two grounds: the debtor's insolvency, or the debtor's excessive indebtedness. Under Part IV of the Commercial Code, debtors or creditors, including state authorities such as the National Revenue Agency, can initiate bankruptcy proceedings. The debtor must declare bankruptcy within 30 days of becoming insolvent or over-indebted. The 2010 amendments to the Commercial Code increased protection for creditors in bankruptcy proceedings by prohibiting a debtor from falsifying the date of insolvency to avoid claims after a certain date. Despite this, cases involving bankruptcy frauds, including through transfer of capital to U.S.-registered shell companies have increased recently. The application for bankruptcy submitted by the debtor is published in the Commercial Register, thus providing all creditors and contractual partners with information about the bankruptcy proceedings. Should any creditor or contractual partner file a request for bankruptcy in court, such a claim is heard in the presence of both the creditor and the debtor.

Once insolvency is determined, the court appoints an interim trustee to represent and manage the company, take inventory of property and assets, identify and convene the creditors, and develop a recovery plan. At the first meeting of the creditors, a trustee is nominated; usually this is just a reaffirmation of the court appointed interim trustee.

Bankruptcy proceedings supersede other court proceedings initiated against the debtor except for labor cases, enforcement proceedings, and cases related to receivables securitized by third parties' property. Such cases may be initiated even after bankruptcy proceedings begin. Third parties with securities seeking protection against a debtor's unfair activities may appeal the court decision to initiate a bankruptcy proceeding when securities have been entered in public registers before the date of the claim which started the bankruptcy procedure.

Creditors must declare to the trustee all debts owed to them within one month of the start of bankruptcy proceedings. The trustee then has seven days to compile a list of debts. A rehabilitation plan must be proposed within one month after publication of the list of debts in the Commercial Register. The 2010 amendments to the Commercial Code limit the application of the rehabilitation plan to debts approved up to the moment of submission of the rehabilitation plan.

After creditors' approval, the court endorses the rehabilitation plan, terminates the bankruptcy proceeding and appoints a supervisory body for overseeing the implementation of the rehabilitation plan. The court must endorse the plan within seven days and put it forward to the creditors for approval. The creditors shall convene to discuss the plan within a period of 45 days. The court may renew the bankruptcy proceedings if the debtor does not fulfill its obligations under the rehabilitation plan. June 2003 legislation required examinations for individuals applying to become trustees and obliged the Ministers of Justice and Economy to organize annual training courses for trustees. In June 2005, the ministries of Justice, Economy, and Finance published a regulation on the procedure for appointment, qualification, and control over the trustees.

The methods of liquidating assets were also revised by the June 2003 legislation to establish a legal framework for selling assets that accounts for the character of bankruptcy proceedings, thus avoiding the need to apply the Civil Procedure Code. The regime includes rules requiring publicity for asset sales.

## ***Investment Disputes***

To execute a judgment, a final ruling must be obtained. The court of first instance must then be petitioned for a writ of execution (based on the judgment). On the basis of the writ of execution, a specialized category of professionals, execution agents, seize the assets or ensure the performance of the ordered action. Both private and state execution agents operate in Bulgaria. A new Civil Procedure Code, effective since March 2008, streamlined civil procedures, including the execution of judgments. Foreign judgments can be executed in Bulgaria. Execution depends on reciprocity, as well as bilateral or multilateral agreements, as determined by an official list maintained by the Ministry of Justice. The United States does not currently have reciprocity with Bulgaria; Bulgarian courts are not obliged to honor decisions of U.S. courts. All foreign judgments are handled by the Sofia City Court, which must determine that the judgment does not violate public decrees, standards, or morals before it can be executed.

Voluntary mediation was first introduced in Bulgaria in 2004 with the adoption of the Mediation Act. The Bulgarian Chamber of Commerce and Industry and the American Chamber of Commerce (AmCham) opened commercial mediation centers with USAID-trained mediators. Several courts, including the largest trial level court in Sofia, have established mediation centers where cases can be settled with the help of trained mediators. Judges are increasingly referring cases for mediation; however, it is still not widely used due to limited public awareness and general reluctance to seek alternative dispute resolution.

## ***International Arbitration***

Pursuant to its Bilateral Investment Treaty (BIT) with the United States, Bulgaria has committed to a range of dispute settlement procedures starting with notification and consultations. Bulgaria accepts binding international arbitration in disputes with foreign investors.

The most experienced arbitration institution in Bulgaria is the Arbitration Court (AC) of the Bulgarian Chamber of Commerce and Industry (BCCI). Established more than 110 years ago, the AC hears civil disputes between legal persons, one of whom must be seated outside Bulgaria. The AC began to act as a voluntary arbitration court between natural and/or legal persons domiciled in Bulgaria in 1989.

Arbitration is regulated by the 1988 Law on International Commercial Arbitration, which is based on the United Nations Commission on International Trade Law (UNCITRAL) Model Law. According to the Code of Civil Procedure, not all disputes may be resolved through arbitration. Disputes regarding rights over real estate situated in the country, alimony, or individual labor disputes may only be heard by the courts. In addition, under the Code of Private International Law of 2005, Bulgarian courts have exclusive competence over industrial property disputes regarding patents issued in Bulgaria.

Regarding arbitration clauses that select a foreign court of arbitration, the Code of Civil Procedure mandates that these clauses are only valid if at least one of the parties maintains its residence abroad. As a result, foreign-owned, Bulgarian-registered companies having a dispute with a Bulgarian entity can only have arbitration in Bulgaria. However, under the Law on International Commercial Arbitration, the arbitrator could be a foreign person. Under the same act, the parties can agree on the language to be used in the arbitration proceedings. Arbitral awards, both foreign and domestic, are enforced through the judicial system. The party must petition the Sofia City Court for a writ of execution. Having obtained a writ, however, the creditor then must execute the award using the general framework for execution of judgments in the country. Foreclosure proceedings may also be initiated.

### ***ICSID Convention and New York Convention***

Bulgaria is a member of the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards and the 1961 European Convention on International Commercial Arbitration. Bulgaria is also a signatory of the 1996 Convention on the Settlement of Investment Disputes between States and Nationals of Other States.

## **Performance Requirements and Incentives**

[Return to top](#)

### ***Investment Incentives***

The Invest Bulgaria Agency (IBA), the government's investment coordinating body, provides information, administrative services, and incentive assessments to prospective foreign investors. The 2004 Investment Promotion Act (IPA) is the primary legislation providing investment incentives to investors in Bulgaria. Foreign investments over BGN 20 million (USD 14.1 million) are deemed to be priority "Class A" investment projects. At the request of investors receiving Class A investment certificates, IBA can recommend that the competent authorities grant them free real estate (either state or municipal property). Class A investments are also eligible to apply for state financing for critical infrastructure deemed necessary for the investment plan's implementation. Additionally, IBA represents "Class B" investment projects (over BGN 10 million, or USD 6.8 million) before government authorities, and assists with processing all administrative documents. The government policy for investment promotion is not applicable to investments in coal mining, steel production, shipbuilding, synthetic production, agriculture, and fisheries. In addition, the IPA grants Class A or Class B status to certain investments in high-technology manufacturing and services and in regions with an unemployment rate equal to or higher than the country average. A two-year valued-added tax (VAT) exemption on equipment imports applies to investment projects over EUR 5 million (USD 6.7 million), provided the project will be implemented over a two-year period and creates at least 50 new jobs.

Additionally, investment projects that are particularly important for the economy and meet the legal requirement for a minimum investment commitment in the amount of BGN 100 million (USD 70.5 million) and for creating 200 new jobs are classified as priority projects. Such projects can be implemented in all sectors of the economy. In addition to the incentives granted to Class A investors, priority investors can acquire limited rights on central or municipal government property at below market prices; receive government grants for projects on R&D and education, and institutional support for establishing PPPs.

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***Performance Requirements***

Bulgaria does not impose export performance or local content requirements as a condition for establishing, maintaining, or expanding an investment. Employment visas and work permits are required for most expatriate personnel from non-EU countries. Permanent residence permits are often difficult to obtain. Private companies cannot exceed a 1:10 ratio of non-EU residents to Bulgarian employees. The law regulating gambling imposes other requirements for non-EU investors for organizing games of chance, including the obligation for foreigners to obtain an operating license.

***Data Storage***

Responding to long-standing industry concerns, the Bulgarian government included a provision to provide data exclusivity (i.e., protection of confidential data submitted to the government to obtain approval for market pharmaceutical products) in its Drug Law. Bulgaria grants supplemental protection certificates for pharmaceutical products and plant protection products under EU regulations. This protection is similar to that provided in the United States.

## **Right to Private Ownership and Establishment**

[Return to top](#)

Article 19 of the Constitution states that the Bulgarian economy “shall be based on free economic initiative.” Private entities, both foreign and domestic, can establish and own business enterprises engaging in any profit-making activities not expressly prohibited by law. Bulgaria's Commercial Code guarantees and regulates, for both foreign and domestic entities, the free establishment, acquisition, and disposition of private business enterprises. Competitive equality is the standard applied to private enterprises in competition with public enterprises.

## **Protection of Property Rights**

[Return to top](#)

Bulgarian law protects the acquisition and disposition of property rights. The Bulgarian legal system protects and facilitates acquisition and disposition of all property rights, such as land, buildings, and mortgages.

Although Bulgarian intellectual property rights (IPR) legislation is generally adequate – and in some cases stronger than in other EU countries – industry representatives believe effective IPR protection requires stronger enforcement, including stricter penalties for offenders. The Law on Copyright and Related Rights, the Law on Patents and Registration of Utility Models, the Law on Marks and Geographical Indications, the Law on Industrial Design, and the Penal Code were all harmonized with international standards in 2006. Bulgaria is a member of the World Intellectual Property Organization (WIPO) and a signatory to key international agreements, including WIPO Internet treaties and the TRIPS Agreement.

The United State Trade Representative (USTR) placed Bulgaria back on the Special 301 Watch List in April 2013, noting the little progress made in fighting online piracy. In view of the few available legitimate platforms for purchasing licensed digital content, the illegal download of music and films stands out as the greatest enforcement issue for the relevant Bulgarian authorities and IP rights holders. The software piracy rate for end-users and businesses was 64 percent in 2012, according to the Business Software Alliance. The Bulgarian legal system has not kept pace with new internet-based technologies. Bulgaria's Penal Code and Copyright Law lack deterrent effect on Internet pirates and there has been little political will to adopt the necessary changes, or to cooperate with private stakeholders. As a result, Bulgarian courts have never successfully prosecuted Internet pirates, except in one case when the court imposed small (USD 600) administrative fines on four site operators, but the offenders eventually were acquitted by a higher instance court which ruled that the statute of limitations had expired before sentencing. Bulgaria has neither legal requirements nor voluntary agreements holding advertisers, Internet service providers, and payment service providers accountable for supporting or doing business with pirate sites.

## ***Real Property***

There are no legal restrictions against real property acquisition by locally-registered, majority foreign-owned companies, which is the method most foreigners use to purchase property in Bulgaria. A requirement for five-year residency in the country for foreign purchase of Bulgarian agricultural land was approved by Bulgarian Parliament in May 2014.

## ***Intellectual Property Rights***

The 1993 Law on Copyright and Related Rights protects literary, artistic, and scientific works. Article 3 provides a full listing of protected works including computer programs (which are protected as literary works). The use of protected works is prohibited without the author's permission, except in certain instances. Since 2000 the law has undergone major revisions to comply with EU and international legislation, including major changes in March 2011, which introduced government arbitration for contract negotiations between rights users and rights collection societies.

For films and other audio-visual works, copyrights are protected during the lives of the director, screenplay-writer, cameraman, or author of dialogue or music (if the music was created for the film) plus 70 years. Pursuant to 2014 Copyright Act amendments, the term of protection for producers and performing artists was extended to 70 years, starting from the day of the first recording or making the work first known to the public. However, Bulgarian law limits the duration of contracts on the use of copyrighted works to no more than ten years. Rights owners may file civil claims to terminate infringing activity and seek confiscation of equipment and pirated materials. The Copyright Office in the Ministry of Culture is responsible for copyright and related rights matters in Bulgaria. It is not adequately staffed. Bulgarian legislation provides for criminal, civil, and administrative remedies against copyright and related rights violations, but because of the small number of court judgments, enforced administrative remedies, and sentences, law enforcement is still inadequate.

Bulgarian patent law has been harmonized with EU law for patents and patent protection. However, in patent procedures, there are reports of conflicts of interest and delays in decision-making and informing patent holders. These issues, coupled with a lack of accountability of the Bulgarian Patent Office, have weakened patent protection in the country.

Bulgaria joined the Convention on Granting of European Patents (European Patent Convention) in 2002. Bulgaria is a contracting state of the European Patent Office (EPO), whereby a patent recognized by the European Patent Convention must immediately take effect in Bulgaria after validation, which includes a process of translation of the entire patent documentation into Bulgarian and payment of a fee (starting from BGN 130 or USD 92) within three months of the day the EPO issues the patent. Bulgaria has also signed the London agreement for facilitating the validation process, which allows rights holders to submit the translation of the patent claim only and not that of the whole patent.

However, Bulgarian law has still not been amended to comply with this agreement. Bulgaria is also part of the Patent Cooperation Treaty (PCT). Bulgaria grants the right to exclusive use of inventions for 20 years from the date of patent application, subject to payment of annual fees, which range from BGN 50 (USD 35.20) to BGN 1,500 (USD 1,056), depending on the time remaining before the patent expires. Innovations can also be protected as utility models (“small inventions”). The term of validity of a utility model registration is four years from the date of filing with the Patent Office. It may be extended by two consecutive three-year periods, but the total term of validity may not exceed 10 years.

Inventions eligible for patent protection must be new, involve an inventive step, and be capable of industrial application. Article 6 of the Law on Patent and Utility Model Registration lists items not regarded as inventions and Article 7 lists the exceptions to patentability. With regard to utility models, no registration is granted for methods and objects in the field of biotechnology. There is no accessible database for the registered and valid patents and utility models in Bulgaria.

Located in the Ministry of Economy, Energy, and Tourism, the Patent Office is the competent authority with respect to industrial property rights (including patent matters). The Patent Act describes patent application procedures and the examination process. Patent applications are submitted directly to the Patent Office and recorded in the state register. Compulsory licensing (allowing competitors in the market despite a valid patent) may be ordered under certain conditions: if the patent has not been used within four years of filing the patent application or within three years from the date of issue, if the patent holder is unable to offer justification for not adequately supplying the national market, or in the case of a declaration of national emergency. Disputes arising from the creation, protection, or use of inventions and utility models can be heard and settled under administrative, civil, or arbitration procedures. Disputes are reviewed by specialized panels convened by the President of the Patent Office and may be appealed to the Sofia Administrative Court within three months of the panel's decision. The Customs Office conducts border seizures when there is reason to believe that the goods are infringing either a patent, a supplementary protection certificate (SPC), or a registered utility model. The regime is in compliance with Regulation 608/2013/EC.

Pursuant to the 1996 Protection of New Plant Varieties and Animal Breeds Act, the Patent Office can issue a certificate which protects new plant varieties and animal breeds for between 25 and 30 years. In 1998, Parliament ratified the 1991 International Convention for the Protection of New Varieties of Plants. In addition, all new types of plants registered by the EU's Community Plant Variety Office are considered effective in Bulgaria.

In 1999, Parliament passed a series of laws on trademarks and geographical indications, industrial designs, and integrated circuits in accordance with TRIPs (WTO's Trade Related Aspects of Intellectual Property) requirements and the EU Association Agreement. The Trademarks and Geographical Indications Act (TGIA), as amended in 2005 and 2006 to comply with EU standards, regulates the establishment, use, suspension, renewal, and protection of trademarks, collective and certificate marks, and geographic indications.

The right for marks (trademarks, service marks, and collective and certificate marks) is acquired through registration and is valid from the date of filing the application. The right of registration belongs to the first applicant. Co-ownership of marks is allowed.

With amendments to the TGIA that entered into force in March 2011, all applications which comply with the basic requirements of the law are published. Interested parties then have three months from the date the application is published in the national gazette to file an objection.

Bulgaria is a member of the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration.

Right of priority with respect to trademarks that do not differ substantially is given to the application that was filed in compliance with Article 32 of the TGIA. Right of priority is also established on the basis of a request made in one of the member countries of the Paris Convention for the Protection of Industrial Property or of the WTO. To exercise the right of priority, the applicant must file a request within six months of the date the other party has filed.

A trademark is normally granted within eighteen months of filing a complete application. Refusals can be appealed to the Disputes Department of the Patent Office. Decisions of this department can be appealed to the Sofia Administrative Court within three months of the decision. The right of exclusive use of a trademark is granted for ten years from the date of submitting the application. Extension requests must be filed during the final year of validity and can be renewed up to six months after its expiration. Protection is terminated if a trademark is not used for a five-year period.

Trademark infringement is a significant problem in Bulgaria for U.S. cigarette and apparel producers, and smaller scale infringement affects other U.S. brands. Bulgarian legislation provides for criminal, civil, and administrative remedies against trademark violation. Civil legal infringement actions may be conducted, including seizure and destruction of the infringing products and compensation for damages. The claimant may request compensation ranging from BGN 500 to BGN 100,000 (USD 352 and USD 70,500). In addition, the claimant may request possession of the infringing articles and compensation for expenses incurred in destroying the articles. All civil actions are heard by Sofia City Court.

Bulgaria has no simplified border control procedure for the destruction of seized fake goods without civil or criminal trial.

The TGIA imposes a fine of BGN 500 (USD 352) to BGN 1,500 (USD 1,056) on any physical person who is selling goods or services that bear a sign that is identical or similar to a registered mark without the proprietor's consent. Legal entities are fined between BGN 1,000 (USD 700) and BGN 3,000 (USD 2,112). The fine for repeated offenses is between BGN 1,500 (USD 1,056) and BGN 3,000 (USD 2,112) for physical persons and between BGN 3,000 (USD 2,112) and BGN 5,000 (USD 3,520) for legal entities. The Criminal Code prohibits use of a third person's trademark without the proprietor's consent, punishable by imprisonment of up to five years and a fine of up to BGN 5,000 (USD 3,520).

If the act is repeated or significant damages result, the punishment can be extended up to eight years of imprisonment and a fine between BGN 5,000 to BGN 8,000 (USD 5,634). In practice criminal court rulings are rare and sentencing is lenient.

In Bulgaria, trademarks, service-marks, and rights to geographic indications are only protected pursuant to registration with the Bulgarian Patent Office or an international registration (under the Madrid Agreement and the Madrid protocol) designating Bulgaria; they do not arise simply with “use in commerce” of the mark or indication. Bad faith registrations of well-known international marks are increasingly common in Bulgaria. In the past year, there have been at least two cases in which the Bulgarian Patent Office has upheld the rights of the bad-faith registrants with enforcement procedures against original U.S. mark holders.

Legal entities cannot be held liable under the Criminal Code. Criminal penalties for copyright infringement and willful trademark infringement are limited compared to enforcement mechanisms available under U.S. law.

Under Bulgarian law, industrial designs which are new and original can be granted certificates from the Patent Office and entered in the state register. The term of protection is 10 years, renewable up to 25 years. Bulgaria is a contracting state of The Hague Agreement Concerning the International Deposit of Industrial Designs. With respect to third parties, an international registration shall have effect in Bulgaria as of the date of expiration of the six-month period under Article 8 (1) of the Hague Agreement. Enforcement of industrial design is similar to trademarks enforcement.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO’s country profiles at <http://www.wipo.int/directory/en/>.

Embassy point of contact: Danko Tonev, [TonevDT@state.gov](mailto:TonevDT@state.gov)

Embassy lawyers list link: [http://bulgaria.usembassy.gov/list\\_of\\_lawyers\\_in\\_bulgaria2.html](http://bulgaria.usembassy.gov/list_of_lawyers_in_bulgaria2.html)

## **Transparency of Regulatory System**

[Return to top](#)

In general, the regulatory environment in Bulgaria is characterized by complex regulations, lack of transparency, and arbitrary or weak enforcement. These factors create incentives for public corruption and, as a result, foreign investors may experience a cumbersome investment climate.

Bulgarian law defines 38 operations that must be licensed and includes registration and permit regimes. The law requires all regulations to be justified by defined need (in terms of national security, environmental protection, or personal and material rights of citizens), and prohibits restrictions incidental to the stated purposes of the regulation. The law also requires that the regulating authority perform a cost-benefit analysis of any proposed regulation. In addition, the law eliminates bureaucratic discretion in granting requests for routine economic activities, and provides for “silent consent” when the government does not respond to a request in the allotted time.

While the law creates a ground-breaking normative framework, implementation and consistent enforcement are still lacking. Local companies in which foreign partners have controlling interests may be requested to provide additional information or meet mandatory requirements in order to engage in certain licensed activities including production and export of arms and ammunition; banking and insurance; and exploration, development, and exploitation of natural resources.

## **Efficient Capital Markets and Portfolio Investment**

[Return to top](#)

### ***Money and Banking System, Hostile Takeovers***

Since 1997, the Bulgarian Stock Exchange (BSE) has operated under a license from the Securities and Stock Exchange Commission (SSEC). The 1999 Law on Public Offering of Securities regulates the issuance of securities, securities transactions, stock exchanges, and investment intermediaries. The 2002 comprehensive amendments to this law established significant rights for minority shareholders of publicly-owned companies in Bulgaria. In addition, they created an important foundation for the adoption of international best practices for corporate governance principles in public companies. Since 2007, Bulgaria has aligned its regulation of securities markets to EU standards under the Markets in Financial Instruments Directive (MiFID) that seeks to integrate trading, clearing, settlement and depository functions of the EU securities markets.

The BSE is the only trading venue in Bulgaria. Its infrastructure has substantially improved in recent years, including the establishment of an official index (SOFIX), an Internet-based trading system, and a growing number of brokers. Investors access the BSE to trade corporate stock, government bonds, corporate bonds, Bulgarian Depositary Receipts, municipal bonds, and mortgage-backed bonds. The stock exchange operates three other indexes in addition to the official SOFIX: BG40, BG TR30, and BGREIT. The small domestic market is served by a large number of domestically oriented investment firms.

Total market capitalization only increased slightly to 12.67 percent of GDP in 2013, from 12.54 percent of GDP in 2012. The liquidity of the market remains relatively low. Annual trading turnover increased notably, from 9 percent of total market capitalization in 2012 to 15 percent in 2013. The majority of BSE's equity is still owned by the Ministry of Finance (50.05 percent) and by investment intermediaries and commercial banks (33 percent). The remaining BSE capital is allocated among other local and foreign legal entities, natural persons, and institutional investors. The government confirmed plans to sell its majority stake in BSE in 2014.

The Bulgarian banking system has undergone considerable transformation since its virtual collapse in 1996 and now demonstrates both high predictability and client and investor confidence. There are 30 commercial banks (24 subsidiaries and 6 branches), with total assets of BGN 85.7 billion (USD 60.4 billion) in 2013. Approximately 55 percent of bank assets are concentrated in the top five banks: UniCredit-Bulbank, DSK Bank, First Investment Bank, United Bulgarian Bank, and Corporate Commercial Bank.

In 2003, Bulgaria completed the privatization of its state-owned banks, attracting some strong foreign banks as strategic investors. Foreign investors drawn to the Bulgarian banking industry include UniCredito Italiano SpA (UCI), BNP PARIBAS, KBC, National Bank of Greece, Societe Generale, Raiffeisen International, OTP Group, and Citibank. Approximately 72 percent of the banking system is owned by foreign banking groups.

Bulgaria's banking system is well capitalized. The average capital adequacy ratio (capital base to risk-weighted credit exposures) for the banking system has steadily declined from 43 percent in 1998 to 16.8 percent in 2013, but still remains above the Bulgarian National Bank's requirement of 12 percent. Domestic banks have responded to the global financial crisis by reducing risk exposure through increased interest rates on both deposits and loans. Non-performing loans (those over 90 days overdue and written off) were 11 percent of banks' total loan portfolios in 2013. The Bulgarian government finances some of its expenditures by issuing bonds in capital markets. Commercial banks and private pension funds are the primary purchasers of these instruments. EU-based banks are eligible to be primary dealers of Bulgarian government bonds.

In order to acquire Bulgarian government bonds, a foreign bank must register with the Ministry of Finance and open a "custody account" in Bulgarian Leva.

The Investment Promotion Act defines securities, including treasury bills, with maturities over six months as investments. Repatriation of profits is possible after presenting documentation that taxes have been paid.

## **Competition from State Owned Enterprises**

[Return to top](#)

### **OECD Guidelines on Corporate Governance of SOEs**

Upon EU accession, Bulgaria was recognized as a fully operating market economy, in which the majority of the companies are private. The state's monopoly in railway infrastructure is among the few exceptions. The state-owned Bulgarian Postal Service still holds a partial market monopoly, but the local market for postal services has been increasingly de-monopolized to include a number of privately managed courier companies. Though Bulgaria has separate state-owned companies for infrastructure ownership and distribution in both the electricity and gas markets, all of these companies are owned by the same state-owned holding company.

## **Corporate Social Responsibility**

[Return to top](#)

### ***OECD Guidelines for Multinational Enterprises***

There is a growing awareness of corporate social responsibility among both producers and consumers, but it is not always clear that expectations are as high for domestic firms as for foreign investors.

There have been no incidents in recent years involving politically-motivated damage to projects or installations. Rather, violence in Bulgaria is primarily criminal in nature.

***UN Anticorruption Convention, OECD Convention on Combatting Bribery***

Widespread corruption continues to be one of the most difficult problems in Bulgaria's investment climate. Well-established human trafficking, narcotics, and contraband smuggling channels that contribute to corruption in Bulgaria still exist. Law enforcement capacity remains limited and the authorities opt for easy-to-prove, low-level corruption cases. As a result, progress on cases of high public interest, involving alleged siphoning of millions from the state coffers or EU funds, such as cases involving public procurements for big infrastructure projects, have not generally been pursued.

The Prosecution service, the State Agency for National Security, and the Ministry of Interior are the primary institutions responsible for combating corruption. A government analytical center for curbing corruption (BORCOR) was set up in 2011 but it has shown no concrete results, in spite of the resources which have been devoted to the project. Bulgaria has laws, regulations, and penalties to combat corruption. However internal oversight within institutions is often weak which contributes to the overall image of uncoordinated response to what is seen as a systemic problem throughout the public administration. Bribery is a criminal act under Bulgarian law for both the giver and the receiver. Individuals who mediate and facilitate a bribe are also held accountable. Penalties range from one to fifteen years imprisonment along with possible confiscation of property depending on the circumstances and seriousness of the case. In the most egregious cases, the Penal Code calls for prison terms of 10 to 30 years. Bribing a foreign official is also a criminal act. The government does not require companies to establish internal codes of conduct nor compliance programs to detect and prevent bribery. In the area of public procurement, a complex and ever-changing legislative framework has made it even more difficult to create a culture of objectivity and rigor.

Bulgaria has an NGO sector that monitors corruption and organized crime, including a local chapter of Transparency International (TI). Bulgaria ranks 77th of 177 countries in TI's Corruption Perception Index for 2013, down one place from 2012.

In 1998, Bulgaria was one of the first non-OECD nations to ratify the OECD Anti-Bribery Convention and is a participating member of the OECD Working Group on Bribery. Bulgaria has also ratified the Council of Europe's Convention on Laundering, Search, Seizure, and Confiscation of Proceeds of Crime (1994) and Civil Convention on Corruption (1999). Bulgaria has signed and ratified the UN Convention against Corruption (2003); the Additional Protocol to the Council of Europe's Criminal Law Convention on Corruption; and the UN Convention against Transnational Organized Crime.

## **Bilateral Investment Agreements**

[Return to top](#)

Bulgaria has a Bilateral Investment Treaty (BIT) with the United States, which guarantees national treatment for U.S. investments and creates a dispute settlement process. The BIT also includes a side letter on protections for intellectual property rights. The Governments of Bulgaria and the United States exchanged notes in 2003 to make Bulgaria's obligations under the BIT compatible with its EU obligations, and finalized the process in January 2007.

As of 2012, Bulgaria has bilateral investment treaties signed with the United States and the following countries: Albania, Algeria, Argentina, Armenia, Austria, Azerbaijan, Bahrain, Belarus, Belgium, China, Croatia, Cuba, Cyprus, Czech Republic, Denmark, Egypt, Finland, France, Georgia, Germany, Ghana, Greece, Hungary, India, Indonesia, Iran, Israel, Italy, Jordan, Kazakhstan, Kuwait, Latvia, Lebanon, Libya, Lithuania, Luxembourg, Macedonia, Malta, Moldova, Mongolia, Montenegro, Morocco, Nigeria, North Korea, Oman, Pakistan, Poland, Portugal, Qatar, Romania, Russia, San Marino, Serbia, Singapore, Slovakia, Slovenia, South Korea, Spain, Sudan, Sweden, Switzerland, Syria, Thailand, The Netherlands, Tunisia, Turkey, Ukraine, United Kingdom and Northern Ireland, Uzbekistan, Vietnam, and Yemen.

## ***Bilateral Taxation Treaties***

As of 2012, Bulgaria has signed bilateral double taxation treaties with the United States and the following countries: Albania, Algeria, Armenia, Austria, Azerbaijan, Bahrain, Belarus, Belgium, Canada, China, Croatia, Cyprus, Czech Republic, Denmark, Egypt, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, India, Indonesia, Iran, Ireland, Israel, Italy, Japan, Kazakhstan, Kuwait, Latvia, Lebanon, Lithuania, Luxembourg, Macedonia, Malta, Moldova, Mongolia, Montenegro, Morocco, North Korea, Norway, Poland, Portugal, Qatar, Romania, Russia, Serbia, Singapore, Slovakia, Slovenia, South Africa, South Korea, Spain, Sweden, Switzerland, Syria, Thailand, The Netherlands, Turkey, Ukraine, United Arab Emirates, United Kingdom and Northern Ireland, Uzbekistan, Vietnam, and Zimbabwe.

## **OPIC and Other Investment Insurance Programs**

[Return to top](#)

In 1991, the Overseas Private Investment Corporation (OPIC) and the Bulgarian government signed an Investment Incentive Agreement, which governs OPIC's operations in Bulgaria. OPIC provides medium- to long-term funding through direct loans and loan guarantees to eligible investment projects in developing countries and emerging markets. OPIC also supports a number of privately owned and managed equity funds, including a regional fund for Southeast Europe created in 2005 for investments in companies in Bulgaria and other Balkan countries. OPIC's Small- and Medium-Size Financing is available for businesses with annual revenues under USD 250 million. OPIC's structured financing focuses on U.S. businesses with annual revenue over USD 250 million and supports large capital-intensive projects such as infrastructure, telecommunications, power, water, housing, airports, technology, and financial services.

OPIC offers U.S. investors insurance against currency inconvertibility, expropriation and political violence. Political risk insurance is also available from the Multilateral Investment Guarantee Agency (MIGA), which is a World Bank affiliate, as well as from a number of private U.S. companies.

Bulgaria is a signatory to the Convention Establishing the Multilateral Investment Guarantee Agency.

## **Labor**

[Return to top](#)

As of 2013, Bulgaria's workforce officially consisted of 3,371,200 men (53.3 percent) and women (46.7 percent), many of whom are skilled in sciences, information technology, customer service, and foreign languages. Officially registered unemployed were 11.8 percent of the labor force in December 2013, and the number increased to 12.2 percent in each of the first three months of 2014. About 25 percent of all youth are presently reported as unemployed, which poses a serious labor market issue that has prompted government to enact a set of measures addressing specifically youth unemployment.

The official adult literacy rate in Bulgaria is 98.3 percent. A high percentage of the workforce has completed some form of secondary, technical, or vocational education. Many Bulgarians have strong backgrounds in engineering, medicine, economics, and the sciences, but there is a shortage of professionals with Western management skills as well as of highly-skilled manual laborers. The aptitude of workers, the relatively high number of those who speak English, and the relatively low cost of labor are considerable incentives for foreign companies, especially those that are labor-intensive, to invest in Bulgaria. In recent years, many foreign investors have increasingly complained of the deteriorating quality of Bulgarian university education and the fact that it is training graduates for specialties that are not in line with the real labor market needs. In an attempt to reverse that trend, Bulgarian government is considering legislative changes that would introduce a vocational training track for some Bulgarian high school students. If this legislation is adopted, certain students would receive professional qualification while at school, but forego some of the humanities and social science prerequisites for a regular university education after graduation.

Another concern frequently raised by investors regards difficulties in finding the appropriate skilled local laborers, because many well-trained Bulgarians, enabled by the generally unrestricted access to EU labor market, still choose to leave the country in pursuit of better paid jobs. However, the global financial and economic crisis has caused some the low skilled émigrés such as Bulgarian construction workers working in other EU countries to temporarily return to Bulgaria. Meanwhile, the development of Bulgaria's digital technologies sector has provided opportunities for many local IT specialists to start working for large IT corporations from home.

The Bulgarian Constitution recognizes workers' rights to join trade unions and organize. The National Council for Tripartite Cooperation (NCTC) provides a forum for dialog among government, employer organizations, and trade unions on issues such as cost-of-living adjustments. An established practice of negotiating the so-called "social security thresholds" between trade unions and the employers organizations each year helps determine the formula for calculating the relative amount of employer and employee social security contributions.

Bulgaria has two large trade union confederations represented at the national level, the Confederation of Independent Trade Unions of Bulgaria (CITUB) and the Confederation of Labor "Podkrepa" ("Support"). As of 2012, estimated trade union membership was 300,000 for CITUB and over 150,500 for Podkrepa.

There are very few restrictions on trade union activity, but employees in smaller private firms are often not represented by trade unions. In addition, there are four nationally recognized employer organizations currently in Bulgaria that target different industry and company membership.

Under the Bulgarian Labor Code, employer-employee relations are regulated by employment contracts. The framework of the employment contracts can be shaped through collective bargaining. Collective labor contracts can be concluded at the sectoral level, enterprise level, and municipal level. The Labor Code addresses worker occupational safety and health issues, mandates a minimum wage (determined by the Council of Ministers), and prevents exploitation of workers, including child labor. It clearly delineates employer rights. Disputes between labor and management can be referred to the courts, but resolution is often subject to delays. Neither foreign companies nor majority foreign-owned Bulgarian companies are exempt from the requirements of the Labor Code.

Over the last ten years, the Labor Code has been amended to address labor market rigidities and bring labor legislation into compliance with EU requirements. In 2008, the Parliament passed changes in the labor legislation to increase fines to BGN 15,000 (USD 10,560) for Labor Code violations. The minimum annual paid leave is 20 days. The minimum wage is BGN 340 (USD 239.4) per month. In 2012, rules regulating the status of temporary workers and temporary employment agencies were introduced.

The National Institute for Conciliation and Arbitration (NICA) developed a framework for collective labor dispute mediation and arbitration. NICA includes representatives from labor, employers, and government. NICA-sponsored collective labor dispute resolutions are still few in number. Several of the appointed mediators received basic mediation skills training from the U.S. Federal Mediation and Conciliation Service. There are 31 appointed mediators and 30 arbiters, proposed by social partners and approved by NICA's Supervisory Board.

There are six duty-free zones in Bulgaria: Ruse and Vidin ports on the Danube; Plovdiv; Svilengrad (near the Turkish border); Dragoman (near the Serbian border); and Burgas port on the Black Sea. They are all managed by joint stock or state-owned companies. The government provided land and infrastructure for each zone.

Foreign individuals and corporations, and Bulgarian companies with one percent or more foreign ownership may operate in a duty-free zone. Thus, foreign-owned firms have equal or better investment opportunities in the zones compared to Bulgarian firms. All forms of legal economic activity are permissible in duty-free zones. Foreign, non-EU goods delivered to the duty free zones for production, storage, processing, or re-export are VAT and duty exempt. Bulgarian goods may also be stored in duty free zones with permission from the customs authorities. With Bulgaria in the EU, the duty-free zones no longer apply tax and duty exemptions to exports from Bulgaria to other EU countries.

EU integration has encouraged regional authorities to attract outside investors to spur local economic development. In partnership with the private sector, they provide resources (i.e., land, infrastructure, etc.) for the development of industrial zones and technological parks, which are different from duty-free zones in that they do not provide for any form of preferential tax treatment. There are several industrial zones under construction in: Bozhurishte (outside Sofia), Burgas, Varna, Karlovo (near Plovdiv), and Telish (near Pleven). The high technology Sofia Tech Park has recently joined efforts with the Bulgarian Academy of Sciences in what is expected to become the largest center for high level R&D and incubator for high technology international and local business in Bulgaria. The government has established a National Industrial Zones Company to support the establishment of industrial zones and technological parks and enable a stable FDI inflow.

TABLE 2: Key Macroeconomic data, U.S. FDI in host country/economy

	Host Country Statistical source*		USG or international statistical source		USG or international Source of data  (Source of Data: BEA; IMF; Eurostat; UNCTAD, Other)
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) <i>(Millions U.S. Dollars)</i>	2012	52,760	2012	50,970	<a href="http://www.worldbank.org/en/country">http://www.worldbank.org/en/country</a>
Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country <i>(Millions U.S. Dollars, stock positions)</i>	2012	1,841	2012	1,459	IMF
Host country's FDI in the United States <i>(Millions U.S. Dollars, stock positions)</i>	2012	73.4 million	2012	70 million	Eurostat
Total inbound stock of FDI as	2012	101.1	2012	87.2	IMF

% host GDP (calculate)					
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**TABLE 3: Sources and Destination of FDI**

*Data on inward direct investment reported by Bulgaria are shown side-by-side against data on outward direct investment reported by the counterpart economy. This allows reported data to be easily compared and to identify reporting inconsistencies. Bulgaria, 2012*

From Top Eight Sources/To Top Eight Destinations (US Dollars, Millions)					
Inward Direct Investment			Outward Direct Investment		
Total Inward	44,443	100%	Total Outward	26,618	100%
The Netherlands	8,875	20%	Netherlands	6,094	23%
Austria	6,663	15%	Austria	5,600	21%
Greece	3,464	8%	Greece	2,578	10%
Cyprus	2,738	6%	Cyprus	c	
United Kingdom	2,576	6%	United Kingdom	183	0.7%
Germany	2,376	5%	Germany	2,964	11%
Russia	1,876	4%	Russia	2,835	11%
United States	1,459	3%	United States	c	

Source: <http://cds.imf.org>

Local contact for FDI statistics: "Balance of Payments and External Debt" Department, Bulgarian National Bank ([www.bnb.bg](http://www.bnb.bg))

The Bulgarian National Bank ranks top eight investor countries in the same order as the table above, with the Netherlands listed as number one and the United States listed at number eight.

**TABLE 4: Sources of Portfolio Investment***Bulgaria, 2012*

Portfolio Investment Assets								
Top Eight Partners (Millions, US Dollars)								
Total			Equity Securities			Total Debt Securities		
All Countries	44,443	100%	All Countries	30,131	100%	All Countries	14,312	100%
Netherlands	8,875	20%	Netherlands	1,985	7%	Netherlands	6,889	48%
Austria	6,663	15%	Austria	5,646	19%	Austria	1,017	7%
Greece	3,464	8%	Greece	3,186	11%	Greece	278	2%
Cyprus	2,738	6%	Cyprus	1,753	6%	Cyprus	985	7%
United Kingdom	2,576	6%	United Kingdom	2,372	8%	United Kingdom	205	1%
Germany	2,376	5%	Germany	1,936	6%	Germany	440	3%
Russia	1,876	3%	Russia	1,469	5%	Russia	406	3%
United States	1,459	3%	United States	1,045	3%	United States	415	3%

Source: <http://cpis.imf.org> (Source: Bulgarian National Bank)**19. Contact Point at Post for Public Inquiries**

Economic Officer

Embassy of the United States

16 Kozyak Street

Sofia 1407, Bulgaria

Tel: +359 937 5220

(Source: Bulgarian National Bank)

[Return to table of contents](#)

## Chapter 7: Trade and Project Financing

- [How Do I Get Paid \(Methods of Payment\)](#)
- [How Does the Banking System Operate](#)
- [Foreign-Exchange Controls](#)
- [U.S. Banks and Local Correspondent Banks](#)
- [Project Financing](#)
- [Web Resources](#)

### **How Do I Get Paid (Methods of Payment)**

[Return to top](#)

As with any international transactions, the method of payment is determined by the degree of trust in the buyer's ability and willingness to pay. Full payment in advance is recommended for the first delivery and when the importer is still unknown.

Most commonly used payment mechanisms are available to facilitate international transactions.

U.S. EXIM Bank provides insurance policies and long-term guarantees to U.S. exporters to allow more flexible payment terms. For more information, please visit <http://www.exim.gov>

### **How Does the Banking System Operate**

[Return to top](#)

(Development of services for consumers, such as credit cards and e-banking, are popular, while personal checks are almost unknown and unused as a method of payment for locals. The number of POS terminals in the country and the share of the non-cash transactions grew significantly in the past years.

The Bulgarian National Bank (BNB) operates independently of the government and reports directly to Parliament. The BNB regulates the banking system, however under the Currency Board Arrangement BNB has no discretion in setting monetary or exchange rate policy. The Bulgarian Currency is exchanged at a fixed rate of Euro against the Bulgarian Lev (1 EUR = 1,95583 BGN).

There are thirty commercial banks in Bulgaria; twenty-four are fully licensed and authorized to engage in international transactions and six are branches of foreign banks in Bulgaria. Citibank is the only U.S. bank with an office in Bulgaria.

## Foreign-Exchange Controls

[Return to top](#)

International financial remittances in payment of imports into Bulgaria are generally allowed. Only bank transfer permits the export of hard currency by commercial entities, including juridical persons and sole traders. Transfers for current international payments (imports of goods and services, transportation, interest and principal payments, insurance, training, medical treatment and other purposes defined in Bulgarian regulations) must be supported by documentation such as invoices, certificates, or transport documents, to the transferring bank.

## U.S. Banks and Local Correspondent Banks

[Return to top](#)

Contact information for all Bulgarian banks may be found on the Bulgarian National Bank <http://www.bnb.bg> web site. Some Bulgarian banks may have 100 or more U.S. correspondent banks, and some U.S. banks may have correspondent relations with more than one Bulgarian bank. As banking relationships can change quickly, the best source of current information on correspondent banking arrangements is the banks themselves.

The AmCham web site <http://www.amcham.bg> is another good resource of information. From the AmCham home page, click on "About us" then "Members list".

## Project Financing

[Return to top](#)

### 1. U.S.-based financing

The U.S. Export-Import Bank (Eximbank) is a source of export financing and insurance for U.S. transactions in Bulgaria. Eximbank will guarantee a commercial bank loan up to 85% of the value of the contract. Eximbank will also accept guarantees from the larger municipalities. In 2006, Eximbank concluded a Master Guarantee Agreement with the Bulgarian banks UBB and Postbank, therefore Eximbank financing is available in Bulgaria.

The Small Business Administration (SBA) provides financial and business development assistance to encourage and help small U.S. companies in developing export markets. <http://www.sba.gov/>

The Overseas Private Investment Corporation's (OPIC) key programs are its loan guarantees, direct loans, and political risk insurance. <http://www.opic.gov/>

The U.S. Trade and Development Agency (TDA) promotes U.S. exports through funding feasibility studies, technical assistance, training programs, and orientation visits. <http://www.ustda.gov/>

## 2. Financing from International Institutions

The European Bank for Reconstruction and Development (EBRD), whose largest shareholder is the U.S. Government, has a number of programs available to U.S. companies. The Bank makes loans as well as takes equity stakes in infrastructure projects. The EBRD will increasingly focus on private-sector development in Bulgaria. It also mandates open competitive tenders in procurements, which give U.S. companies opportunities to supply goods and services. For more information, please see <http://www.ebrd.com/>

The World Bank's procurement procedures enable U.S. exporters to bid on public procurement contracts. To date, approved projects are in the energy, telecommunications, residential heating, railways, health, environmental and public administration sectors. For more information on WB program in Bulgaria, please see <http://www.worldbank.bg>

The Multilateral Investment Guarantee Agency (MIGA) is part of the World Bank Group. Its purpose is to encourage foreign investment in developing countries by providing investment guarantees (political risk insurance) against the risk of currency transfer, expropriation, war, civil disturbance and breach of contract by the host government. For more information, please see <http://www.worldbank.org/>

### 1. EU-based financing

Bulgaria's accession to the EU opened access to project financing in the form of EU structural and cohesion funds. EU financial assistance programs provide a wide array of grants, loans, loan guarantees and co-financing for feasibility studies and infrastructure projects in a number of key sectors (e.g., environmental, transportation, energy, telecommunications, tourism, public health). From a commercial perspective, these initiatives create significant market opportunities for U.S. businesses, U.S.-based suppliers, and subcontractors.

The EU supports projects within its member states, as well as EU-wide "economic integration" projects that cross both internal and external EU borders. See <http://export.gov/europeanunion/grantstendersandfinancing/index.asp>.

Seven EU operational programs are available in Bulgaria, supporting projects in the areas of competitiveness, environment, transport, regional development, technical assistance, capacity building, and human capital development.

The European Union provides project financing through grants from the European Commission and loans from the European Investment Bank. Grants from the Structural Funds are distributed through the member states' national and regional authorities

## The CSEU Tenders Database

The U.S. Commercial Service at the U.S. Mission to the European Union offers a tool on its website to help U.S.-based companies identify European public procurement opportunities. The database features all current public procurement tenders issued by all national and regional public authorities in the 27 Member States of the European Union, plus four other European countries, and that are open to U.S.-based firms under the terms of the Government Procurement Agreement (GPA) implemented in 1995. The database is updated twice weekly and is easy to use with a range of search options, including approximately 20 industry sectors. The database also contains tenders for public procurement contracts relating to structural funds. Readers may access the database at <http://export.gov/europeanunion/grantstendersandfinancing/cseutendersdatabase/index.asp>.

## EU Structural Funds

The EU earmarked EUR 308 billion for projects under the Structural Funds and the Cohesion Fund programs for the 2007-2013 period for the EU-27. In addition to funding economic development projects proposed by Member States or local authorities, EU Structural Funds also support specialized projects promoting EU socioeconomic objectives. For information on approved programs that will result in future project proposals, please visit: [http://ec.europa.eu/regional\\_policy/index\\_en.cfm](http://ec.europa.eu/regional_policy/index_en.cfm)

For projects financed through the Structural Funds, Bulgarian officials are the key decision-makers. They assess the needs of their country; investigate projects; evaluate bids; and award contracts. To become familiar with available financial support programs in Bulgaria, it is advisable for would-be contractors to meet with local officials to discuss local needs.

Tenders issued by Bulgaria's public contracting authorities for projects supported by EU grants are subject to EU public procurement legislation if they meet the EU minimum contract value requirement for the eligible sector. Below this threshold, tender procedures are subject to national procurement legislation. There are no overt prohibitions against the participation of U.S. companies, either as developers or concessionaires of projects supported partially by the Structural Funds, or as bidders on subsequent public tenders related to such projects, but it is advisable to team up with a local partner. All Structural Fund projects are co-financed by national authorities and most may also qualify for a loan from the European Investment Bank. The private sector is also involved in project financing. For more information on these programs, please see the market research section on the website of the US Mission to the EU: <http://export.gov/europeanunion/marketresearch/index.asp>

## The Cohesion Fund

The Cohesion Fund is another instrument of EU structural policy. Its EUR 61.5 billion (2007-2013) budget seeks to improve cohesion within the EU by funding transport infrastructure and environmental projects in Portugal, Spain, Greece and the twelve new (since 2004) EU Member States from Central and Eastern Europe. These projects are generally co-financed by national authorities, the European Investment Bank, and the private sector.

Key Link: [http://ec.europa.eu/regional\\_policy/thefunds/cohesion/index\\_en.cfm](http://ec.europa.eu/regional_policy/thefunds/cohesion/index_en.cfm)

## Loans from the European Investment Bank

Headquartered in Luxembourg, the European Investment Bank (EIB) is the financing arm of the European Union. As a non-profit banking institution, the EIB offers cost-competitive, long-term lending in Europe. Best known for its project financial and economic analysis, the Bank makes loans to both private and public EU-based borrowers for projects in all sectors of the economy, such as telecommunications, transport, energy infrastructure and environment.

Projects financed by the EIB must contribute to the socioeconomic objectives set out by the European Union, such as fostering the development of less favored regions; improving European transport and telecommunication infrastructure; protecting the environment; supporting the activities of SMEs; assisting urban renewal; and, generally promoting growth, competitiveness and employment in Europe. Last year, the EIB created a list of projects to be considered for approval and posted the list on its website. As such, the EIB website is a source of intelligence on upcoming tenders related to EIB-financed projects: <http://www.eib.org/projects/pipeline/index.htm>

The EIB presents attractive business opportunities to U.S. businesses. EIB lending rates are lower than most other commercial rates. Like all EIB customers, however, U.S. firms must apply the loan proceeds to a project that contributes to the European objectives cited above.

## Web Resources

[Return to top](#)

Export-Import Bank of the United States: <http://www.exim.gov>

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.ustda.gov/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

European Bank for Reconstruction and Development: <http://www.ebrd.bg>

World Bank - <http://www.worldbank.org/>

The European Investment Bank <http://www.eib.org/>

EIB-financed projects: <http://www.eib.org/projects/index.htm?lang=-en>

European Union Tenders Database:

<http://export.gov/europeanunion/grantstendersandfinancing/index.asp>

[Return to table of contents](#)

## Chapter 8: Business Travel

- [Business Customs](#)
- [Travel Advisory](#)
- [Visa Requirements](#)
- [Telecommunications](#)
- [Transportation](#)
- [Health](#)
- [Local Time, Business Hours and Holidays](#)
- [Temporary Entry of Materials and Personal Belongings](#)
- [Web Resources](#)

### **Business Customs**

[Return to top](#)

Bulgarians are less formal than Western Europeans from the way they dress to the way they make business contacts. Meetings, including lunches or dinners, are used as an opportunity to be acquainted and as a basis for developing a relationship of trust. Companies use stand-up evening receptions at hotels, restaurants, congress centers, trade shows, and even museums, galleries and auto showrooms for public relations and to solidify business relationships.

One charming but confusing custom is that head movements indicating agreement or disagreement are reversed in Bulgaria. The rocking of the head from left-to-right, often with a slight smile, means "yes" while nodding up-and-down indicates, "no." However, some Bulgarians do avoid now that local mannerism and will use head movements in a typical western fashion. Therefore, it is best to clarify the situation by obtaining a verbal response.

### **Travel Advisory**

[Return to top](#)

Bulgarian law requires all travelers entering or leaving EU through Bulgaria with 10 000 Euros (around USD 13,000) or more in cash to declare the sum to customs in order to comply with Regulation (EC) No 1889/2005 of the European Parliament and the Council applicable from June 15, 2007. This initiative has been taken to assist the efforts being made at EU level to tackle crime and improve security by cracking down on money laundering, terrorism and criminality or travelers' checks declare the money/checks upon arrival to customs officials. Travelers entering Bulgaria at Sofia, Varna, Bourgas or Plovdiv Airports and carrying currency in excess of the above amount should use the red "Something to Declare" line and not the green "Nothing to Declare" line, even if specifically invited into the green line by a customs official.

Travelers who plan to leave the country with the equivalent of BGN 25,000 or more must complete a customs declaration on which they must state the origin of the money, and present a certificate from the Bulgarian regional internal revenue service proving they do not owe taxes, unless the sum is less than the amount originally reported when initially brought into the country. Please contact the Embassy of Bulgaria in Washington, D.C. or one of Bulgaria's consulates in the United States for specific information regarding customs regulations.

American citizens visiting Bulgaria are encouraged to register at the Consular Section of the U.S. Embassy in Bulgaria and obtain updated information on travel and security within Bulgaria. The Embassy's web site address is <http://bulgaria.usembassy.gov/>

Visitors should exchange cash or travelers checks at banks or exchange bureaus. Some exchange bureaus charge commissions on both cash and travelers check transactions, which may be high or not clearly posted. Damaged or much worn U.S. dollar bank notes are often not accepted at banks or exchange bureaus. All hotels accept credit cards, but some small shops and restaurants do not. ATM cash machines are increasing in numbers in Sofia and other major cities, but bankcards, debit cards and credit cards should be used with caution due to the potential for fraud or other criminal activity. Be wary of skimming devices placed on automated tellers. Only use ATMs inside major institutions such as banks or major malls. Limit your use of credit cards to hotel bills or with other major vendors.

If traveling with pets, you must have a certificate of veterinarian examination carried out within one week before departure, as well as a certificate of rabies shot made during the last six months.

For the latest travel and security information, Americans traveling abroad should regularly monitor the Department's Internet web site at <http://travel.state.gov> Up-to-date information on security can also be obtained by calling 1-888-407-4747 toll free in the United States, or for callers outside the United States and Canada, a regular toll line at 1-317-472-2328. These numbers are available from 8:00 a.m. to 8:00 p.m. Eastern Time, Monday through Friday (except U.S. federal holidays).

## **VISA requirements**

[Return to top](#)

A United States passport is required for U.S. citizens who are not also Bulgarian nationals. Bulgarian immigration authorities ask all foreigners to declare the purpose of their visit at the border or upon arrival and to provide their intended address. U.S. citizens who enter the country on regular passports without a Bulgarian visa are authorized to stay for a total of 90 days within a six-month period. Travelers on all types of passports (regular, official or diplomatic) who intend to stay more than 90 days must secure a "D" visa from the Bulgarian Embassy or Consulate. The visa issuance takes about 30 to 40 calendar days. "D" visas may be issued for employment purposes, missionary purposes, or if you are married to a Bulgarian citizen, among other reasons. Travelers using official or diplomatic passports, who intend to stay in Bulgaria for less than 90 days within six months, must secure a Bulgarian visa type "C" from a Bulgarian Embassy or Consulate prior to arrival. As of July 2008, U.S. citizens must apply for a visa at a Bulgarian Embassy/Consulate in the United States or if not residents in the United

States, in their country of legal residence. U.S. citizens are also advised that if their purpose of stay in Bulgaria changes (i.e., work or marriage status), they must leave Bulgaria and apply again for a D-visa.

All US citizens receive an entry stamp in their passports. US citizens who do not have an entry stamp in their passports will encounter difficulties when they try to leave Bulgaria. When entering Bulgaria by car, the vehicle is recorded on the passport of the driver, and the owner may not leave the country without the automobile. Sometimes vehicles are erroneously recorded on the passport of passengers in the car, who then have problems trying to leave the country without the vehicle.

As of 2012 holders of Schengen visas will be able to visit and stay in Bulgaria without Bulgarian visas. The Cabinet decided that until the date of Bulgaria's full accession to the Schengen zone, Bulgaria unilaterally will apply a visa-free system for holders of valid Schengen visas. The decision will allow holders of Schengen visas and residence permits to enter and reside in the Republic of Bulgaria for a period of no more than three months in any six-month period from the date of first entry, without needing to have a Bulgarian visa.

For further information concerning entry requirements, travelers should contact the Embassy of the Republic of Bulgaria at 1621 22nd St. N.W., Washington, D.C. 20008; <http://www.bulgaria-embassy.org/WebPage/Consular%20Information/procedur.htm>, main switchboard (202) 387-7969.

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security options be handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/>

U.S. Embassy, Sofia, Bulgaria: <http://sofia.usembassy.gov/>

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/>

## **Telecommunications**

[Return to top](#)

Bulgaria has a good telecommunications infrastructure with three mobile providers and is launching wireless services for business travelers. Two cellular operators offer BlackBerry service. There are numerous Wi-Fi hotspots in Sofia (mainly at the coffee shops, big restaurants, malls, hotel lobbies, public parks and at the Airport Sofia).

The dialing code for Bulgaria is 359, followed by the appropriate area code: Sofia (2), Plovdiv (32), Varna (52), Bourgas (56), Stara Zagora (42), Veliko Tarnovo (62).

## **Transportation**

[Return to top](#)

Sofia is served by major European airlines including Aeroflot, Aerosvit, Aegean Airlines, Air Malta, Air France, Alitalia, Austrian Airlines, British Airways, Cyprus airlines, Czech Airlines, El Al, LOT, Lufthansa, Swiss, TAROM, Turkish Airlines and co-sharing with Iberia, Finnair, KLM, TAP and SAS. Many American carriers operate co-shared flights to Sofia – like United/Continental airlines, Delta and American Airlines. Bulgaria Air is also operating international flights as well as domestic service between Sofia, Varna and Bourgas. Qatar airways entered the market in 2011 and offered good connection to the Middle and Far East. In addition, most of European low-cost airlines (like Easyjet, Ryanair, Wizzair, Germanwings, Norwegian, Climber, etc.) connect the Bulgarian airports with the rest of Europe. Currently there are no direct flights between the United States and Bulgaria.

Car rental from Hertz, Avis, Budget and others are available.

Taxis are affordable. It is advisable to call ahead a reputable taxi company for radio dispatch for personal security as well as to avoid overcharges.

## **Language**

[Return to top](#)

Bulgarian is a Slavic language that uses the Cyrillic alphabet. In business, the usage of English is standard. Many Bulgarians have some comprehension of the Russian language. German and French are also widely spoken.

## **Health**

[Return to top](#)

All foreign citizens traveling to Bulgaria may be asked to present valid evidence of health insurance to the Bulgarian border authorities in order to be admitted into the country.

The insurance should be valid for the duration of the traveler's stay in Bulgaria. The

Department of State strongly urges Americans to consult with their medical insurance company prior to traveling abroad to confirm whether their policy applies overseas and if it will cover emergency expenses such as a medical evacuation. U.S. medical insurance plans seldom cover health costs incurred outside the United States unless supplemental coverage is purchased. Further, U.S. Medicare and Medicaid programs do not provide payment for medical services outside the United States. However, many travel agents and private companies offer insurance plans that will cover health care expenses incurred overseas, including emergency

services such as medical evacuations. When making a decision regarding health insurance, Americans should consider that many foreign doctors and hospitals require payment in cash prior to providing service and that a medical evacuation to the United States may cost more than 50,000 U.S. Dollars.

Uninsured travelers who require medical care overseas often face extreme difficulties, whereas travelers who have purchased overseas medical insurance have found it to be life saving when a medical emergency has occurred. When consulting with your insurer prior to your trip, please ascertain whether payment will be made to the overseas healthcare provider or if you will be reimbursed later for expenses that you incur.

### **Local Time, Business Hours, and Holidays**

[Return to top](#)

2013 Holidays in Bulgaria include:

January 2	New Year's Day
March 3	National Day (Sunday)
May 1	Labor Day
May 2	Non-work Day
May 3	Orthodox Good Friday
May 5	Orthodox Easter (Sunday)
May 6	Orthodox Easter Monday and St. George's Day, Day of Valor and the Bulgarian Army
May 24	Saints Cyril & Methodius Day
September 6	Unification Day
September 22	Independence Day (Sunday)
December 24	Christmas Eve
December 25	Christmas Day
December 26	Day After Christmas
December 31	Non-work Day
Work Week	

Bulgarians work a 40-hour week with businesses opening starting at 8:30/9:00 a.m. Monday through Friday. During the summer months, scheduling meetings late on

Fridays may be difficult as workers tend to leave early for weekend getaways. As in the rest of Europe, business activity slows considerably during the latter part of July and most of August when many Bulgarians take their extended summer holidays.

### Temporary Entry of Materials and Personal Belongings

[Return to top](#)

In theory, personal items brought in temporarily by travelers such as laptop computers, software, and exhibition materials should be declared upon arrival. Travelers should declare jewelry, cameras, and other valuables upon arrival in order to avoid difficulties when departing. The declaration form should be presented to Customs upon departure.

### Web Resources

[Return to top](#)

Business travelers to Bulgaria seeking appointment with U.S. Embassy Sofia officials should contact the Commercial Section in advance of departure from the United States.

The Commercial Section can be reached by telephone at 359-2-937-5100 and fax at

359-2-937-5320; or e-mail at [Office.Sofia@trade.gov](mailto:Office.Sofia@trade.gov). Detailed information on the

U.S. Commercial Service Sofia's services and programs are available at:

<http://www.export.gov/bulgaria> and <http://www.export.gov>

[Return to table of contents](#)

## Chapter 9: Contacts, Market Research and Trade Events

- [Contacts](#)
- [Market Research](#)
- [Trade Events](#)

### Contacts

[Return to top](#)

U.S. Government Contacts

U.S. Embassy - Sofia

<http://sofia.usembassy.gov>

U.S. Commercial Service – Sofia

<http://www.export.gov/bulgaria>

U.S. Department of State

<http://www.state.gov>

U.S. Department of Commerce

<http://www.export.gov>

U.S. Department of Agriculture	<a href="http://www.usda.gov">http://www.usda.gov</a>
U.S. Agency for International Development	<a href="http://www.usaid.gov">http://www.usaid.gov</a>
U.S. Export-Import Bank	<a href="http://www.exim.gov">http://www.exim.gov</a>
Overseas Private Investment Corporation	<a href="http://www.opic.gov">http://www.opic.gov</a>
U.S. Trade and Development Agency	<a href="http://www.ustda.gov">http://www.ustda.gov</a>

#### Trade and Industry Associations

##### American Chamber of Commerce in Bulgaria

President: Mr. Peter Lithgow

Executive Director: Mr. Valentin Georgiev

Business Park Sofia

Building 2, floor 6

Mladost 4 Area

1715 Sofia

Phone: (359) (2) 974-2743 Fax: (359)(2) 9742 741

E-mail: [amcham@amcham.bg](mailto:amcham@amcham.bg) Website: <http://www.amcham.bg>

##### Bulgarian Chamber of Commerce and Industry

President: Mr. Tzvetan Simeonov

9, Iskar Street

1058 Sofia

Phone: (359) (2) 987-2528, 8117-444, 8117-489; Fax: (359) (2) 8117-490

Business Center Directorate – Mrs. Margarita Damyanova - Director

E-mail: [interdept@bccci.bg](mailto:interdept@bccci.bg), [simeonov@bccci.bg](mailto:simeonov@bccci.bg); Website: <http://www.bccci.bg/>

Confederation of the Employers and Industrialists in Bulgaria

Chairman: Mr. Ognyan Donev

Executive Director: Mr. Evgenii Ivanov

8, Khan Asparuh Str.

1463 Sofia

Phone: (359) (2) 981-9169 Fax: (359) (2) 988-6776

E-mail: [office@ceibg.bg](mailto:office@ceibg.bg) Website: <http://www.ceibg.bg/>

Bulgarian Industrial Association

Chairman: Mr. Sasho Dontchev

Executive President: Mr. Bozhidar Danev

Director, International Organizations and Programs: Mr. Branimir Handjiev

16-20, Alabin Street

1000 Sofia

Phone: (359)(2) 932-0911, 932-0914, 932-0922 Fax: (359)(2) 987-2604

E-mail: [office@bia-bg.com](mailto:office@bia-bg.com); Website: <http://www.bia-bg.com/>

Bulgarian Construction Chamber

Chairman: Mr. Svetoslav Glossov

Executive Director: Mr. Ivan Boykov

6, Mihail Tenev Str.

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Bulgarian Association for Information Technologies

Chairman: Mr. Peter Ivanov

CEO: Mr. Vessela Kalacheva

36, Dragan Tsankov Blvd., Intepred World Trade Center, Office B339

1040 Sofia

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### Bulgarian Government Contacts

Bulgarian Embassy in Washington, DC <http://www.bulgaria-embassy.org/>

Bulgarian Government <http://www.government.bg/>

### InvestBulgaria Agency

Executive Director: Mr. Borislav Stefanov

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### Privatization Agency

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Website: <http://www.priv.government.bg/>

Communications Regulation Commission

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6, Gurko St.

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Bulgarian Institute for Standardization

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E-mail: [pr@customs.bg](mailto:pr@customs.bg)

Website: <http://www.customs.bg/>

Patent and Trademark Office

President: Mr. Kamen Veselinov

52-B, G. M. Dimitrov Blvd.

1040 Sofia

Phone: (359)(2) 873 51 71, 9701 321 Fax: (359)(2) 873-52 58, 870 83 25

E-mail: [bpo@bpo.bg](mailto:bpo@bpo.bg)

Website: <http://www.bpo.bg/>

Bulgarian Newspapers

TRUD daily

47, Tzarigradsko Shousse Blvd., Sofia 1504

Editor in Chief: Mrs. Svetlana Djamdjeva – (3592) 9214-204

Business News Editor: Mr. Georgi Velikov - (3592) 9214-142

Advertisement and announcements: (3592) 942-2130, (3592) 942-2132, (3592) 942-2134,  
(3592) 942-2133, fax: (3592)-942-2831, 9433940

Website: <http://www.trud.bg>

24 CHASA daily

47, Tsarigradsko Shosse Blvd., Sofia 1504

Editor in Chief: Mr. Borislav Zyumbulev – (3592) 942-25-00

Advertisement: (3592)942-2143, (3592) 942-4130 (32, 33, 34, 35) , (3592) 942-2145 (46,47),  
fax: (3592) 942-2819

Website: <http://www.24chasa.bg>

STANDART daily

23, Mizia Str., Sofia 1124

Editor in Chief: Mrs. Slavka Bozukova – (3592) 8182-303, (359)888-870-455

Advertisement: Mrs. Viktoria Ilkova, phone (3592) 81-82-345, 81-82-320; 81-82-311; fax (3592) 81-82-395

E-mail: [agency@standartnews.com](mailto:agency@standartnews.com)

Website: <http://www.standartnews.com>

SEGA daily

1, Bulgaria Square, Sofia 1463

Editor in Chief: Mrs. Teodora Peeva – (3592)4282-300, (3592) 4282-305

Advertisement: phone (3592) 4282-314, (3592) 4282-350

E-mail: [adv@segabg.com](mailto:adv@segabg.com)

Website: <http://www.segabg.com>

NOVINAR daily

31, Iskar St., Sofia 1000

Editor in Chief: Mr. Stoyan Sirakov (3592) 943-45-32

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E-mail: [novinar@novinar.bg](mailto:novinar@novinar.bg)

Website: <http://www.novinar.net>

KAPITAL daily

16, Ivan Vazov St., Sofia 1000

Editor in Chief: Mrs. Stanka Tosheva (3592) 4615 414

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E-mail: [capital.daily@capital.bg](mailto:capital.daily@capital.bg)

Website: <http://www.capital.bg>

KAPITAL weekly

20, Ivan Vazov St., Sofia 1000

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E-mail: reklama@capital.bg

Website: <http://www.capital.bg>

MONITOR daily

113A, Tsarigradsko Shosse Blvd. Sofia 1784

Chairman of the Editors' Board: Mrs. Irena Krasteva – (3592) 9602-243

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Website: <http://www.monitor.bg>

BANKER weekly

5B, Tzvetna Gradina Str., Sofia 1421

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Advertisement – Mrs. Krassimir Tomov (3592) 4409 408

E-mail: reklama@banker.bg; advertising@banker.bg

Website: [www.banker.bg](http://www.banker.bg)

PRESA daily

2, Maria Luiza Blvd. , Business Center TZUM, Sofia 1000

Editor in Chief – Mr. Tosho Toshev (3592) 9370-769; (3592) 9370-774

Advertisement – Mrs. Denka Vassileva (3592) 933 0913

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#### International Financial Institutions

European Bank for Reconstruction and Development

Sofia Resident Office

17, Moskovska Street, 1000 Sofia

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Website: <http://www.ebrd.com/>

European Investment Bank

98-100, Boulevard Konrad Adenauer

L-2950 Luxembourg

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E-mail: [info@eib.org](mailto:info@eib.org)

Website: <http://www.eib.org/>

Multilateral Investment Guarantee Agency

World Bank Group

1818 H Street, N.W.

Washington, D.C. 20433

Phone: (202) 473 1000 Fax: (202) 522-2630

Website: <http://www.miga.org/>

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9 Moskovska Str., Sofia 1000

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Website: <http://ec.europa.eu/bulgaria/>

#### World Bank

36, Dragan Tsankov Blvd.

World Trade Center, block A, 5th Fl., 1057 Sofia

Phone: (359)(2) 969-7229; Fax: (359)(2) 971-2045

E-mail: [info@worldbank.org](mailto:info@worldbank.org)

Website: <http://www.worldbank.bg/>

#### Bulgarian Banks

Contact information for all Bulgarian banks may be found on the Bulgarian National Bank

website <http://www.bnb.bg/>

[http://www.bnb.bg/BankSupervision/BSCreditInstitution/BSCIRegistrers/BS\\_CI\\_REG\\_BANKSLIST\\_EN](http://www.bnb.bg/BankSupervision/BSCreditInstitution/BSCIRegistrers/BS_CI_REG_BANKSLIST_EN)

#### **Market Research**

[Return to top](#)

To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/mrktresearch/index.asp> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

#### **Trade Events**

[Return to top](#)

Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents/index.asp>

Bulgarreklama <http://www.bulgarreklama.com>

Plovdiv Fair <http://www.fair.bg>

Viaexpo <http://www.viaexpo.com>

Expoteam <http://www.sofia.motorshow.bg>

Bulgarian Economic Forum <http://www.biforum.org>

The Bulgarian Chamber of Commerce and Industry publishes an annual Calendar of the Fairs and Exhibitions in Bulgaria. The BCCI's website is <http://www.bcci.bg>

[Return to table of contents](#)

## Chapter 10: Guide to Our Services

The President's National Export Initiative aims to double exports over five years by marshaling Federal agencies to **prepare U.S. companies to export successfully, connect them with trade opportunities** and **support them once they do have exporting opportunities**.

Global Markets/U.S. Commercial Service assists and advocates for U.S. businesses in international markets to foster U.S. economic prosperity. Our teams of trade and policy professionals offer customized solutions to help U.S. exporters, particularly small and medium sized enterprises, advance and protect U.S. commercial interests overseas and attract inward investment into the United States. Our global network of trade specialists, as trusted intermediaries with extensive public and private sector contacts, credibility and influence in foreign markets, effectively assists U.S. businesses and partners in the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click [here](#).

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link: [www.export.gov/bulgaria](http://www.export.gov/bulgaria)

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-**

**TRAD (E).**

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

[Return to table of contents](#)