



## Doing Business in Bulgaria

### 2013 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 Fact Sheet](#)

### 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. Bulgaria boasts one of Europe's lowest public deficit rates and will likely grow at a rate of 1 percent in 2013. Bulgaria has the lowest tax rates in the region – ten per cent rate both on personal income and on corporate income. The global financial crisis has slowed investment growth, particularly in the real estate and manufacturing sectors. Bulgaria has managed to weather the global financial downturn through strict fiscal discipline. The currency peg to the Euro and fixed exchange rate are seen as a source of stability. Local demand will remain low due to limited allocation of consumer loans and a 11% jobless rate. Other risks include political uncertainties and relatively weak rule of law.

U.S. companies are successfully conducting business across the major industry sectors. The top foreign investor in Bulgaria is a U.S. company. EU membership will continue to result in funding for infrastructure projects, provided that the 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 general attitude in Bulgaria is pro-American and 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: inefficient bureaucracy; a slow moving court system; organized crime influence in some sectors of the economy; corruption; intellectual property rights violations; and a complicated and often non transparent 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.

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 talented labor force, one of the lowest wage rates in 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
- Civil Aviation
- Environmental Technologies
- Franchising
- Healthcare/Medical
- Infrastructure Projects
- Information and Communication Technologies
- Power Generation, Renewable Sources of Energy and Energy Efficiency
- Safety and Security
- Travel and Tourism

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 key in order to successfully enter 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](#)



## COUNTRY FACT SHEET: BULGARIA

### PROFILE

Population in 2012 (Millions): 7  
 Capital: Sofia  
 Government: Republic

### ECONOMY

	2010	2011	2012
Nominal GDP (Current Billions \$U.S.)	47.8	53.6	51.0
Nominal GDP Per Capita (Current \$US)	6,374	7,312	7,033
Real GDP Growth Rate (% change)	0.39	1.8	0.78
Real GDP Growth Rate Per Capita (% change)	1.2	4.3	1.8
Consumer Prices (% change)	3.0	3.4	2.4
Unemployment (% of labor force)	10.3	11.4	12.4
Economic Mix in 2011: 31.4% All Industries; 16.9% Manufactures; 63.4% Services; 5.3% Agriculture			

### FOREIGN MERCHANDISE TRADE (\$US Millions)

	2010	2011	2012
Bulgaria Exports to World	20,608	28,165	26,699
Bulgaria Imports from World	25,360	32,494	32,743
U.S. Exports to Bulgaria	171	259	249
U.S. Imports from Bulgaria	260	416	498
U.S. Trade Balance with Bulgaria	-88.8	-157	-249

#### Position in U.S. Trade:

	2010	2011	2012
Rank of Bulgaria in U.S. Exports	125	121	122
Rank of Bulgaria in U.S. Imports	102	99	95
Bulgaria Share (%) of U.S. Exports	0.01	0.02	0.02
Bulgaria Share (%) of U.S. Imports	0.01	0.02	0.02

#### Principal U.S. Exports to Bulgaria in 2012:

1. Computer & Electronic Products (23.7%)
2. Machinery, Except Electrical (23%)
3. Transportation Equipment (9.2%)
4. Petroleum & Coal Products (8%)
5. Agricultural Products (6.9%)

#### Principal U.S. Imports from Bulgaria in 2012:

1. Apparel & Accessories (12.9%)
2. Petroleum & Coal Products (12.4%)
3. Chemicals (12.2%)
4. Computer & Electronic Products (11.9%)
5. Machinery, Except Electrical (9.9%)

### FOREIGN DIRECT INVESTMENT

	2009	2010	2011
U.S. FDI in Bulgaria (US \$Millions)	293	339	359
FDI in U.S. by Bulgaria (US \$Millions)		1.0	

### DOING BUSINESS/ECONOMIC FREEDOM RANKINGS

World Bank Doing Business in 2012 Rank: 66 of 185  
 Heritage/WSJ 2012 Index of Freedom Rank: 61 of 179

Source: Created by USDOC/ITA/OTII-TPIS from many sources: FDI from USDOC, Bureau of Economic Analysis. US Trade from USDOC, Census Bureau, Foreign Trade Division. Bulgaria Trade with World from United Nations where available. National Macroeconomic from IMF/World Bank databases including World Economic Outlook and World Development Indicators. WORLD and other country aggregates are summaries of available UN COMTRADE, IMF and other data, and coverage varies over time and by source, but typically represents greater than 85 percent of world trade and production. Note: Principal U.S. Exports and Imports Are 3-digit NAICS Categories

[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](#)

[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 certain employees of corporations.

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 civil and criminal action. 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 justified on the basis of reciprocity for such representation. 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 or 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. For more information, see <http://www.investbg.government.bg/en>

A representative office for information gathering and non-proprietary activities, such as performing 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) respectively.

### **Franchising**

[Return to top](#)

More than half of the franchise chains present in Bulgaria have entered the market during the last ten years, and significant surge was experienced in 2008-2011. This trend will accelerate even more as disposable income and understanding of the franchise business model grows. Due to the growth in this sector, franchising is one of the top sectors for U.S. exports, located in Chapter 4 of this guide. 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 still the use of cash is 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://www.export.gov/europeanunion/doing\\_business.html](http://www.export.gov/europeanunion/doing_business.html)

## **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 contribution of the local partner is 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 provisions of the Law on Protection of Competition 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. The law harmonizes Bulgarian legislation with the two major public procurement directives of the EU. According to the said law, a Government Procurement Agency was established, responsible for public procurement and reporting to the Minister of Economy, Energy and Tourism. 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 the said law, a 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.

## **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 2010, the following retail chains established network of stores throughout Bulgaria: Fantastiko (33), Billa (82), Metro (14), Picadilly/member of Belgium Delhaize group (39), Praktiker (9), Hit (2), Mr. Bricolage (10), Baumax (5), German discounters Penny (47), Kaufland (35) and Lidl (25) + PLUS (24); Tempo (1), Roda (2), T Market (36), ProMarket (21); Como (1) and Aiko (4) are furniture and houseware retail chains. Technopolis (23), Technomarket (43), Densi (6) and Domo are retail chains for consumer electronics. Carrefour (7), the world's second-largest retailer after Wal-Mart started operations in 2010 as well.

According to GfK Shopping Monitor, the Bulgarian consumer still prefers 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 working 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 barely 26 per cent.

The number of shopping malls in Bulgaria is 26. They are becoming very popular among the urban population like attraction and shopping centers.

## **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 are usually unreliable and do not assist in accurately predicting market responses.

## **Electronic Commerce**

[Return to top](#)

Bulgaria is ranked among Top 5 in the world, regarding the quality of its Internet. However, barely 10 percent of the payments are made online, according to Visa Europe. The Bulgarian E-commerce Association /BEA/ claims that 60 percent of consumers in big cities use online shopping, although official EU statistics says that a total of 2-3 percent of Bulgarians are confident to use e commerce.

The main type of deals are online auctions, such as e-Bay, i.e. deals between individuals. Less than a half of the transactions involved traders and customers. Mistrust and fear – that is one of the main reasons for the relatively weak interest of the average Bulgarian towards e-commerce. That is why many Internet shops have real back up stores and showrooms too. Experts claim that clothes, shoes and accessories are traded successfully online. Few companies are offering consumer, household and outdoor sporting goods for sale over the Internet.

Nevertheless most people especially in smaller cities and villages still prefer to shop at local stores.

## **Trade Promotion and Advertising**

[Return to top](#)

The 2008 Law on the Protection of Competition, and the 2006 Law on Protection of the 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 grew 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>

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.

## **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.

## **Sales Service/Customer Support**

[Return to top](#)

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**

[Return to top](#)

### **Protecting Your Intellectual Property in Bulgaria:**

Several general principles are important for 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. It is vital that companies understand that intellectual property is primarily a private right and that the US 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 non-compete 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 US small and medium-size companies, the Department of Commerce offers a "SME IP Advisory Program" available through the American Bar Association that provides one hour of free IP legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and . For details and to register, visit: [http://www.abanet.org/intlaw/intlproj/ipprogram\\_consultation.html](http://www.abanet.org/intlaw/intlproj/ipprogram_consultation.html)
- 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:

Bulgaria was added to the Special 301 Watch List of Countries that do not provide adequate protection of Intellectual Property Rights in 2013. While Bulgaria has legislation in place to protect IP enforcement is weak and internet piracy in particular is widespread.

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.buyusa.gov/bulgaria](http://www.buyusa.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.jsp>, 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, preserves, 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 the persons under article 3, paragraphs 1 and 2 of the LMML with regard to the compliance with the 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.

## 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>

[Return to table of contents](#)

[Return to table of contents](#)

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

### **Commercial Sectors**

- [Civil Aviation](#)
- [Safety and Security](#)
- [Agricultural Equipment](#)
- [Healthcare](#)
- [Environmental Technologies](#)
- [Information and Communications Technologies](#)
- [Franchising](#)
- [Infrastructure](#)
- [Energy](#)
- [Travel and Tourism](#)



## Civil Aviation

### Overview

[Return to top](#)

Growth in the Bulgarian civil aviation market is influenced by the ICAO, IATA, IASA, EASA, Eurocontrol, ECAC, Open Sky, Common European Sky and Functional Airspace Block agreements and requirements for sustainable development, quality improvements, safety and security upgrades and compliance to international standards.

Bulgaria has five international airports, Aviation Administration (CAA), Air Traffic Services Authority (ATSA), 20 major licensed air operators and services companies licensed to provide ground-handling activities.

Airports with international status are: Sofia, Varna, Bourgas, Plovdiv and Gorna Oryahovitza. Overall tendency is to prepare all of them for privatization by means of concessions. Bourgas and Varna have undergone this process and are now under concession by Fraport Twin Star Airport Management.

Since the end of May 2012, Sofia Airport EAD is certified according to ISO requirements receiving both ISO 9001:2008 (Quality management) and ISO 14001:2004 (Environmental management) certificates.

Future infrastructure plans of Sofia Airport include the construction of new taxiways, aiming at aircraft movement optimization and reducing taxiing time after landing and before take-off, the extension of apron area, the delivery and installation of two additional passenger boarding bridges, some interior re-organization, such as Terminal 2 passenger gallery extension and building new bus exits, increasing the space for commercial purposes.

There are two active domestic airports - Primorsko (at the Black sea coast) and Lesnovo (close to Sofia). They are owned by the private company "Albena" JSC and are managed by its subsidiary company Intersky JSC. Both airports offer charter flights mainly during the tourist season.

At the end of 2012, Air Traffic Services Authority (ATSA) commissioned the new air traffic control tower and are looking at upgrading its navigation equipment in view of the new Functional Airspace Block Agreement (FAB) development plans.

The Bulgarian aviation market is supplied almost entirely by imports.

### Sub-Sector Best Prospects

[Return to top](#)

Projections include completion of the construction of brand new passenger terminals at both Varna and Bourgas airports to accommodate 2.7 million passengers at Bourgas and another 1.8 million at Varna airport; rehabilitation of the Varna airport runway;

completion of the adjacent taxiways, construction of new ATC and new cargo building, extension of the water supply and treatment system.

In 2011 Plovdiv airport has undergone upgrade and modernization and reached passenger capacity of approximately 100.000 passengers. Projections are this number to increase, due to the airport policy to attract low cost carriers and serve as “optional receiving airport” to Sofia airport in cases of bad weather.

The overall number of passengers at airport Sofia in 2012 was approximately 3.2 million. The overall cargo traffic amounted to 6.306 tons and 1.624 tons of mail.

At present Sofia airport has spare capacity in terms of existing terminal buildings and runway, but as demand grows there will be a need to increase that capacity. Terminal (passenger and cargo) capacity is likely to run out before the runway capacity.

Last quarter of 2012, Sofia airport announced a \$3.5 million tender for upgrade of its checked and carry-on baggage scanners and another one is expected to be initiated for the old terminal, which is home to the low-cost air carriers.

Gorna Oryahovitza airport is expecting its concessionaire, while Rousse airport might be transferred for further decision on its ownership status to the regional government. One seasonal airport, located at the Black Sea coast-Balchik, has been linked to Sofia for a joint concession contract.

Intersky recently announced its plans to invest approximately \$1.7 to 2 million in each of its two domestic airports Lesnovo (close to Sofia) and Primorsko (at the Black sea coast) in terms of extension of the existing runway at airport Primorsko to allow for larger aircrafts of 5.7 tones to land. Airport Lesnovo is trying to find a reasonable solution to the adjacent urban infrastructure before continuing with its extension design plans and upgrade.

As a rule BulATSA is upgrading its ATC equipment on a regular basis, depending on the depreciation timing of the operational equipment and recently in view of the progress of the FAB multi-country development plan.

## **Opportunities**

[Return to top](#)

Demand is estimated to be highest for airport baggage handling screening equipment, ground handling equipment and services, air traffic control equipment and related services, for services related to concessioning of airport activities, to cargo handling outsourcing and management, runway systems improvement, and safety and security equipment.

## **Web Resources**

[Return to top](#)

Ministry of Transport and Communications -- [www.mtc.government.bg](http://www.mtc.government.bg)

Civil Aviation Administration – [www.caa.bg](http://www.caa.bg)

Airport Sofia – [www.sofia-airport.bg](http://www.sofia-airport.bg);

Bulgarian Aviation directory – [www.aviation.bg](http://www.aviation.bg)

Air Traffic Services Authority (BulATSA) – [www.atsa.bg](http://www.atsa.bg)

## Safety and Security

### Overview

[Return to top](#)

Bulgaria is an external EU border and the country is looking at joining the Schengen area. This is one main reason why safety and security is an important issue for the Bulgarian government and businesses short to medium term until 2015. The Bulgarian Ministry of Interior together with the Ministry of Finance, Customs Agency, and Border Police are looking for ways to improve and strengthen management of external borders, to alleviate penetration of pandemic diseases, to fight organized crime, terrorism and cyber crime.

Combating multiple threats such as trafficking of persons, drugs, money laundering, and terrorism are some of the most serious forms of organized crime, which are and will continue to be addressed by the government of Bulgaria in the short to medium term with the support of the EU.

Other specific threats to be addressed are of cross-border importance, which all Ministries in Bulgaria will be addressing are cybercrime and disasters. Europe and more specifically Bulgaria, being EU external border is a key target for cybercrime because of its advanced Internet infrastructure, high number of users, and its internet-mediated economies and payment systems. Citizens, businesses, governments and critical infrastructure must be better protected from criminals who take advantage of modern technologies.

In 2010 Ministry of Interior introduced the 112 disaster response system, which will have to be integrated at a later stage with the overall EU disaster response system, prevention policies and legislation. By now the system has been improved and used very effectively.

### Sub-Sector Best Prospects

[Return to top](#)

Current safety & security projects include, but are not limited to, improvement and upgrade of public safety and traffic safety, timely response to disasters and introduction of intelligent transport systems management.

The cities of Sofia and Varna completed projects for video surveillance in the central areas and other sensitive zones, including traffic safety and public safety. Video surveillance was launched in Varna, using 229 cameras, monitoring pedestrian areas, major crossings, and traffic safety.

The system launched was the first big scale monitoring system introduced in Bulgaria. Two other cities, Blagoevgrad and Lovech, have partially developed a video surveillance system.

The central area of Sofia is already under video monitoring, and the project will be extended to public schools and kindergartens. The public institutions under video surveillance are expected to reach approximately 140 at the final stages of the project. The number of installed cameras in the schools varies from 6 to 12. The network is gradually extended to other main boulevards, streets and entrance points in the city.

Other cities are considering the opportunity to build CCTV systems. Remote control systems and information systems, including monitoring of the traffic lights, street lights, and flood control were installed in some cities and similar projects will be considered in the future.

Besides video surveillance, demand is high for access control and perimeter security systems.

## Opportunities

[Return to top](#)

In an effort to join the Schengen Area, the Bulgarian government must develop projects to upgrade control on the EU's external borders and to integrate its system with the Schengen Information System (SIS). Years ago the EU pre-accession program PHARE allocated funds for the modernization of the Border Police equipment, but further upgrades are required.

Best prospects include X-ray scanning equipment, MR type of equipment, infrared mobile and stationary equipment, IPvideo surveillance, on site field testing, access control equipment, CCTV, laboratory equipment, ID security application equipment, new IT and high tech equipment, programs and related services.

Private sector growth in the safety and security equipment and services sector in Bulgaria is determined by the demand for new investments by financial institutions, airports, large industrial groups, multinational corporations, real estate companies, shopping centers, and retail chains.

## Web Resources

[Return to top](#)

Ministry of Finance, State Agency Customs – [www.customs.bg](http://www.customs.bg)

Ministry of Interior – [www.mvr.bg](http://www.mvr.bg)

Ministry of Transportation – [www.mtitc.government.bg](http://www.mtitc.government.bg)

Bulgarian Chamber of Commerce – [www.bcci.bg/fairs/security](http://www.bcci.bg/fairs/security)

Bulgarreklama Agency – [www.iec.bg](http://www.iec.bg)

Cyber Crime Academy – [www.cybercrimeacademy.org](http://www.cybercrimeacademy.org)

## Agricultural Equipment

### Overview

[Return to top](#)

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

Total grain area in Bulgaria as of 2010 is 1.113.000 hectares.

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

- excellent harvest in 2010 through 2012 which translated into doubling the investment in arable farming machinery
- traditionally good and 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 development of Rural Areas including purchase of equipment

There are two major groups of agriculture equipment: tractors and combines. There is a third subgroup, that of irrigation equipment and implements, whose development is tied up to the status of the first subgroups.

The total number of combines in Bulgaria as of December 31, 2011 is 9 821.

The total number of tractors at the end of 2011 in Bulgaria is estimated at 55,925.

(information provided by the recently established Bulgarian Association of Agriculture Equipment Importers and Distributors (BAAEID)).

### Sub-Sector Best Prospects

[Return to top](#)

#### **Combines**

The average age of the combines in Bulgaria is 18 years (19% are older than 10 years, 44% are older than 20 years, whereby 81% from them are outdated socialist type technology Niva – SK 5 (Russian) and Fortschritt, series E (East German)). Statistics show that between 1997-1998 there have been imports of Claas, John Deere, Massey Ferguson, New Holland and other western type technology combines too. Overall 60-65% of all combines which are now used by Bulgarian farmers are older than 20 years, outdated, low technical coefficient & safety factor, high maintenance cost and fuel inefficient.

The average density per hectare 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.

### **Tractors**

The average age of tractors at present is approximately 21 years. More specifically 43 147 tractors are over 10 years of age; this represents 82% of the total.

The opinion of experts in the sector is that in short to medium term the average age of tractors should become 13 years, which translates into the need of 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.

### **Opportunities**

[Return to top](#)

The modernization and upgrading of Bulgarian combines' fleet started in 1989. The overall number of new combines with highest overall production efficiency and engine capacity imported in 1989 amounted to 938, between 2003 - 2007 the number of new combines imported was 150 per annum and for 2008 and 2009 their number increased by another 641. The same trend continued during the first 5 months of 2010 with 84 new imported combines. Almost all new imports were the highest class combines, which allowed for a daily yield of 50-60 hectares grain area.

As far as tractors, modernization for the last 6-10 years has been slow – only 8 to 10% of the overall tractor fleet has been replaced by newer ones. In 2009 only 2.6% of tractors have been replaced by new ones.

Experts in Bulgaria express opinion that for 2008-2013 timeframe Bulgarian farmers had to invest in 100 000 KW tractor capacity annually to reach the average EU density rate.

### **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)

## Healthcare

### Overview

[Return to top](#)

The short and long term development of the healthcare sector in Bulgaria is strongly determined by healthcare reform, a fundamental reform aiming at 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 operational efficiency and strengthening the institutional capacity of all healthcare related institutions.

The health sector reform has several components, the first one being reform and sustainability of the primary and ambulatory care sector. It provides practice equipment for primary health care, funds physicians' office information systems, provides training in general practitioner (GP) practice 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 to strengthen the management and institutional capacity of the Health Ministry, the NHIF, and the health system in general.

Bulgaria's healthcare budget for 2009 and 2010 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) and for 2012 is estimated at approximately 3 billion BGN (ROE 1 EUR= 1.96 BGN) equals 1.875 billion EUR. Recent information about the budget for the year of 2013 indicates that the budget will be 1.607 billion EUR\*.

### Sub-Sector Best Prospects

[Return to top](#)

Sub-sector best prospects in healthcare include, but are not limited to 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.

Another aspect of healthcare reform is related to the measures, which have to be introduced by the Bulgarian Ministry of Agriculture and Food 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.

## Web Resources

[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)

## Environmental Technologies

### 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 are coming from EU funds for environmental water and waste infrastructure projects. Bulgaria will need to import almost all of the technology for these requirements, 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. There are no restrictions for U.S. firms to take advantage of EU funding for environmental 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 the next 3-4 years in order to meet the new EU requirement. Urban wastewater treatment plants are planned for hundreds of cities and towns with population equivalent of above 2,000 through 2015. There are EU funds for the construction of waste water treatment plants and 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.

#### 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.

### Web Resources

[Return to top](#)

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

## Information and Communications Technologies

### 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 long traditions in the IT sector and electronics. The ICT sector is one of the economic sectors in Bulgaria, which proved to be the most flexible and prepared for the crisis. After its penetration in Bulgaria many Bulgarian ICT companies were ready to counter the difficulties with successful partnerships and projects abroad. But yet another crisis is approaching – the lack of human resources. International software companies find Bulgaria attractive because of the 0% export tax, low costs and local workforce skills.

A number of foreign companies are opening call/service centers in Bulgaria. 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 various information and communication initiatives that will provide major opportunities. The EU Operational Program on Regional Development has funding for broadband access for remote areas. The EU Operational Program on Administrative Capacity will provide funds for the e-government project.

The annual export of ICT products and goods from Bulgaria is valued on more than \$ 1 billion or almost 12 percent from the total Bulgarian export, according to the reports of the World Bank and the reports of the International Economical Forum of Davos.

### Sub-Sector Best Prospects

[Return to top](#)

Sub-sectors of emerging importance include cybersecurity, e-health and Smart Grid technologies.

Additional best prospects for U.S. providers include broadband Internet access technologies, routers, switches, access servers, equipment for mobile telephony (base stations, backhole connections), 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 various information and communication initiatives that will provide major opportunities. The EU Operational

Program on Regional Development has funding for broadband access for remote areas. The EU Operational Program on Administrative Capacity will provide funds for the e-government project.

## **Web Resources**

[Return to top](#)

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

## Franchising

### Overview

[Return to top](#)

More than half of the franchise chains present in Bulgaria have entered the market during the last six years, and a significant surge was experienced during 2007 and 2008. This trend will accelerate even more as disposable income and an understanding of the franchise business model grows. 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.

Franchising has changed dramatically over the last decade. There are more multi-unit and area developers, more high-tech ways to optimize sales and leaner and meaner corporations honed by the recession. At the same time, franchising remains subject to the challenges it has always faced: the fads, the bubbles and the whims of public taste.

Franchising is most apparent in the fast-food sector with many local and internationally recognized fast-food franchises operating in Bulgaria. In global aspect the recession put the brakes on many franchise chains' expansion — but not in Bulgaria. For instance, one of the top fast-food chain by number of locations, Subway, has now 27 restaurants in Bulgaria, where McDonald's number of restaurants grew to 31.

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 Curves, Subway, Dale Carnegie, Domino's Pizza and Starbucks, demonstrate that the American 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.

## **Web Resources**

[Return to top](#)

<http://expo.franchising.bg/> Franchising Expo in Bulgaria  
[www.franchising.bg](http://www.franchising.bg) Franchise Opportunities in Bulgaria

## Infrastructure Projects

### Overview

[Return to top](#)

The Bulgarian Government's goals to clean up the country's environment; modernize its infrastructure and further develop its tourist base represent an extraordinary business opportunity for U.S. companies. The government is aiming to increase the off-season tourism, attracting higher spending travelers by further developing its convention and festival markets. By enhancing R&D and innovation, Bulgaria undertakes initiatives aiming at generation of economic growth and improvement of its global competitiveness. Investing more and investing more effectively in research and development (R&D) is critical to strengthening Bulgaria's economy and unlocking smart growth.

After EU accession in January 2007, Bulgaria directed efforts, resources and initiatives at modernizing its outdated infrastructure as a strategy to boost economic growth. Investments are primarily focused on improving the road infrastructure and new metro stations. Other projects, including railroad infrastructure upgrades, tourism infrastructure, telecommunications and other infrastructure related projects are either slowly progressing or have been postponed due to a lack of adequate financing.

The Bulgarian Government will need more than nine billion euro to fund the infrastructure projects that have made its priority list for the 2014/2020 planning period. At the same time, only half of that amount can be secured through European Union funding. This means that the list is likely to be reduced. It could also mean that some of the projects will be built with loans or through public-private partnerships.

### Sub-Sector Best Prospects

[Return to top](#)

The former Government approved allocation of 150 Million BGN (USD 100 Million) to ongoing infrastructure projects. The funds will be used to complete projects that were designated by the Cabinet as having top national priority. When granted, such status applies only for the financial year already underway. The money will be spent as national co-financing of European Union funds for the construction of the Shoumen-Belokopitovo stretch of Hemus motorway, the widening of the Rousse-Shoumen road, as well as repairs to bridges on the Hemus and Trakiya motorways.

Priority railway projects after 2013 include the Dragoman-Sofia-Septemvri, Vidin-Sofia and Sofia-Pernik-Radomir lines, as well as the completion of the Plovdiv-Bourgas line. Another project deemed important is the improvement of shipping on the Danube, which is estimated to cost 317 million EUR.

Bulgaria has a unique opportunity to bring the economy onto a smart and sustainable growth path, where science, technology and innovation can play a central role, while

making the best use of EU funding. The best way to promote innovation and growth is to foster an active partnership between the public sector and the private sector, allowing their strengths to complement each other.

## **Opportunities**

[Return to top](#)

U.S. companies that specialize in road network upgrading; park development; golf course development; management and development of logistic, office and multi-use centers (arenas), shopping malls, industrial complexes; and airport development will find many opportunities. Infrastructure investors and firms providing public-private partnership solutions in the area of infrastructure development, reinforcement of bridges and other concrete structures, water and wastewater treatment, earthmoving, road building, installation of underground utilities, and construction material suppliers may have excellent opportunities to participate in the upgrade of major transport and tourism-related infrastructure facilities.

## **Web Resources**

[Return to top](#)

Ministry of Transport and Communications --[www.mtc.government.bg](http://www.mtc.government.bg)

Ministry of Regional Development, Directorate for National Construction Supervision  
[www.mrrb.government.bg](http://www.mrrb.government.bg)

Chamber of the Architects in Bulgaria - [www.geocities.com/arch\\_art/kabinx.html](http://www.geocities.com/arch_art/kabinx.html)

Bulgarian Construction Chamber - [www.kcb.bg](http://www.kcb.bg)



## Energy

### Overview

[Return to top](#)

The electricity sector in Bulgaria is managed by the State Energy Regulatory Agency. Under the Agency, the Nationalna Elektricheska Kompania (NEK) was split into six independent generators, a national transmission system operator, and seven regional distribution system operators. Three distribution regions in western Bulgaria (including the Sofia region) are owned and operated by CEZ, two distribution regions in northeastern Bulgaria are owned and operated by Energo -Pro, and two distribution regions in southeast Bulgaria are owned and operated by EVN.

Currently, most of the thermal electricity generation capacity is privatized (the hydropower and nuclear plants are still state owned), all of the electricity distribution companies are also in private hands. Currently, there is about 12,668 MW of installed capacity in Bulgaria including thermal, nuclear, and hydroelectric resources. The existing generation assets in Bulgaria have been sufficient to supply domestic demand and have created opportunities for a significant export of electricity. Bulgaria's green power plants have 5013 MW total capacity. The wind power parks amount at 860 MW. The photovoltaic systems in the country have a total capacity of 1040 MW where NEK's and private operational hydroelectric power plants have a total capacity of 2,713 MW, including 47 MW in micro plants (under 1 MW each), and other hydro and RES – approximately 400 MW.

### Sub-Sector Best Prospects

[Return to top](#)

The power sector in Bulgaria faces a number of challenges, which can be addressed through integration of smart grid technologies. The Bulgarian electric power system incurs many non-technical losses (NTL). 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 to secure transmission system reliability.

Smart grid implementation has begun in Bulgaria. Since 2009 CEZ has already installed more than 18,000 smart meters costing some 66 Million BGN (\$46.5 Million). The smart meters will enable more efficient use of energy by adapting consumers' supplies to changing daily demand patterns and enabling consumers to feed unused electricity back into the grid. Initially, these smart meters will be used only for remote metering of power consumption until the country fully liberalizes its power market and consumers start choosing between different providers.

Another smart grid project announced last year is the implementation of the FlexNet system, implemented by the American SENSUS and telecom operator Mobiltel. The

FlexNet™ system is an Advanced Metering Infrastructure (AMI) solution that empowers electricity, gas, water or combination utilities to conserve resources by providing accurate and efficient meter reading and enhanced customer service. Upon full implementation, the FlexNet communications system will contribute to building mutual trust between the customers and the utility companies. It will allow not only remote measuring, but also control over the entire network. The use of the FlexNet system will raise the transparency of the monthly bills for the end consumers, reducing mistakes and fraud and resolving issues with meter access.

## Opportunities

[Return to top](#)

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. Having the worst energy intensity in Europe, Bulgaria offers significant opportunities for companies providing technology, services and solutions that will steadily decrease energy intensity in leading industrial sectors.

The best prospects for U.S. companies are exports of electrical power systems and activities related to the construction of new power capacities; 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 US 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 producers in the energy efficiency and RES areas, the American producers have favorable prospects for exporting equipment, machinery or services.

## 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>.

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## Travel and Tourism

### Overview

[Return to top](#)

The World Tourism Organization describes Bulgaria as one of the most appealing “new faces” in the tourism industry today, and it is true that this industry in particular has gone from rags to riches over recent years.

The tourist industry is certainly one of the most dynamic sectors of the Bulgarian economy. The recent strategy of the Ministry of Economy, Energy and Tourism of Bulgaria includes the tourism, together with the manufacturing industry and the Small and Medium Size sector, in the group of the most competitive sectors of the Bulgarian economy. The tourist sector is important also from macroeconomic point of view. It's one of the few sectors, generating foreign trade surpluses and hence contributing to the external equilibrium of the Bulgarian economy. The tourism industry provides nearly 10% of the country's GDP. Bulgaria's total 2011 revenue from foreign tourists exceeded EUR 2,7 B. In 2011 Bulgaria's revenue from foreign tourists grew by 4.5%, while the total number of foreign visitors to the country increased with 14%. At the same time, the total revenue from Bulgarian tourists was more than BGN 1.5 B, or about EUR 770 M.

The tourism industry in Bulgaria plays a critical role in the country's economy. Accession to the EU has made a positive impact on the market, due to the improved facilities and hotels, great affordability and accessibility, and increased exposure. The seaside summer resorts on the Black Sea coast and the winter mountain resorts are the main attractions. Alternative streams such as art, wine, spa-based travel, and a wide range of archaeological, historic, scenic and recreational attractions represent good potential. Building golf courses, marinas, and luxury spa facilities aims to shift a greater percentage of tourists away from low revenue package tours and into more luxurious and upscale resorts. The Bulgarian Government would like to increase off-season tourism, attracting higher spending travelers by further developing its convention and festival markets. New developments are making Bulgaria more attractive.

### Sub-Sector Best Prospects

[Return to top](#)

Among the primary reasons Bulgarians travel to the U.S. are leisure, incentive tours, holidays, and business including participation at conferences and exhibitions, and visits to relatives. More than 250,000 Bulgarian-Americans live in the U.S. and approximately 3,700 Bulgarian students study at American universities and colleges. Over 40,000 Bulgarian students experienced the “Summer Work and Travel” Program that started back in the late 1990's. The primary information source for Bulgarian travelers remains their travel agent. The Internet is also considered a reliable source, especially by travelers aged 20-35. U.S. destinations have become very popular because of the weak dollar and the increased disposable income of Bulgarians.

## Opportunities

[Return to top](#)

Market segments with high potential for American firms are the development of wellness and spa complexes, golf courses, hotel management, development and expansion of marinas, high-end convention hotel development, amusement games and attractions. The sector offers opportunities for utilization of seasonally employed workers, and it needs support and assistance for promotion of Bulgarian touristic sites and towns.

The U.S. Commercial Service can facilitate information exchange between U.S.-based tour operators and tourism establishments in Bulgaria. There are many mutually beneficial opportunities for business partnerships and/or collaborations. Also, regional business cooperation should be encouraged through business development (e.g., tours which combine several countries in the region).

## Web Resources

[Return to top](#)

National Hospitality Management Club [www.tourmarketing.org](http://www.tourmarketing.org)  
International Tourism Conferences and tourist info [www.bulgariantourism.com](http://www.bulgariantourism.com)  
National Tourist Info Center & Tourism Authority [www.bulgariatravel.org](http://www.bulgariatravel.org)  
Bulgarian Tourist Chamber [www.btch.org](http://www.btch.org)  
Ministry of Economy and Energy – tourism sector [www.mi.government.bg](http://www.mi.government.bg)  
State Agency for Tourism – [www.bulgariatravel.org](http://www.bulgariatravel.org)



[Return to table of contents](#)

## 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>.

## **Import Requirements and Documentation**

[Return to top](#)

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).

### 1. 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

## 2. 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 EEE 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.vignaud@trade.gov](mailto:stephane.vignaud@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 Electrotechnical 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. 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. 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. 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 Electrotechnical Commission (IEC). The Institute is also an affiliate member of the European Committee for Electrotechnical 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/packsize/packsiz\\_en.htm](http://ec.europa.eu/enterprise/prepack/packsize/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.

## Contacts

[Return to top](#)

For more information on each group and its Bulgarian Standard Code (BDS) with EU cross-reference codes, please contact Stanislava Dimitrova at the U.S. Commercial Service - email: [stanislava.dimitrova@trade.gov](mailto:stanislava.dimitrova@trade.gov)

## 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](#)

[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](#)

### Openness to Foreign Investment

[Return to top](#)

Bulgaria has a favorable foreign investment regime, including low, flat corporate and income taxes. Promising sectors for foreign investors include: information technology, telecommunications, environmental technology (including water and waste water infrastructure), biomass, agriculture (including beverage/processed foods industry), and other sectors related to infrastructure development. European Union 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. The judicial system suffers from high caseloads and frequent delays. 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 demonstrated political will to root out corruption and organized crime, Bulgaria's corruption record remains problematic according to Transparency International (TI). TI's Corruption Perception Index for 2012 ranked Bulgaria 75th out of 176 countries surveyed, up 11 places compared to 2011, but still putting Bulgaria only ahead of Greece among EU members for perceived corruption. In 2012, the state-owned electricity company continued to struggle to pay its arrears to power producers, including those owned by

foreign investors. The state threatened to renegotiate long-term power purchase agreements that were signed several years ago. For the third consecutive year, Bulgaria revised policies for bringing renewable energy power producers online and compensating them, causing many foreign investors' concern about an unpredictable regulatory environment.

### Investment Trends and Policies

Sound economic performance and 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 have 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 11.6 billion) in 2007 to 1.2 billion Euros (USD 1.5 billion) in 2010 and only recovered slightly in 2011 to 1.7 billion Euros (USD 2.2 billion). By most estimates Bulgaria's economy is expected to post only 0.5 percent of annual GDP growth in 2012 due to weak domestic demand and low export volumes to other EU countries. In 2012, Bulgaria made considerable progress in absorbing EU structural funds under the 2007-2013 programming cycle. The EU has reimbursed Bulgaria for approximately 30 percent of the USD 12.2 billion of funds available during this cycle, while almost 90 percent of the funds have been contracted. In 2013, Bulgaria will focus its EU assistance particularly on road infrastructure and water and wastewater infrastructure. 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.

### Common Forms of Investment

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 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.

### Investment Barriers

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 as an enforcement mechanism. U.S. industry reports 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 patent protection. Current Bulgarian legislation effectively bans all biotech crop trials and production, and imposes restrictions on soy or other plant proteins in meat products.

EU accession requirements have led to the adoption of a constitutional amendment which, beginning in 2014, will allow EU citizens and entities to acquire real property, while all other foreigners will be able to do so only on the basis of an international agreement ratified by the Bulgarian Parliament. This favors EU investors over those from the United States. 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.

In one instance an investor in the energy sector encountered difficulties connecting a new power production facility to the national electric grid. Initially it was due to resistance at the municipal level and later due to failure of the national electric company to install the necessary grid connection. In another case, the national electric company failed to honor a commitment to upgrade the grid, resulting in the operator's inability to use all power offered to it by the investor. Bulgaria has an excess of renewable energy proposals that significantly exceed the capacity of the national electricity grid.

## Privatization

Bulgaria completed its major privatizations in the 1990s and early 2000s, and the privatization program is gradually phasing out. All state-owned property is considered 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 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 6,800) and BGN 500,000 (USD 341,000), 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 341,000), 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 two of the three regional electricity distributors. The two major privatization deals to be completed in 2013 will be the sale of the arms factory VMZ-Sopot and the government's majority interest in the Bulgarian Stock Exchange. The free trade zones in Burgas, Svilengrad and Plovdiv are all slated for privatization, as well as the transit zone in Varna and the diplomatic property company ADIS.

## Concessions

Under the 2006 Law on Concessions, the state is authorized, on the basis of a concession agreement, to grant private investors a partial monopoly. Concessions are awarded on central and/or local government property on the basis of a tender and are issued for up to 35 years. The concession period may not be extended beyond this time limit. The decision for awarding a concession may be appealed before the Competition Protection Commission. There are three main concession categories: construction, services, and mining and exploration. Potential fields for concessions may therefore include construction of roads, ports, and airports; power generation and transmission; mining; petroleum exploration/drilling; telecommunications; forests and parks; beaches; and nuclear installations.

### Third-party Rankings

#### Year Index Ranking

- 2012 Transparency International Corruption Perception Index Rank 75 (out of 176)
- 2012 Heritage Foundation Economic Freedom Index Rank 61 (out of 179)
- 2013 World Bank Doing Business: Overall Rank 66 (out of 185)
- 2013 World Bank Doing Business: Starting a Business Rank 57 (out of 185)
- 2013 World Bank Doing Business: Dealing with Construction Permits Rank 123 (out of 185)
- 2013 World Bank Doing Business: Getting Electricity Rank 128 (out of 185)
- 2013 World Bank Doing Business: Registering Property Rank 68 (out of 185)
- 2013 World Bank Doing Business: Getting Credit Rank 40 (out of 185)
- 2013 World Bank Doing Business: Protecting Investors Rank 49 (out of 185)
- 2013 World Bank Doing Business: Paying Taxes Rank 91 (out of 185)
- 2013 World Bank Doing Business: Trading Across Borders Rank 93 (out of 185)
- 2013 World Bank Doing Business: Enforcing Contracts Rank 86 (out of 185)
- 2013 World Bank Doing Business: Resolving Insolvency Rank 93 (out of 185)

### 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 13,100) 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 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 from the customs authorities. Exporting over BGN 30,000 (USD 20,000) 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 66,667).

### Expropriation and Compensation

[Return to top](#)

Private real property rights are legally protected by the Bulgarian Constitution. Only in a case 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](#)

### The Judicial System

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, 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 approved 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) 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 16,660), excluding alimony, labor disputes, and financial audit discrepancies, or in property cases where the property's value exceeds BGN 50,000 (USD 33,330). Five 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 court 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. The government's record of handling investment disputes is generally slow and bureaucratic but usually the issues are resolved. There are currently no open court cases or arbitrage proceedings on investment disputes involving U.S. companies.

### 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 equal distribution among all creditors. The law applies to all commercial entities, except public monopolies or state-owned companies established by a 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 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 US-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. The scope of the parties which may seek protection against a debtor's unfair activities and appeal the court decision to initiate a bankruptcy proceeding is extended to third parties with securities, when securities have been entered in public registers before the date of the claim starting 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 provided for 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.

### Execution of Judgments

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.

### 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. It 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.

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.

## Mediation

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 biggest 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.

## Performance Requirements and Incentives

[Return to top](#)

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 may not 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 foreigners having to obtain an operating license.

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.

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## 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.

Recognizing Bulgaria's IPR improvements, the United State Trade Representative (USTR) removed Bulgaria from the Special 301 Watch List in April 2006. Although the sale of pirated optical disc media is diminishing, internet piracy is the greatest challenge for the Bulgarian government and rights holders, maintaining levels close to 100 percent. The software piracy rate for end-users and businesses was 64 percent in 2011, according to the Business Software Alliance. The Bulgarian legal system has not kept pace with new internet-based technologies. As a result, Bulgarian courts have never successfully prosecuted internet pirates, except in one case when the court imposed small administrative fines on four torrent site operators. 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.

### Copyrights

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. The term of protection for other copyrighted works is 50 years. 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 violation, but because of the small number of court judgments, administrative remedies enforced, and sentences, law enforcement is still inadequate.

## Patents

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 88) 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 only a translation of the patent claim and not of the whole patent. But, Bulgarian law has still not been amended to correspond to 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 33.70) to BGN 1,500 (USD 1,010), 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 law 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, the patent holder is unable to offer justification for not adequately supplying the national market, or declaration of a 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 1383/2003/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.

### Data Exclusivity

Responding to long-standing industry concerns, the Bulgarian government included a provision to provide data exclusivity (protection of confidential data submitted to the government to obtain approval to 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 U.S.

### Trademarks

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 World Trade Organization. To exercise the right of priority, the applicant must file a request within six months of the date the other party files.

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 345 and USD 69,000). 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 345) to BGN 1,500 (USD 1,035) 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 690) and BGN 3,000 (USD 2,070). The fine for repeated offenses is between BGN 1,500 (USD 1,035) and BGN 3,000 (USD 2,070) for physical persons and between BGN 3,000 (USD 2,070) and BGN 5,000 (USD 3,450) 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 3,450). 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 5,517). 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 is increasingly common in Bulgaria. In the past year, there have been at least two cases in which 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.

## Industrial Designs

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.

## Transparency of Regulatory System

[Return to top](#)

### Regulatory Environment

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 41 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.

## Major Taxation Issues Affecting U.S. Businesses

Bulgaria has one of the lowest tax rates in the EU with a flat 10-percent tax on corporate and individual income. Certain tax incentives, such as an exemption from corporate taxes, apply in regions of high unemployment. To simplify tax calculations for small enterprises, physical persons in certain small-scale industries – usually companies with turnover less than BGN 50,000 (USD 34,500) annually -- such as craftsmen, tradesmen, and small hotel owners pay a "presumptive tax" (in lieu of the 10 percent tax), according to a schedule established by the Parliament. The amount of the "presumptive tax" is determined by and payable to municipal authorities.

Dividends (and liquidation quotas) distributed by a Bulgarian resident company to non-EU investors are subject to a withholding tax of 5 percent. There is zero tax rate on all capital gains earned on the regulated market. An annual 30-percent depreciation rate is applied to investment in new machinery and other equipment, and an annual 50-percent depreciation rate is applied on computer hardware and computer software.

The Treaty for Avoidance of Double Taxation (TADT) between the United States and Bulgaria (2007) applies only to direct taxes and excludes indirect levies, such as value-added and excise taxes and social contributions (pension, health, and unemployment funds). It also applies to all sources of income that residents of either state have received "at source" in the other state. The TADT is designed to reduce the tax burden for residents of both states and to stimulate cross-border trade and investment.

Foreign employees are required to have the same insurance and unemployment compensation packages as Bulgarian employees. Employers must pay 60 percent of all social security and health fund contributions. Employers must contribute 13 and 4.8 percent of employees' gross wages for social security and health insurance respectively. Employers must also pay 0.6 percent of an employee's wages to an unemployment fund. Companies contribute one percent of gross wages to a workers' compensation fund. The monthly maximum for social contributions is BGN 2,000 (USD 1,370).

Bulgaria has a 20 percent single-rate value-added tax (VAT). For certain tourist services VAT is levied at nine percent. VAT registration is mandatory for companies with turnover exceeding BGN 50,000 (USD 34,250) annually. Bulgaria has adopted the EU rules for applying VAT on goods and services traded between Bulgaria and the other EU member states.

Except as noted above, all goods and services are subject to VAT except exports, international transport, and precious metals supplied to the central bank. For specific purposes, deliveries relating to certain health, social, culture, religion, sports, and financial projects can be exempt from the VAT. VAT payments are generally refunded when goods are re-sold. Exporters may claim VAT refunds within a 30-day period.

Excise taxes are levied on tobacco, alcoholic beverages, fuels, certain types of

automobiles, and gambling proceeds. Investors are entitled to VAT refunds on locally-purchased goods within 30 days if they meet certain investment criteria. Foreign investors have asserted that widespread tax evasion, combined with weak enforcement, places them at a disadvantage. Another problem underscored by investors is frequent revision of tax laws, sometimes without sufficient notice. At least one major foreign investor has been unable to exercise the "debt push-down" accounting method commonly used in other EU countries when reporting to tax authorities after purchasing a production facility in Bulgaria.

## Energy Regulation

The Energy Law establishes a predictable regulatory environment in the energy sector where the key regulatory responsibilities are vested with the State Water and Energy Regulatory Commission (SWERC) - an independent body. In mid-2007, the electricity distribution market in Bulgaria was liberalized to comply with EU energy legislation. Despite the liberalization, in practice there is only one power supplier for any given region of Bulgaria and the price of electricity is regulated by SWERC. The 2011 Renewable Energy Law mandates a process for selecting power projects for connection to the electricity grid and gives producers of renewable energy a predictable rate of return on their investments. However, in recent years there have been three separate instances when SWERC increased user fees to renewable energy power producers for their existing connections to the electricity grid, effectively reducing the price power producers are paid for electricity they generate. Many foreign investors in Bulgaria's renewable sector including several American companies are severely impacted by the imposition of such arbitrary fees that have significantly lowered expected returns on their investments.

The renewable energy producers have filed a claim with the European Commission (EC) arguing that the new grid access fees are not compatible with EU law and constitute unregulated state aid to power distributors. If the EC probe finds irregularities, it may launch infringement proceedings and demand that the fee be revoked.

## Competition Policy

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" (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).

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 Depository 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 dropped from 51 percent of GDP in 2007 to 15 percent of GDP in 2010 and only increased slightly to 16 percent of GDP in 2011. The liquidity of the market is low. Annual trading turnover was only 5 percent of total market capitalization in 2010 and 5.7 percent in 2011. The majority of BSE's equity is 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 Banking System

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 31 commercial banks (24 subsidiaries and 7 branches), with total assets of BGN 76.8 billion (USD 50.1 billion). Approximately 55 percent of bank assets are concentrated in the top five banks: Bulbank, DSK Bank, United Bulgarian Bank (UBB), Eurobank EFG Bulgaria, and Raiffeisen.

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 75 percent of the banking system is owned by foreign banking groups. Bulgaria's banking system is highly 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 17.5 percent in 2010, 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 12 percent of banks' total loan portfolios in 2010. The rate of bad loans increased to over 17 percent as of September 2012.



## Government Securities

The Bulgarian government finances some of its expenditures by issuing bonds in capital markets. Commercial banks 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](#)

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. 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](#)

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.

## Political Violence

[Return to top](#)

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.

## Corruption

[Return to top](#)

Corruption continues to be one of the most difficult problems in Bulgaria’s investment climate. Numerous high-profile anti-smuggling operations have generally had a deterrent effect on contraband, but 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, such as the public procurement for big energy 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 new government analytical center for curbing corruption (BORCOR) was set up in 2011 and will begin its work at full capacity at the beginning of 2013. Bulgaria has laws, regulations, and penalties to combat corruption effectively, but internal oversight within

institutions is often weak. 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.

Bulgaria has an NGO sector that monitors corruption and organized crime, including a local chapter of Transparency International (TI). Bulgaria ranks 75th of 176 countries in TI's Corruption Perception Index for 2012, up 11 places from 2011. In 1998, Bulgaria was one of the first non-OECD nations to ratify the OECD Anti-Bribery Convention. 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.

Corruption, including bribery, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both the foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U. S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract should bring this to the attention of appropriate U.S. agencies, as noted below.

**U.S. Foreign Corrupt Practices Act:** In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more detailed information on the FCPA, see the FCPA Lay-Person's Guide at: <http://www.justice.gov/criminal/fraud/>

**Other Instruments:** It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies

pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Antibribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements. This country is party to [add instrument to which this country is party], but generally all countries prohibit the bribery and solicitation of their public officials.

**OECD Antibribery Convention:** The OECD Antibribery Convention entered into force in February 1999. As of March 2009, there are 38 parties to the Convention including the United States (see <http://www.oecd.org/dataoecd/59/13/40272933.pdf>). Major exporters China, India, and Russia are not parties, although the U.S. Government strongly endorses their eventual accession to the Convention. The Convention obligates the Parties to criminalize bribery of foreign public officials in the conduct of international business. The United States meets its international obligations under the OECD Antibribery Convention through the U.S. FCPA.

**UN Convention:** The UN Anticorruption Convention entered into force on December 14, 2005, and there are 158 parties to it as of November 2011 (see <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>). The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery.

**Council of Europe Criminal Law and Civil Law Conventions:** Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and account offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on compensation for damage relating to corrupt acts, whistleblower protection, and validity of contracts, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 49 member States (48 European countries and the United States). As of December 2011, the Criminal Law Convention has 43 parties and the Civil Law Convention has 34 (see [www.coe.int/greco](http://www.coe.int/greco).)

**Free Trade Agreements:** While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize “active bribery” of public officials (offering bribes to

any public official must be made a criminal offense, both domestically and trans-nationally) as well as domestic “passive bribery” (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website: <http://www.ustr.gov/trade-agreements/free-trade-agreements>. [Insert information as to whether your country has an FTA with the United States: Country [X] has a free trade agreement (FTA) in place with the United States, the [name of FTA], which came into force. Consult USTR Website for date: <http://www.ustr.gov/trade-agreements/free-trade-agreements>.]

**Local Laws:** U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department’s U.S. and Foreign Commercial Service can provide assistance with navigating the host country’s legal system and obtaining a list of local legal counsel.

**Assistance for U.S. Businesses:** The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company’s overarching compliance program when choosing business partners or agents overseas. The U.S. Foreign and Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its Website at [www.trade.gov/cs](http://www.trade.gov/cs).

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department’s Advocacy Center and State’s Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center “Report A Trade Barrier” Website at [tcc.export.gov/Report\\_a\\_Barrier/index.asp](http://tcc.export.gov/Report_a_Barrier/index.asp).

**Guidance on the U.S. FCPA:** The Department of Justice’s (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department’s present enforcement intentions under the anti-bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ’s Fraud Section Website at [www.justice.gov/criminal/fraud/fcpa](http://www.justice.gov/criminal/fraud/fcpa). Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce, Website, at [http://www.ogc.doc.gov/trans\\_anti\\_bribery.html](http://www.ogc.doc.gov/trans_anti_bribery.html). More general information on the FCPA is available at the Websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

*POST INPUT: Public sector corruption, including bribery of public officials, [remains a major/minor challenge for U.S. firms operating in xxx xxx. Insert country specific corruption climate, enforcement, commitment and information about relevant anticorruption legislation.*

## **Anti-Corruption Resources**

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a “Lay-Person’s Guide to the FCPA” is available at the U.S. Department of Justice’s Website at: <http://www.justice.gov/criminal/fraud/fcpa>.
- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: [http://www.oecd.org/departement/0,3355,en\\_2649\\_34859\\_1\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/departement/0,3355,en_2649_34859_1_1_1_1_1,00.html). See also new Antibribery Recommendation and Good Practice Guidance Annex for companies: <http://www.oecd.org/dataoecd/11/40/44176910.pdf>.
- General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: [http://www.ogc.doc.gov/trans\\_anti\\_bribery.html](http://www.ogc.doc.gov/trans_anti_bribery.html).
- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: [http://www.transparency.org/policy\\_research/surveys\\_indices/cpi/2009](http://www.transparency.org/policy_research/surveys_indices/cpi/2009). TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See <http://www.transparency.org/publications/gcr>.
- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 213 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See <http://info.worldbank.org/governance/wgi/index.asp>. The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <http://data.worldbank.org/data-catalog/BEEPS>.
- The World Economic Forum publishes the *Global Enabling Trade Report*, which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment. See <http://www.weforum.org/s?s=global+enabling+trade+report>.

- Additional country information related to corruption can be found in the U.S. State Department's annual *Human Rights Report* available at <http://www.state.gov/g/drl/rls/hrrpt/>.
- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which provides indicators for 106 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: <http://report.globalintegrity.org/>.

## **Bilateral Investment Agreements**

[Return to top](#)

Bulgaria is a signatory to the Convention on the Settlement of Investment Disputes between States and Nationals of Other States and the Agreement Establishing the World Trade Organization.

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, Bahrain, Belarus, Belgium, China, Croatia, Cuba, Cyprus, Czech Republic, Denmark, Egypt, Finland, France, Georgia, Germany, Greece, Hungary, India, Indonesia, Iran, Israel, Italy, Jordan, Kazakhstan, Kuwait, Latvia, Lebanon, Libya, Lithuania, Luxembourg, Macedonia, Malta, Moldova, Mongolia, Montenegro, Morocco, Poland, Portugal, Qatar, Romania, Russia, San Marino, Serbia, Singapore, Slovakia, Slovenia, South Korea, Spain, Sweden, Switzerland, Syria, Thailand, The Netherlands, Tunisia, Turkey, Ukraine, United Kingdom and Northern Ireland, Uzbekistan, Vietnam, and Yemen.

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 American 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](#)

Bulgaria's workforce officially consists of 3,410,300 (third quarter 2012) men (53.3 percent) and women (46.7 percent), many of whom are skilled in sciences, information technology, customer service, and foreign languages. 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. The demand for skilled managers is increasing with an influx of high technology, innovative, and knowledge-based companies from the EU. 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. 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 10,000) for Labor Code violations. The minimum annual paid leave is 20 days. The minimum wage is BGN 310 (USD 206.6) 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.

## Foreign-Trade Zones/Free Ports

[Return to top](#)

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 (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. Bulgaria has 14 industrial zones, hosting both local and foreign investors operating there. There are 21 other zones with infrastructure ready for new investors and about 27 industrial zones are under development. 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.

## Foreign Direct Investment Statistics

[Return to top](#)

### FDI Flows in Bulgaria

Year	In millions EUR
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2002	980.0
2003	1850.5
2004	2735.9
2005	3152.1
2006	6221.6
2007	9051.8
2008	6727.8
2009	2436.9
2010	1151.2
2011	1746.3

(Source: BNB - FDI data is provided by direct investment companies reporting to the BNB, by the Agency for Privatization, the NSI, the Central Depository and the banks.)

#### **FDI in Bulgaria by Country: Outstanding amounts at the end of 2011**

Country	In millions EUR
Netherlands	7,786.5
Austria	6,023.5
Greece	2,866.3
United Kingdom	2,446.5
Cyprus	2,100.6
Germany	1,878.1
Russia	1,357.9
Luxembourg	1,105.2
Hungary	1,031.1
United States	930.4
Spain	907.7
Switzerland	857.4
France	855.8
Ireland	735.5
British Virgin Islands	690.5
Italy	609.6
Czech Republic	477.1
Belgium	444.5
Malta	372.4
Denmark	274.7
Turkey	249.9
Israel	229.4
Lithuania	220.4

Romania	190.6
Seychelles	182.5

(Source: Bulgarian National Bank)

### **FDI in Bulgaria: FDI Stock by Economic Activity as of the end of 2011**

Economic Activity	In millions EUR
Real estate, renting and business activities	7,897.2
Financial intermediation	6,703.2
Manufacturing	6,493.0
Wholesale and retail trade, repair of motor vehicles and household goods	4,841.2
Transport, storage and communication	4,480.8
Construction	2,713.2
Electricity, gas and water supply	1,798.3
Hotels and restaurants	710.3
Not allocated	459.3
Mining and quarrying	307.3
Other community, social and personal service activities	205.0
Agriculture, hunting and forestry	153.0
Health and social work	8.5
Fishing	3.7
Education	3.2
Public administration and defense, compulsory social security	0.2

(Source: Bulgarian National Bank)

### **Major U.S. Investors in Bulgaria**

<b>Investor</b>	<b>Bulgarian Entity</b>	<b>Activity</b>
AES	AES Maritsa East 1	Energy distribution
Agropolychim	Agropolychim JSC	Chemical industry
AMIS	AMIA Bulgaria	Electronics
C3i	C3i Europe EOOD	Business process outsourcing
Hewlett Packard	Hewlett-Packard Bulgaria	IT
IBM	IBM Bulgaria	IT
Johnson Controls	Johnson Controls Electronics Bulgaria	Automotive industry

Kraft Foods	Kraft Foods Bulgaria	Food industry
McDonalds	McDonalds Bulgaria	Restaurants
Microsoft	Microsoft Bulgaria	IT
Sutherland Global Services	Sutherland Global Services	Business process outsourcing
Tumbleweed	Tumbleweed	Software consultancy
VMWare	VMware Bulgaria EOOD	IT
American Standard	Ideal Standard, VIDIMA	Plumbing fixtures
ContourGlobal	CountourGlobal Maritsa East 3	Energy distribution

(Source: Invest Bulgaria Agency)

**Bulgaria's Investment Abroad: Direct Investment Stock by Country (Outstanding amounts at the end of 2011)**

Country	In millions EUR
Italy	182.3
Marshall Islands	161.8
Malta	136.3
Serbia	110.1
Romania	85.9
Macedonia	62.4
Turkey	61.8
United States	58.5
Austria	50.4
UK	47.9
Germany	47.2
Cyprus	36.1
Switzerland	34.5
Ukraine	29.7
Greece	27.0

(Source: Bulgarian National Bank)

**Web Resources**

[Return to top](#)

(Insert text here)

[Return to table of contents](#)

[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 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. Foreign banking capital is largely predominant on the market. 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/ccp/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](#)
- [Language](#)
- [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 dress to the manner of their 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." But with foreign language fluency growing, some Bulgarians will use head movements in 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 attempt 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, if the vehicle has been recorded on the passport, 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.

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

Taxis are affordable. It is advisable to call ahead to 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 a 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](#)

[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	<a href="http://sofia.usembassy.gov">http://sofia.usembassy.gov</a>
U.S. Commercial Service – Sofia	<a href="http://www.export.gov/bulgaria">http://www.export.gov/bulgaria</a>
U.S. Department of State	<a href="http://www.state.gov">http://www.state.gov</a>
U.S. Department of Commerce	<a href="http://www.export.gov">http://www.export.gov</a>
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.  
1784 Sofia  
Phone: (359)(2) 806-2910, 806-2911 Fax: (359)(2) 963 2425  
E-mail: [office@ksb.bg](mailto:office@ksb.bg); Website: <http://www.ksb.bg/>

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  
Phone: (359)(2) 946 1513 Fax: (359) (2) 946-1451  
E-mail: [bait@bait.bg](mailto:bait@bait.bg), Website: <http://www.bait.bg/>

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  
31, Aksakov Street  
1000 Sofia  
Phone: (359)(2) 980-0918, 985-5500 Fax: (359)(2) 980-1320  
E-mail: [iba@investbg.government.bg](mailto:iba@investbg.government.bg)  
Website: <http://www.investbg.government.bg/>

Privatization Agency  
Executive Director: Mr. Emil Karanikolov  
29, Aksakov Street  
1000 Sofia  
Phone: (359)(2) 987-7579; 987-3249 Fax: (359)(2) 981-6201, 981-1307  
E-mail: [press@priv.government.bg](mailto:press@priv.government.bg)  
Website: <http://www.priv.government.bg/>

Communications Regulation Commission  
Chairperson: Mr. Veselin Bozhkov

6, Gurko St.  
1000 Sofia  
Phone: (359) (2) 949-2335 Fax: (359) (2) 987-0695  
E-mail: info@crc.bg  
Website: <http://www.crc.bg/>

Bulgarian Institute for Standardization  
Chairperson: Mr. Ivelin Burov  
13, Lachezar Stanchev Street, Izgrev  
1797 Sofia  
Phone: (359)(2) 81 74 523 Fax: (359)(2) 873 55 97  
E-mail: standards@bds-bg.org  
Website: <http://www.bds-bg.org/>

National Customs Agency  
Director General: Mr. Vanyo Tanov  
47, G.S. Rakovski Street  
1202 Sofia  
Phone: (359) (2) 9859-4210, 9859-4213 Fax: (359)(2) 980-4061  
E-mail: 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  
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)  
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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

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E-mail: [reklama@capital.bg](mailto: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  
Advertisement: Mrs. Natasha Rusenova (3592) 9602-214, fax (3592) 9602-213  
E-mail: [monitor@monitor.bg](mailto:monitor@monitor.bg)  
Website: <http://www.monitor.bg>

BANKER weekly

5B, Tzvetna Gradina Str., Sofia 1421  
Editor in Chief – Mrs. Bistra Georgieva, (3592) 4409 440, fax (3592) 4409 435  
Advertisement – Mrs. Krassimir Tomov (3592) 4409 408  
E-mail: [reklama@banker.bg](mailto:reklama@banker.bg); [advertising@banker.bg](mailto: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

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

#### International Financial Institutions

European Bank for Reconstruction and Development  
Sofia Resident Office  
17, Moskovska Street, 1000 Sofia  
Phone: (359) (2) 932-1414 Fax: (359)(2) 932-1441  
E-mail: [sofiaro@ebrd.com](mailto:sofiaro@ebrd.com)  
Website: <http://www.ebrd.com/>

European Investment Bank  
98-100, Boulevard Konrad Adenauer  
L-2950 Luxembourg  
Phone: (352) 43 79-3122 Fax: (325) 43 79-3191, 43 77 04  
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/>

Delegation of the European Commission to Bulgaria  
9 Moskovska Str., Sofia 1000  
Phone: (359)(2) 933-5252 Fax: (359)(2) 933-5233  
E-mail: [COMM-REP-SOF@ec.europa.eu](mailto:COMM-REP-SOF@ec.europa.eu); [guest@evropa.bg](mailto:guest@evropa.bg)  
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\\_B ANKSLIST\\_EN](http://www.bnb.bg/BankSupervision/BSCreditInstitution/BSCIRegistrers/BS_CI_REG_B ANKSLIST_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](#)

[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.**

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of 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 and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: [www.export.gov](http://www.export.gov)

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link: (Insert link to Products and Services section of local buyusa.gov website here.)

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](#)