



Doing Business in Bulgaria

2009 Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business in Bulgaria

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Market Overview

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Three years after joining the European Union (EU), Bulgaria is on the radar screen of U.S. firms for investments and business opportunities. The country enjoys political stability, and forecasts are for slight or flat economic growth in 2010. The Bulgarian Government introduced the lowest tax rates in the region – ten per cent rate both on personal income and on corporate income, which contributed to strong foreign investment inflows. The global financial crisis has slowed investment growth somewhat, particularly in the real estate and manufacturing sectors. So far, Bulgaria has weathered the global financial downturn through strict fiscal discipline. The currency peg to the Euro and fixed exchange rate are seen as an obstacle to export of Bulgarian products, especially in the context of currency devaluation in neighboring countries. Home demand will remain low due to limited allocation of consumer loans and a 11% jobless rate. Other risks include high foreign debt and another gas crisis due to dependency on Russia for supply.

U.S. companies are successfully conducting business across the major industry sectors. The top two foreign investors in Bulgaria are U.S. companies. EU membership will continue to result in funding for infrastructure projects, provided that the Bulgarian government procedures are efficient and transparent. Due to 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

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Bulgaria offers excellent 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 experienced growth for 9 of the last 10 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.buyusa.gov/europeanunion/>

Market Opportunities

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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.buyusa.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:

- Automotive
- Aerospace and Defense
- Environmental Technologies
- Franchising
- Healthcare/Medical
- Infrastructure Projects and Real Estate Development
- Information and Communication Technologies
- Power Generation 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

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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.buyusa.gov/bulgaria>

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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/>

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Chapter 3: Selling U.S. Products and Services

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Using an Agent or Distributor

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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 civil and criminal action, while accompanied by a Bulgarian lawyer, where this has been envisaged in an agreement between the Bulgarian and the respective foreign state, or on the basis of reciprocity, and in both cases after submitting a preliminary request to this effect to the Chairperson of the Supreme Bar Council. 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.buyusa.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.buyusa.gov/europeanunion/doing_business.html

Establishing an Office

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/index.php>

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 <http://www.bcci.bg/index.htm>

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

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More than half of the franchise chains present in Bulgaria have entered the market during the last five or six years, and significant surge has been seen during 2007 and 2008. This trend will accelerate even more as disposable income and understanding of the franchise business model grows. Due to the growth in this sector, we have added Franchising to our top sectors in Chapter 4 of this guide. Among the most visible brands in Bulgaria are: KFC, Dunkin Donuts, Subway, Pizza Hut, Berlitz, ERA, Centruy 21, Remax, GNC, Wilson Learning and others. The recent entry of Curves, Subway, and Starbucks demonstrate that the American franchise concept is becoming popular as the local market matures..

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.

Direct Marketing

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Direct marketing is not popular 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 are switching to debit and credit cards but still prefer to use cash. 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.buyusa.gov/europeanunion/doing_business.html

Joint Ventures/Licensing

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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 (e.g., knowledge sharing). 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

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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.

Regarding public tenders funded by EU funds, see http://www.buyusa.gov/europeanunion/eu_funds.html

Distribution and Sales Channels

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Recent developments in retail sales channels are worth noting.

By the end of 2009, the following retail chains had established a network of stores throughout Bulgaria: Fantastiko (33), Billa (40), Metro (11), Picadilly (22), Praktiker (8), Hit (2), Mr. Bricolage (10), Baumax (2), German discounters Penny (20), Kaufland (19), T Market (28), PLUS (2).

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.

The German food retail chains Lidl and Carrefour, the world's second-largest retailer after Wal-Mart, are expected to start operations sometime in 2010.

According to GfK Shopping Monitor, Bulgarian consumers still prefer to shop at 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.

Shopping malls in Sofia (4), Plovdiv (2), Veliko Turnovo (1), Stara Zagora (1) and Varna(1) are becoming very popular among the urban population. Several others shopping malls are in process of being built.

Selling Factors/Techniques

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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.

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Shopping over the Internet is not very popular in Bulgaria and most people still prefer to shop at local stores. Despite these difficulties, some companies are already offering goods for sale over the Internet.

Trade Promotion and Advertising

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The 1998 Law on the Protection of Competition, and the 2006 Law on Protection of the Consumers and on Trading Rules 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 alcoholic 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.buyusa.gov/bulgaria>

Pricing

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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

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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 U.S. in order to communicate the firm's distinctive corporate policies, behavior, and standards.

Protecting Your Intellectual Property

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Introduction

Several general principles are important for effective management of intellectual property rights in Bulgaria. First, it is important to have an overall strategy to protect IPR. Second, IPR is protected differently in Bulgaria than in the U.S. Third, rights must be registered and enforced in Bulgaria, under local laws. Companies may wish to seek advice from local attorneys or IP consultants. 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 as well.

It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government generally cannot enforce rights for private individuals in Bulgaria. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. While the U.S. Government is willing to assist, there is little it can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IPR in a timely fashion. It is also recommended that companies understand the importance of working together with trade associations and international organizations to support efforts to protect IPR and stop counterfeiting.

IPR Resources

A wealth of information on protecting IPR 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.
- 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 US small and medium-size companies, the Department of Commerce offers a "SME IPR Advisory Program" available through the American Bar Association that provides one hour of free IPR legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and Thailand. For details and to register, visit: http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: 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 IPR-infringing products) and allows you to register for Webinars on protecting IPR.

Bulgarian law protects intellectual property rights, but enforcement is often problematic.

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 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.

More detail on IPR protection can be found in Chapter 6 of this Guide.

Due Diligence

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The U.S. Commercial Service offers the International Company Profile service for evaluating potential business partners. See 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.

The official database online source called DAXY (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.

An agency called the Financial Intelligence Agency <http://www.fia.minfin.bg/?cat=2&lang=1> (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 National Security (DANS) and became the Financial Intelligence Directorate (FID). The FID receives, preserves, examines, analyses and discloses to law enforcement bodies information, connected with suspicion of money laundering or financing of terrorist activities. The Directorate 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

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

The U.S. Commercial Service Business Service Provider has also a list of lawyers, logistics and service providers
<http://www.buyusa.gov/bulgaria/en/serviceproviderlist.html>

Web Resources

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<http://sofia.usembassy.gov/> (U.S. Embassy, Sofia)
<http://www.buyUSA.gov/bulgaria> (U.S. Commercial Service, Sofia)
<http://www.buyusa.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://b2b.bia-bg.com/index.asp> (Bulgarian Industrial Association)
<http://www.sofiaecho.com> (English language news service for Bulgaria)
<http://www.daxy.com> (business, financial and tax registration of Bulgarian companies)
<http://www.creditreform.bg/en/index.jsp> (credit-reporting agency)

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

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Automotive

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The automotive market in Bulgaria, which was characterized with steady growth of new car imports and sales as well as steady imports of used cars through the end of August 2009, has suffered a nearly 50% decline since that time.

The number of new cars sold during the first 9 months of 2008 in Bulgaria was 39,926 compared to 45,145 for all of 2007 and 42,625 in 2006; the number of trucks and buses sold in 2008 was 2,923 compared to 2,851 for all of 2007 and 2,675 in 2006. For the three year period 2006 through 2008, the automotive import car market in Bulgaria registered growth of 16% for cars and 61.8% for trucks and busses.

Despite the stronger sales of new automobiles, the used car market in Bulgaria still dominates with approximately 150,000 cars entering the market each year. Almost 18% of the cars registered in Bulgaria are older than ten years. Since 2000, Bulgarian families prefer to buy cars not older than ten years. Now almost 70% of Bulgarian families own a car and almost 80% of the firms with business activities have motor pools, which depending on their activities, consists of cars, vans, minibuses, jeeps and light trucks. Companies prefer to use leasing schemes on the basis of return-replace.

The automotive aftermarket and collision repair car business is one of the fastest growing in Bulgaria. The growth in numbers of European cars will lead to a need for more sophisticated service and car body repair equipment, both mechanical and electronic, paint products, and application methods at an affordable price. The official distributors of all new car models maintain warranty service and repair stations within their company structures. For newer used cars, sophisticated electronic car equipment requires special analyzers, testers and experts to deal with it.

Best sales prospects include consumables, tuning equipment and accessories, service equipment for electronic diagnosis, monitoring, testing and analyzing and auto cosmetics for the second hand car market, year 2000 or later.

Very few Bulgarian companies import classic cars and/or tuning equipment. These companies suffer many tariff and non-tariff trade barriers.

In January 2010, the new Bulgarian government finally responded to the car importers' requirements for concurrence with the EU rules for eliminating level excise duties on cars with engine capacity of over 166 horse power.

For more information and market entry strategies contact:

Uliana Kanelli, Commercial Specialist
U.S. Commercial Service, Sofia, Bulgaria
Tel: 359-2-939-5706
Email: uliana.kanelli@mail.doc.gov
<http://www.buyusa.gov/bulgaria>

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Union of Car Importers in Bulgaria (UCIB) – www.svab.bg
Bulgarian Customs – www.customs.bg
Expoteam (organizer of the largest automotive market and aftermarket show in Sofia) – www.expoteam.org
Bulgarreklama (organizer of the International Plovdiv Fair) – www.bulgarreklama.bg and www.fair.bg

The total market for aviation, runway systems and air traffic control equipment and services for a short to medium five-year term is estimated at approximately \$200 million. This market is supplied almost entirely by imports.

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

The end user market includes 6 international airports, Aviation Administration (CAA), Air Traffic Services Authority (ATSA), the major air carriers and services companies licensed to provide ground-handling activities. The largest international airport is based in Sofia, and its operation is under the Ministry of Transportation.

The concessionaire for two airports – Varna and Bourgas, declared intentions to invest approximately Euro 500 million, 10% of which during the first three years of its management.

The procedure for privatization of the other two international airports (Rousse and Gorna Orjahovitz) by means of concession is expected to be determined in 2010 and officially announced on the web site of the Bulgarian Ministry of Transport (www.mt.government.bg)

The fifth airport - Plovdiv airport is designated to be jointly utilized by Ministry of Transport and Ministry of Defense/ Airforces. The infrastructure upgrades at this airport were completed in 2009.

The Air Traffic Services Authority (ATSA) completed the selection process for design of a new air traffic control tower and is preparing to announce its engineering and construction phase.

By the end of 2007, there were 10 licensed air operators in Bulgaria and 60 flying machines, all of them with a valid "CofA" (Certificate of Airworthiness) code. The total number of large aircrafts (over 5700 kg) is 38 with a valid "CofA" code. The total number of small aircrafts (below 5700 kg) is 13 with a valid "CofA" code. Separately there are 55 light jets up to 5.7 tones, 30% of which are second hand.

The fleet as specified consists of the following type and category by alphabetical ranking: Airbus 319, 320, ATR, Bae-146, Boeing 737, BE20, CE-550, CL60, CL64, L-410 and MD 80.

The helicopter fleet consists of large helicopters (over 3175 kg) type Mi-8, total number is 6, all of them with a valid "CofA" code and small helicopters (below 3175 kg) type BO105 and SA 365N1, total number is 3, all of them with a valid "CofA" code. Two private operators purchased Gulfstream and Bell helicopters, which depending on the onboard equipment, can be used for different purposes like agriculture, firefighting, courier, etc.

Demand is estimated to be highest for airport and 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.

For more information and market entry strategies contact:

Uliana Kanelli, Commercial Specialist
U.S. Commercial Service, Sofia, Bulgaria
Tel: 359-2-939-5706
Email: uliana.kanelli@mail.doc.gov
<http://www.buyusa.gov/bulgaria>

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Ministry of Transport and Communications --www.mtc.government.bg
Civil Aviation Administration – www.caa.bg
Airport Sofia – www.sofia-airport.bg
Bulgarian Aviation directory – www.aviation.bg

Environmental Technologies

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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 more than EUR11.6 billion by 2013 in order to meet EU environmental requirements, some of the funding coming from EU funds for environmental 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.

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 more than 400 cities and towns with populations over 2,000, through 2015.

Solid waste:

Currently Bulgaria utilizes landfills for the disposal of municipal waste. The EU requires Bulgaria to decrease the number of landfills. 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.

Air:

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

For more information and market entry strategies contact:

Stanislava Dimitrova, Commercial Specialist
U.S. Commercial Service, Sofia, Bulgaria
Tel: 359-2-939-5740
Email: Stanislava.Dimitrova@mail.doc.gov
<http://www.buyusa.gov/bulgaria>

Franchising

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

Franchising is most apparent in the fast-food sector with many local and internationally recognized fast-food franchises operating in Bulgaria. 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, Pizza Hut, Berlitz, ERA, Century 21, Remax, GNC, and Wilson Learning. The recent entry of Curves, Subway 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 with nearly 30 restaurants that employ over 1,000 Bulgarians and serve over 6 million customers a year.

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.

For more information on market entry strategies contact:

Emily Taneva, Commercial Specialist
U.S. Commercial Service, Sofia, Bulgaria
Tel: 359-2-939-5770
Email: emily.taneva@mail.doc.gov
<http://www.buyusa.gov/bulgaria>

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<http://franchising.start.bg/> Franchising in Bulgaria
www.bulfa.org Bulgarian Franchise Association

The short and long term development of the healthcare sector in Bulgaria will be strongly determined by the new phase of the health sector reform.

The new government, which came to power in July 2009, is planning to introduce reforms, which will include a revision and remodeling of hospitals' reimbursement method and format. These reforms will be based on the revision of the Disease Related Groups (DRG) principle, assigning new roles of the university hospitals as major players. Moreover, all hospitals will be incentivized to start implementing the latest high tech non-invasive surgery and monitoring equipment, laser equipment and other new methodology equipment, to increase and improve the knowledge of the entire healthcare society – doctors, general practitioners, medical equipment importers and distributors, NHIF and social institutions.

Beginning this year, the Ministry of Healthcare decided to close down 21 hospitals and optimize the scope of work of another 158 hospitals.

In times of overall worldwide economic crisis, Bulgarian Ministry of Healthcare is following its long-term labor and reimbursement strategy adjustment policy along with upgrading the other components of its overall operational system.

The Health Sector Reform Project has several components: the first is the reform and sustainability of the primary and ambulatory care sector. It provides practice equipment for primary health care, funds physician 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, reducing the number of hospitals, optimizing their functionality and funding a labor adjustment strategy. Other tasks include implementation of a hospital accreditation system, introduction of healthcare electronic data and record management systems, coping with EU assigned duties such as improvement and expansion of HIV and tuberculosis prevention measures, extending In-Vitro programs, improvement of emergency and ambulance systems, and a CRM system to handle emergency calls.

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 final component aims at strengthening the management and institutional capacity of the health ministry, the NHIF, and the health system generally.

The health sector reform strategy will result in a demand for invasive and noninvasive surgery equipment, ultrasound equipment, in-vitro diagnostic equipment, urology equipment, laboratory and testing equipment, diagnostic imaging equipment, equipment

for haemodilysis, tissue and blood bank related equipment, veterinary turnkey project equipment, hospital care equipment, information systems, modern patient monitoring systems, and hospital management systems.

For more information and market entry strategies contact:

Uliana Kanelli, Commercial Specialist
U.S. Commercial Service, Sofia, Bulgaria
Tel: 359-2-939-5706
Email: uliana.kanelli@mail.doc.gov
<http://www.buyusa.gov/bulgaria>

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Ministry of Healthcare – www.mh.government.bg
Bulgarian Drug Agency – www.bda.bg
National Health Insurance Fund (NHIF) – www.nhif.bg
Bulgarreklama (agency organizing the international exhibition Bulmedica, Buldental, Buloptics, Bullabor) – www.bulgarreklama.com

Overview

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The Bulgarian Government's goals to clean up the country's environment; modernize its infrastructure and further develop its real estate base represent an extraordinary business opportunity for U.S. companies.

After EU accession in January 2007, Bulgaria directed efforts, resources and initiatives to modernizing its outdated infrastructure and boost economic growth. The pessimism related to recent developments in the U.S. and Western Europe real estate sector shifted toward this small Balkan country, but the impact has been relatively small. Solid GDP growth and a real estate market propelled by a flood of foreign investors also fueled construction. EBRD, Raiffeisen and a few other international banks are actively supporting the large scale development and redevelopment projects in Bulgaria providing funds to businesses and municipalities. The construction sector is facing the challenges of rising material costs and a drop in demand. Local financial attention and foreign investments are being placed on the dilapidated road and rail networks, new metro stations construction, shopping centers, tourism industry, department store chains, telecommunications and infrastructure. The Bulgarian market for building materials is growing at more than 20% per year.

U.S. companies that specialize in road network upgrading, park development, golf course development, management and development of logistic, residential, shopping and industrial complexes, and airport development will find many opportunities. Real estate investors and firms providing public-private partnership solutions in the area of commercial and residential site development, water and wastewater treatment, earthmoving, road building, installation of underground utilities, construction material suppliers may have excellent opportunities to participate in the upgrade of major transport and tourism-related infrastructure facilities.

For more information on market entry strategies contact:

Emily Taneva, Commercial Specialist
U.S. Commercial Service, Sofia, Bulgaria
Tel: 359-2-939-5770
Email: emily.taneva@mail.doc.gov
<http://www.buyusa.gov/bulgaria>

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Ministry of Transport and Communications --www.mtc.government.bg
Ministry of Regional Development, Directorate for National Construction Supervision
www.mrrb.government.bg
Chamber of the Architects in Bulgaria - www.geocities.com/arch_art/kabinx.html
Bulgarian Construction Chamber - www.kcb.bg

Information and Communication Technologies

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.

International software companies find Bulgaria attractive because of the 0% export tax, low costs and local workforce skills. Both fixed and mobile segments of the Bulgarian ICT market still have high growth potential with large investments expected in both segments.

A number of foreign companies are opening call/service centers in Bulgaria. There are opportunities for participation in tenders for sale of computers, peripherals, and servers for government procurement. Moreover, the Bulgarian Government and private telecom companies have various information and communication initiatives that will provide major opportunities.

U.S. providers of advanced telephone service solutions and value-added telecommunications services are in demand. Other best prospects include Internet services, wireless and broadband Internet access technologies, cable television, and voice-over-Internet, routers, switches, access servers, equipment for mobile telephony, including WiMAX technologies, cable operators' equipment and fixed wireless equipment.

For more information and market entry strategies contact:

Stanislava Dimitrova, Commercial Specialist

U.S. Commercial Service, Sofia, Bulgaria

Tel: 359-2-939-5740

Email: Stanislava.Dimitrova@mail.doc.gov

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

www.nsi.bg - National Statistical Institute of Bulgaria

www.daits.government.bg - State Agency on IT and Communications

www.crc.bg - Communications Regulation Commission

www.investbg.government.bg - Invest Bulgaria Agency

www.basscom.org - BASSCOM

www.bait.bg - Bulgarian Association of Information Technology

Bulgaria's EU membership means increased energy demand, decreased supply (the closure of Kozloduy's reactors 3 and 4), requirements for rehabilitation of the obsolete generation units, development of new thermal, nuclear power and co-generating capacities, development of alternative/renewable energy supply and increased energy efficiency.

Major rehabilitation and construction of new generating capacities are creating enormous opportunities for U.S. companies in Bulgaria. Firms providing solutions that will increase Bulgaria's energy independence and energy efficiency will also find good 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 worse energy intensity in Europe, Bulgaria offers significant opportunities for providing technology, services and solutions that will steadily decrease energy intensity in leading industrial sectors.

The best prospects for the 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; electricity/heat consumption meter reading equipment; 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 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; services related to construction of gas interconnections with Romania and Greece.

For more information on market entry strategies contact:

Emily Taneva, Commercial Specialist
U.S. Commercial Service, Sofia, Bulgaria
Tel: 359-2-939-5770
Email: emily.taneva@mail.doc.gov

For information on alternative/renewable energy and energy efficiency contact:

Andon Kalibatsev
U.S. Commercial Service, Sofia, Bulgaria
Tel: 359-2-939-5781
Email: andon.kalibatsev@mail.doc.gov

Bulgargaz www.bulgargaz.bg
National Electric Company www.nek.bg
Kozloduy NPP www.kznpp.org
Ministry of Economy and Energy www.mi.government.bg/
State Energy and Water Regulatory Commission www.dker.bg

Energy Efficiency Agency www.SEEA.government.bg

Safety and security are important issues for the Bulgarian government and businesses. The global threat for terrorist attacks, the EU accession of the country and the high number of thefts are affording good market opportunities for U.S. companies in this sector.

Bulgaria is an external EU border, and the country is expected to join the Schengen area in 2011 or 2012. Consequently, the government must develop projects to upgrade control on the EU's external borders and to integrate its system with the Schengen Information System (SIS). The EU pre-accession program PHARE allocated funds for the modernization of the Border Police equipment, but further upgrades are required.

The Bulgarian Ministry of Transportation and the U.S. Trade and Development Agency completed two technical assistance projects to upgrade and improve safety and security at Bulgarian international airports. In 2008, the Ministry of Interior launched a tender for design, building of a system and consultancy services for the issuance of new ID documents according to the EU requirements. The first biometrical ID documents will be issued in April, 2010.

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 budget of this project was \$3 million, and the Municipality established a joint venture with the Austrian company Eikon to purchase and install the cameras. This is 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 will be extended to other main boulevards, streets and entrance points in the city. The project is approximately \$12 million.

Other cities are considering the opportunity to build CCTV systems. Remote control systems and information systems, including monitoring of the traffic lights, street lights, 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. Many private companies in the big cities offer real time monitoring of premises and physical control, and the number of clients using this technology is growing.

The Bulgarian Ministry of Interior together with Ministry of Finance, the Customs Agency and Border Police are looking for ways to improve border monitoring, security and customs database systems. Best prospects include X-ray, MR type of equipment,

infrared mobile and stationary equipment, IP videosurveillance, on site field testing, access control equipment, CCTV, laboratory equipment, ID security application equipment, new IT and high tech equipment, programs and related services.

The private security sector is represented mostly by Bulgarian companies providing centralized security services by means of technical equipment via monitoring-centers and vehicle patrols, physical security, convoy of valuables and dangerous loads; delivery, installation and support of security systems. The number of companies, operating in the safety and security sector is around 1000, including guard/personal security services and detective agencies, 90% of them are small- and medium-sized companies. Most of the companies are service providers and do not directly acquire security equipment.

NAFTSO is a non-profit association and incorporates Bulgarian trading companies that provide security services. NAFTSO incorporates members - companies that provide security services. The members of the Association employ more than 17,900 workers (30.5% of the employees at the private security sector) and their turnover for the year 2007 exceeded \$113.5 million (34.4% of the market). The number of guarded and secured sites exceeds 112,900. More than 60% of the commercial banks registered in the Republic of Bulgaria avail themselves of the cash collection services offered. The Association is a member of the Confederation of European Security Services (CoESS).

Local production may be found in the following areas: parts and accessories for telephones and installations, metal detectors, safe deposit boxes, intercoms, sirens, control panels, control alarm systems, electronic locking systems for elevators; electronic locking systems for external doors inputs, TV systems for day/night surveillance, systems for perimeter and outside perimeter guarding, cameras and lenses, communication cables, fire detectors, equipment and parts for access control, signaling devices and production of protective clothing with special purpose – fireproof, antistatic, water and oilproof, windproof and aggressiveproof. There is low local production in electronic security equipment, due to lack of investment in research and development of new technology.

The growth in the safety and security equipment and services sector in Bulgaria is related to the new investments made by financial institutions, airports, large industrial groups, multinational corporations, real estate companies, shopping centers, and retail chains. All commercial segments on Bulgaria's real estate market enjoyed significant growth in the past several years, so the need of safety and security equipment has increased substantially.

For more information and market entry strategies contact:

Andon Kalibatsev, Commercial Specialist
U.S. Commercial Service, Sofia, Bulgaria
Tel: 359-2-939-5781
Email: andon.kalibatsev@mail.doc.gov
<http://www.buyusa.gov/bulgaria>

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Ministry of Finance, State Agency Customs – www.customs.bg

Ministry of Interior – www.mvr.bg
Ministry of Transport – www.mtc.government.bg

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. Bulgaria is gaining popularity among business and leisure travelers around the world who spend over \$3 billion annually here. 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. The tourism industry accounts for 13% of GDP.

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 „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.

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, 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 (i.e. tours which combine several countries in the region).

For more information on market entry strategies contact:

Emily Taneva, Commercial Specialist
U.S. Commercial Service, Sofia, Bulgaria
Tel: 359-2-939-5770
Email: emily.taneva@mail.doc.gov
<http://www.buyusa.gov/bulgaria>

National Hospitality Management Club www.tourmarketing.org
International Tourism Conferences and tourist info www.bulgariantourism.com

National Tourist Info Center & Tourism Authority www.bulgariatravel.org
Bulgarian Tourist Chamber www.btch.org
Ministry of Economy and Energy – tourism sector www.mi.government.bg
State Agency for Tourism – www.bulgariatravel.org

EU membership has had a significant impact on trade in food and agricultural products in Bulgaria. Certain opportunities for U.S. exporters have all but disappeared (beef, poultry) while others have expanded (below). There are also several new market opportunities for new food products. In general, Bulgarian agricultural and food imports from the U.S. will increasingly resemble the profile of U.S. exports to other EU member states that is heavily weighted toward consumer-oriented and high-value products. The demand for these products will grow due to the expanding share of disposable income that is taken by retail and food service sectors. At the end of 2008 and in early 2009, there was a visible shift in trade and consumption trends within certain product groups toward more expensive, higher-quality products, including distilled spirits, snack foods, tree nuts, seafood, and soft drinks. However, the current economic and financial crisis slowed down this trend in mid/late 2009 and most likely in 2010. In the medium and long term, lower-than-average consumer incomes will continue to be the major limiting factor in expanding U.S. sales.

In 2010, most importers will be able to operate more efficiently in the new business environment, in which convergence with EU norms is taking place gradually. Many Bulgarian importers are switching from importing directly from the U.S. to importing from wholesalers/importers within the EU which have longstanding links with U.S. exporters. For many Bulgarian importers this tends to be a relatively efficient way to buy U.S. products.

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

The major competitor for U.S. food exporters will be producers from other EU member states which have facilities in Bulgaria, as the result of a direct investment, or ship product to Bulgaria from other EU member states.

Good prospects exist for the following agricultural/food products:

1. Red meat (pork and beef)

Bulgaria is a net importer of red meats. Demand is growing both in volume and in value. While until 2007, this category represented the best opportunity for the U.S. exporters, the EU non-tariff veterinary restrictions made this trade difficult in 2007 when U.S. red meat exports to Bulgaria dropped by 50 percent. However, in 2008, as a result of collaborative promotion efforts between FAS/Sofia, U.S. Meat Export Federation and local meat industry, exports of U.S. red meat exceeded total U.S. red meat exports to Bulgaria over the last 5 years to reach \$42 million. In 2009, due to the financial issues, these imports dropped to \$11.6 million but were still the leading product category in U.S. agricultural exports to Bulgaria. Good market opportunities exist for U.S. exporters of price-competitive pork, mainly for processing; and hormone-free high quality beef for

food service outlets. U.S. pork is also imported to the region (Romania) and from there is traded in the region.

2. Seafood

Bulgaria is a net importer of fish and seafood over the last ten years. The local market for imports in 2008 was estimated at 28,000 MT, valued at \$50 million, compared to \$31 million in 2007. More than 80 percent of total imports are frozen fish. In 2009 (January-October), seafood imports were 23,000 MT at \$41 million. U.S. exports of seafood to Bulgaria were stable during the last three years. However, while domestic demand for all seafood products is not expected to have dropped, U.S. seafood exports to Bulgaria fell to around \$3.0 million in 2007 due to the introduction of new EU regulatory requirements for imports and higher import duties on certain products from May to November. Despite this change, U.S. seafood exports in 2008 were stable at \$2.5 million and increased in 2009 to \$3.3 million since more high-value seafood products were imported (salmon, haddock and lobsters). Prospects for 2010 are very good due to steady market development and Post having found some solutions to regulatory issues that were holding up some shipments. Demand for seafood is supported by the rapid expansion of retail and food service outlets which sell consumer-ready and ready-to-eat products. Higher value products have also seen sales increases.

3. Tree nuts

The Bulgarian market for tree nuts has had record growth over the past years: from \$1.3 million in 2006, U.S. exports grew to \$2.8 million in 2007 and \$3.3 million in 2008. In 2009 (January-October), tree nuts exports dropped a little to \$2.9 million. Demand is expanding due to the growing number of food service outlets, to tourism, and to an increase in the number of middle-and high-income consumers. Prospects for U.S. exporters in 2010 are good due to recognized U.S. quality, a favorable tariff and regulatory regime, a lack of local production of quality tree nuts, and growing demand.

EU tariff rates are far lower than were Bulgaria's pre-EU rates. For example, the import duty on almonds fell from 20-35 percent (2006) to 5.6 percent or zero (2007); for peanuts, the import tariff declined from 40 percent to zero; for walnuts, from 35 percent to 4.0-5.1 percent. In 2007, total tree nuts imports were 13,000 MT at a value of \$15 million; 2008 -at 15,000 MT and \$21 million and about the same size in 2009. The market is expected to be stable or with little growth in 2010.

4. Snacks/Cereals

U.S. companies face substantial competition from EU producers in the snack foods market. Snack foods generally are sourced from EU companies in the EU, or are produced locally as the result of foreign direct investment (including U.S.). Bulgaria does not have a tradition of either producing or consuming high-quality or price-competitive snack foods. Consumption has been growing thanks to changing consumer tastes due to travel, marketing by snack foods companies, rising incomes, and expanded tourism. Since production of snack foods has not kept up with demand, much of the local consumption is met by imports. In 2007, U.S. snack foods exports reached \$1.1 million and increased further to \$1.4 million in 2008. In 2009, due to the economic crisis, exports dropped to \$0.7 million, however, it rebounded quickly in early 2010 and the prospects are optimistic for a full restoration of imports this year.

Recently, local production of confectionery products has grown thanks to investment by EU-based companies (the American-owned Kraft Foods and Nestle). Their products successfully compete with imports. Currently, there are only a few local Bulgarian producers of snack foods but their number has been rising. Local consumers perceive U.S. products as high quality and as having competitive prices. The most popular are U.S. microwave popcorn, breakfast cereals, and some types of confectionery products.

5. Distilled spirits

With Bulgaria's accession to the EU, certain export opportunities have expanded in this sector. Total imports of distilled spirits (whiskey) to Bulgaria in 2008 reached \$56 million. In 2009 (January-October), imports dropped to \$28 million. U.S. distilled spirits exports in 2007 were \$3.0 million and a record \$5.2 million in 2008 but dropped in 2009 (January-October) to \$4.2 million percent due to general economic challenges. Tax regulations which were revised in 2007/08 made locally-produced spirits more expensive and less competitive compared to high-quality U.S. spirits. Import duties have declined to zero in many cases. EU competition is strong, since EU producers are benefitting from the same lower tariffs and stiffer regulatory requirements that are assisting U.S. exports.

6. Dairy genetics

Over the last two years, Bulgarian dairy farm industry has significantly increased its demand for high quality genetics materials, both for live animals, imported mainly from the EU, and for semen and embryos imported from the U.S. Farmers highly appreciate U.S. genetics and as of today, its market size is estimated at over 70 percent (in 2008) of total genetics market. In value, it is close to \$1.0 million with a forecast to increase quickly to \$3.0 million over the next two-three years. Trade regime (no import duties) and veterinary requirements are favorable, along with fast growing local demand.

7. Soft drinks/waters/juices

The soft drinks market is one of the most dynamic in Bulgaria. In 2008, total imports of soft drinks (HS#2201,2202) were \$54.4 million followed by imports of juices (HS#2009) at \$29 million, or total \$83.4 million. In 2009 (January-October), imports dropped to total \$55.4 million, \$38.4 million and \$17 million for the above two categories, respectively. Major competitors include companies in Austria, Germany, Romania, Poland, Hungary and Greece, which have more than 70 percent market share. These countries are competitive mainly due to their proximity (lower freight costs, traditional ties). Local consumption of waters, juices and energy drinks is increasing, especially in the last three years with the continued rapid development of hotel/restaurant sector. According to the local Association of Soft Drinks Producers, local consumption is expected to continue to increase over the next several years. U.S. producers can successfully compete with juice concentrates for local manufacturers (almost all concentrates are currently imported) as well as with some juices for direct consumption that are of higher quality and can be differentiated from local products. For example, cranberry juice and other frozen juices would be very popular with Bulgarian consumers if they were price competitive. EU tariffs are relatively high, however, compared with Bulgaria's pre-accession duties of 15-20 percent. EU duties are currently 15.2 percent + 20.6 Euro/100 kilos and 33.6 percent + 20.6 Euro/100 kilos.

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

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Chapter 5: Trade Regulations and Standards

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Import Tariffs

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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. Please visit for more information:
http://ec.europa.eu/taxation_customs/index_en.htm

TARIC rates can be found at:
http://ec.europa.eu/taxation_customs/dds/tarhome_en.htm

Trade Barriers

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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

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

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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 from preferential customs treatment, transport documents, an insurance policy, a specification, 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.

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. Authorization, in the form of an import license, is normally issued within five days of the Ministry's receipt of the application.

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 Military Economic Cooperation & Internationally Controlled Trade Directorate to the Ministry of Economy, Energy and Tourism, tel. 359-2-940-7030
<http://www.mee.government.bg/eng/> or www.exportcontrol.bg

In case you need to know whether your item falls under control, you have to search for items that are comparable (similar) to yours 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

Batteries

EU battery rules changed in September 2006 following the publication of the Directive on batteries and accumulators and waste batteries and accumulators (Directive 2006/66). This Directive replaces the original Battery Directive of 1991 (Directive 91/157). The updated Directive applies to all batteries and accumulators put on the EU market including automotive, industrial and portable batteries. It aims to protect the environment by restricting the sale of batteries and accumulators that contain mercury or cadmium (with an exemption for emergency and alarm systems, medical equipment and cordless power tools) and by promoting a high level of collection and recycling. It places the responsibility on producers to finance the costs associated with the collection, treatment, and recycling of used batteries and accumulators. The Directive also includes provisions on the labeling of batteries and their removability from equipment. For more information, see our market research report: http://www.buyusainfo.net/docs/x_8086174.pdf or visit

the CS EU website Batteries Direct page at:
<http://www.buyusa.gov/europeanunion/batteries.html>

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 per 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 hazard 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 may at a later stage 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

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 the national WEEE authority which is the Ministry of Environment and Water, or arrange for this to be done by a local partner. Similarly, related rules for EEE restricting the use of the 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 the Bulgarian 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; the new rules could take effect as early as 2011. 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 places specific conditions on imports of fishery products from the U.S. Sanitary certificates for live shellfish are covered by Commission Regulation (EC) 1664/2006 and must be used for gastropods, bivalve mollusks, tunicates and echinoderms. The two competent Authorities for issuing sanitary certificates are the FDA and the U.S. Department of Commerce, National Marine Fisheries Service (NMFS/NOAA/USDC).

Since May 1, 2007, 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) 1664/2006. This animal health attestation is not required in the case of live bivalve mollusks intended for immediate human consumption (retail).

U.S. Export Controls

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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

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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

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Manufacturers should be aware that all labels require metric units although dual labeling is also acceptable. Labels must contain the following information in Bulgarian:

- quality
- quantity
- ingredients
- certification authorization number (if any)
- manner of storage, transport, use or maintenance
- full address of the manufacturer
- full address of the importer
- use and storage instructions

The product must be clearly marked with the date of production, expiration date and the warranty period.

According to the new requirements for compliance with EU legislation, labels must include information on the recyclable content of packaging material.

Prohibited and Restricted Imports

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Bulgaria prohibits imports of ozone-depleting products and other internationally banned products.

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.

Customs Regulations and Contact Information

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

Director: Mr. Vanio Tanov

1, Aksakov Street, 1000 Sofia

Phone: 359-2-9859-4210

Fax: 359-2-9859-4061

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

e-mail: pr@customs.bg

Standards

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Overview

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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 State Agency for Metrology and Technical Surveillance http://www.damtn.government.bg/index_en.html

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)

1. Ministry of Economy, Energy and Tourism through its department Eurointegration <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 <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 Supply <http://www.mzgar.government.bg> is the authority responsible for agriculture and food products testing and certification, registration of technical documentation (former national standards BDS) for 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 State Agency National Veterinary Service <http://www.nvms.government.bg/index.php> through its Directorate State Veterinary Public Health Control.

The Executive Agency Bulgarian Accreditation Service <http://www.nab-bas.bg> has accredited the Central Laboratory for Veterinary, Sanitary Expertise and Ecology to perform laboratory testing, inspection, certification, auditing and verification of phyto and veterinary products.

4. The Bulgarian Institute for Standardization (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

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The conformity assessment body is the State Agency for Metrology and Technical Surveillance (SAMTS) <http://www.damtn.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

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Product certification is performed by the Executive Agency for Certification and Testing <http://exact.e-gov.bg> The Agency performs testing and certification of electrical appliances, toys, electrical-magnetic compliance, tobacco and tobacco products, chemicals, cosmetics, foodstuffs, sugar and sugar products, dried fruits and vegetables, meat, and processed-meat products through a number of laboratories around Bulgaria. There is a procedure for mutual recognition of international certificates issued by international certification bodies such as TUV and SGS.

Accreditation

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There is only one national accreditation body in Bulgaria – the Executive Agency Bulgarian Accreditation Service 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 control bodies. The Agency web site lists all accredited organizations and laboratories nationwide. The accreditation bodies are structured in four main groups: laboratories, inspection bodies, certification bodies, and verifiers according to the Regulation of the National scheme for management of environment and auditing.

Publication of Technical Regulations

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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

Labeling and Marking

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General labeling and marking requirements are described previously in this Chapter under "Labeling and Marking."

Contacts

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For more information on each group and its Bulgarian Standard Code (BDS) with EU cross-reference codes (ISO/IEC), please contact Andon Kalibatsev at the U.S. Commercial Service - email: andon.kalibatsev@mail.doc.gov

Trade Agreements

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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

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<http://www.mee.government.bg/eng/index.html> (Ministry of Economy and Energy)
<http://www.customs.bg> (State Customs Agency)
<http://www.bda.bg> (Bulgarian Drug Agency)
http://www.mzgar.government.bg/mz_eng/default.asp (Ministry of Agriculture and Food Supply)
<http://www.bds-bg.org> (Bulgarian Institute for Standardization)
http://www.damtn.government.bg/index_en.html (State Agency for Metrology and Technical Surveillance - SAMTS)
<http://exact.e-gov.bg> (Executive Agency for Certification and Testing)
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)

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Chapter 6: Investment Climate

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Openness to Foreign Investment

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Bulgaria has put in place a liberal foreign investment regime, including low, flat corporate and income taxes and competitive incentives to attract high levels of foreign investment. Promising sectors for foreign investors include: energy (including renewable and clean energies), information technology, transportation, telecommunications, environmental (including water and waste water infrastructure) and agriculture. EU integration has opened new markets for Bulgarian-produced goods and services. Bulgaria's labor market is generally well-educated and the cost of labor is the lowest in the European Union. 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.

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 all provided stability and incentives for increased trade and investment. After several years of solid growth, the global financial crisis is being felt in Bulgaria through decreasing levels of foreign direct investment (FDI). In 2009, FDI decreased by over 50 percent. The economy remains vulnerable due to a decline in external demand and tightening of credit. Growth forecasts for 2010 range from a -2.5% contraction to a nominal increase.

The Investment Promotion Act stipulates equal treatment of foreign and domestic investors. It creates conditions for improved administrative services and includes an investment incentive package. The law encourages investment in manufacturing and renewable energy, in high-technology, as well as in education and human resource development. The law explicitly recognizes intellectual property and securities as foreign investments.

Common Forms of Investment

The most common type of organization for foreign investors is a limited liability company. Effective January 1, 2010, the fee to register a limited liability company has been reduced to 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. These laws generally do not limit foreign participation in legal entities.

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, and pre-determined public tenders. In addition, a weak judicial system limits investor confidence in the courts' ability as an enforcement mechanism.

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, thereby favoring 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.

Privatization

In 1992, the Law on Transformation and Privatization of State and Municipal Enterprises established the Privatization Agency to administer the privatization of all state-owned companies. Privatization methods include: public auctions, public tenders, and public offerings. Foreign companies, including state-owned ones, may purchase Bulgarian state-owned firms. Bulgaria completed its major privatization in the 1990s and early 2000s, and the privatization program is gradually phasing out. In 2010, the Bulgarian government plans to privatize two district heating plants, two military factories, three free trade zones, the state tobacco company, and up to 15 percent of the Bulgarian Energy Holding.

The 2002 Privatization and Post-Privatization Act established a Post-Privatization Control Agency to oversee the implementation of privatization contracts. This body ensures that non-price privatization commitments (employee retention, technology transfer, environmental liability and investment) in the privatization selection criteria are honored. In addition, creditors are no longer required to claim their receivables within six months from the start of the privatization.

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 the 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

Index	Year	Ranking
Transparency International Corruption Perception	2009	71(out of 180)
Heritage Foundation Economic Freedom	2009	56 (out of 179)
World Bank Doing Business: Overall	2010	44 (out of 183)
World Bank Doing Business: Starting a Business	2010	50 (out of 183)
World Bank Doing Business: Dealing with Licenses	2010	119 (out of 183)
World Bank Doing Business: Employing Workers	2010	53 (out of 183)
World Bank Doing Business: Registering Property	2010	56 (out of 183)
World Bank Doing Business: Getting Credit	2010	4 (out of 183)
World Bank Doing Business: Protecting Investors	2010	41 (out of 183)
World Bank Doing Business: Paying Taxes	2010	95 (out of 183)
World Bank Doing Business: Trading Across Borders	2010	106 (out of 183)
World Bank Doing Business: Enforcing Contracts	2010	87 (out of 183)
World Bank Doing Business: Closing a Business	2010	78 (out of 183)

Conversion and Transfer Policies

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In 1999, Bulgaria replaced much of its outdated and fragmented foreign currency legislation and liberalized current international transactions in accordance with IMF Article VIII obligations. The 2007 amendments to the 1999 Foreign Currency Act stipulate that anyone may import or export up to EUR 10,000 (USD 13,970) or its foreign exchange equivalent without making a customs declaration. Importing or exporting over EUR 10,000 or its foreign exchange equivalent must be declared. Exporting over BGN

25,000 (USD 17,850) in cash must be accompanied by a declaration about the source of these funds and supported by documents certifying that the person does not owe taxes. No tax certificate is required for foreigners exporting the cash equivalent of BGN 25,000 or greater provided the amount is equal to or less than the amount declared when imported. Bulgarian law requires all international payments over BGN 25,000 to be executed via bank transfer with supporting documentation detailing the purpose of the transaction.

Expropriation and Compensation

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Private real property rights are legally protected by the Bulgarian Constitution. Only in the 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 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 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

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The Judicial System

The Bulgarian Constitution serves as the foundation of the legal system and creates an independent judicial branch comprised of judges, prosecutors, and investigators. Despite reform efforts, the judiciary suffers from serious backlogs and overly formalistic procedures that hamper the swift and fair administration of justice. Corruption remains a serious problem. Public opinion polls indicate that bribes are commonly paid in the judicial sector and some courts are beholden to business ties and political influence.

There are three levels of courts. The 117 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 17,850) or in property cases where the property's value exceeds BGN 50,000 (USD 35,700). 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. The Supreme Court of Administration rules on local and national government decisions and the Constitutional Court, which is a separate from the rest of the judiciary, issues final rulings on constitutional questions and challenges.

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 bankruptcies are regulated under the Bank Bankruptcy Act, while the 1996 Insurance Act regulates insurance company failures.

Under Part IV of the Commercial Code, debtors or creditors can initiate bankruptcy proceedings. The debtor must declare bankruptcy within 30 days of becoming insolvent. 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 trustee.

Non-performance of a monetary obligation must be adjudicated before the bankruptcy court can determine whether the debtor is insolvent. In addition, legislation passed in 2003 adds a presumption of insolvency when the debtor is unable to perform an executable obligation, has suspended all payments, or when the debtor can only pay the claims of certain creditors.

Creditors must declare 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 or a scheme of distribution (in cases of liquidation) must be proposed no later than a month after the date on which the court approves the list of debts. The court must grant approval of the plan by the creditors within seven days. After creditors' approval, the court endorses the plan and terminates the bankruptcy proceeding. The lack of trained trustees has been a problem in the past. The 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 2006, 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. The main objective was 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 new regime includes rules requiring a greater degree of publicity for asset sales. The amendments also limited the rights to appeal judicial decisions made during bankruptcy proceedings.

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. The institutional framework for execution of judgments was improved with a 2005 law allowing private professionals to act as execution agents. Since 2006 both private and state execution agents operate in Bulgaria. Businesses report a dramatic increase in the efficiency of execution of judgments after the introduction of private execution agents. A new Civil Procedure Code, effective since March 2008, introduced new terms and practices aimed to streamline 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. There are also cases defined by the Civil Procedure Code (certain real estate issues and Bulgarian precedents), in which judgments cannot be executed even if they conform to Bulgarian laws and morals.

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, respectively seated in Bulgaria, since 1989.

Arbitration is regulated by the 1988 Law on International Commercial Arbitration, which complies with 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 the International Commercial Arbitration, the arbitrator himself 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 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 needs then to 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. There are arbitration courts at the Bulgarian Industrial Association (BIA), the Bulgarian Stock Exchange, the Bulgarian Maritime Chamber, the Commercial Banks Association and several other organizations.

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 other mediation centers continue to operate and train new mediators. Mediation, however, is still not widely used due to the limited public awareness and judges' reluctance to recommend alternative dispute resolution.

Performance Requirements and Incentives

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Bulgaria does not impose export performance or local content requirements as a condition for establishing, maintaining, or expanding an investment. Employment visas and permits are required for most expatriate personnel from non-EU countries. Permanent residence permits are often difficult to obtain. Private companies cannot exceed a 1:10 ratio of non-EU residents to Bulgarian employees. A June 1999 law regulating gambling imposes licensing requirements on foreigners organizing games of chance.

The Invest Bulgaria Agency (IBA), the government's investment coordinating body, provides information, administrative services, and incentive assessments to prospective foreign investors. Foreign investments over BGN 32 million, (about USD 23 million) are deemed to be priority "Class A" investment projects. At the request of investors receiving Class A investment certificates, IBA can recommend that the competent authorities grant them free real estate (either state or municipal property). Class A investments are also eligible to apply for state financing for critical infrastructure deemed necessary for the investment plan's implementation. Additionally, IBA represents "Class B" investment projects (over BGN 16 million, or USD 11.5 million) before government authorities, and assists with processing all administrative documents. The government policy for investment promotion is not applicable to investments in coal mining, steel production, shipbuilding, synthetic production, agriculture, and fisheries. In addition, the Investment Promotion Act recognizes Class A and Class B investors for investments in high-technology manufacturing and services, or in regions with an unemployment rate equal to or higher than the country average. A two-year VAT exemption on equipment imports applies to investment projects over EUR 5 million (USD 7 million), provided that the project creates at least 50 new jobs.

Right to Private Ownership and Establishment

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Article 19 of the Constitution states that the Bulgarian economy "shall be based on free economic initiative." Private entities can establish and own business enterprises engaging in any profit-making activities, unless expressly prohibited by law. Bulgaria's Commercial Code guarantees and regulates the free establishment, acquisition, and disposition of private business enterprises. Competitive equality is the standard applied to private enterprises in competition with public enterprises.

Bulgarian law protects the acquisition and disposition of property rights. In practice, the protection of property rights is subject to various difficulties. 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. In 2006, Parliament passed legislation to strengthen Bulgaria's IPR-related legal framework. 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. As a major step toward improving the work of the judiciary, Parliament adopted a completely new Penal Procedure Code in 2006. Bulgaria is a member of the World Intellectual Property Organization (WIPO) and a signatory to key international agreements, including WIPO Internet treaties.

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 turning out to be the greatest challenge for the Bulgarian government and rights holders. The software piracy rate for end users and businesses was 69 percent in 2008. The Bulgarian legal system has not kept pace with new Internet-based technologies. As a result, very few IPR cases were successfully prosecuted in 2009.

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 Law distinguishes between moral and economic rights. 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.

The term for protection of copyrighted works is 70 years after the author's death. For films and other audio-visual works, copyrights are protected during the lives of director, screenplay-writer, cameraman, or the author of dialogue or music, plus 70 years. Other amendments to the copyright law enabled copyright owners to file civil claims to terminate infringing activity, provided for confiscation of equipment and pirated materials, enhanced border control over pirated material, strengthened copyright protection for film producers, and harmonized Bulgarian legislation with the EU Association Agreement. The Copyright Office in the Ministry of Culture is responsible for copyright matters in Bulgaria. The National Film Center is responsible for enforcing intellectual property rights with regard to films and videos. Bulgarian legislation provides for criminal, civil and administrative remedies against copyright violation, but because of the small number of court judgments and sentences, law enforcement is still inadequate.

Patents

Bulgarian patent law has been harmonized with EU law in the areas of application for European patents and the patent protection in general. Bulgaria joined the Convention

on the Granting of European Patents (European Patent Convention) in 2002. Bulgaria grants the right to exclusive use of inventions for 20 years from the date of patent application, subject to payment of annual fees. Innovations can also be protected as utility models (“small inventions”). The term of validity of a utility model registration is four years as of the filing date 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 so-called exceptions to patentability. With regard to utility models, no registration shall be granted for methods and objects in the field of biotechnology.

Located in the Ministry of Economy, Energy and Tourism, the independent Patent Office is the competent authority with respect to 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 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. Patent infringements are punishable by administrative fines from BGN 300 to 20,000 (USD 214-14,280).

Pursuant to the 1996 Protection of New Types of Plants and Animal Breeds Act, the Patent Office can issue a certificate which protects new types of plants 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 (UPOV).

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, which took effect in April 2007. As of January 1, 2007, Bulgaria grants supplemental protection certificates for pharmaceutical products and plant protection products under the 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 requirements and the government's 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 rights of trademarks, collective and certificate marks, and geographic indications.

Registration is refused, or an existing registered trademark is cancelled, if a trademark constitutes a reproduction or an imitation, or if it creates confusion with a registered or well-known trademark, as stipulated by the Paris Convention and the TGIA. Applications for registration must be submitted to the Patent Office. Under the TGIA, well-known trademarks can now be entered into a special state register by the Patent Office or the Sofia Administrative Court. In addition, 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 or of the World Trade Organization. To exercise the right of priority, the applicant must file a request within six months of the date of original filing. 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. The 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, but not less than six months prior to expiration. Protection is terminated if a trademark is not used for a five-year period.

Trademark infringement is a problem in Bulgaria for many U.S. manufacturers. Bulgarian legislation provides for criminal, civil, and administrative remedies against trademark violation. Although severe punishments (up to five years in prison) are available, in practice court rulings are rare and sentencing is lenient.

In Bulgaria, trademark and service-marks and rights to geographic indications are only protected pursuant to registration with the Bulgarian Patent Office or an international registration mentioning Bulgaria; they do not arise simply with “use in commerce” of the mark or indication. Under Bulgarian law, legal entities cannot be held criminally liable. Similarly, 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 and entered in a state register. The term of protection is 10 years, which is renewable to up to 25 years. The procedures and conditions for enforcement of industrial design rights are similar to those provided for trademarks.

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.

In 2003, Parliament passed the Restriction of Administrative Regulation and Control of Economic Activity Act, which establishes a general and systematized set of rules for simplifying and implementing administrative regulations. The law defines 42 operations that must be licensed and introduces two other simplified regimes, i.e., registration and permit regimes. From the perspective of regulatory relief, this law was a milestone. It sets forth firm market principles of regulation, 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 incidental restrictions 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. All these reforms considerably lighten the potential of regulatory abuse at all levels of government. While the law creates a ground-breaking normative framework, its implementation and consistent enforcement has yet to be fully realized.

Major Taxation Issues Affecting U.S. Businesses

Bulgaria has one of the lowest tax rates in the EU. In 2007 and 2008, the government moved from a progressive tax system to a flat 10-percent tax on corporate income and individual income. Certain tax incentives, such as an exemption from corporate tax, apply in regions of high unemployment. Physical persons, but not legal ones, in certain industries, pay a "patent" tax (presumptive tax), according to a schedule established by Parliament. Since January 1, 2008, the size of the "patent tax" is determined by and payable to the municipal authorities. Dividends (and liquidation quotas) distributed by a Bulgarian resident company to U.S. investors are subject to a withholding tax of 5 percent. A 50-percent depreciation rate is applied on investment in new machinery and other equipment, computer hardware, and computer software.

The Treaty for Avoidance of Double Taxation (TADT) between the United States and Bulgaria was signed in February 2007 and entered into force on January 1, 2009. The Treaty applies only to direct taxes and excludes indirect levies, such as value-added and excise taxes, as well as all social contributions. 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, which will stimulate cross-border trade and investment.

Foreign employees are required to have the same insurance and unemployment compensation packages as Bulgarian employees. Employers must contribute 12.0 and 4.8 percent of employees' gross wages for social security and health insurance respectively. Employers must also pay 60 percent social security and health insurance contributions to an unemployment fund. Companies contribute one percent of gross wages to a workers compensation fund. In 2010, the monthly maximum for social contributions is set at BGN 2,000 (USD 1,420).

Bulgaria has a 20 percent single-rate value-added tax (VAT), except for some tourist services upon which VAT is levied at seven percent. VAT registration is mandatory for companies with turnover exceeding BGN 50,000 (USD 35,700) for a period not exceeding 12 consecutive months, while all others can register voluntarily. A different VAT regime is in place for trade in goods between Bulgaria and the other EU member countries.

All goods and services are subject to VAT except exports, international transport, and precious metals supplied to the central bank. VAT payments are generally refunded when goods are resold. 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. Investors are entitled to VAT refunds on locally-purchased goods within 10 days if they meet certain investment criteria.

Foreign investors have asserted that widespread tax evasion, combined with weak enforcement, place them at a disadvantage. Another problem underscored by investors is the frequent revision of tax laws, sometimes without sufficient notice.

Energy Regulation

The Energy Law establishes a predictable regulatory environment in the energy sector where the key regulatory responsibilities are vested with the State Energy and Water Regulatory Commission - an independent body. In mid-2007, the electricity market in Bulgaria was liberalized to comply with EU energy legislation. The restructuring of electricity monopolies provided equal market access and fair competition in the sector.

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 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 the 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; the 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), which may create difficulties for some foreign enterprises. Monopolies can only be established by law for certain categories of activities: railway and postal services; use of atomic energy; production of radioactive materials; and weapons production. The Competition Law expands the competency of the Commission for Protection of Competition (CPC), defines the prohibition on misuse of an oligopoly, and imposes a single criterion for assessing the significance of planned concentration: the aggregate turnover of the enterprises affected by the concentration.

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. Comprehensive amendments to this law establish significant rights for minority shareholders of publicly-owned companies in Bulgaria. In addition, they create an important foundation for the adoption of international best practices for corporate governance principles in public companies.

The BSE's 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.

In 2008, the BSE lost almost 60 percent of its market capitalization as global financial crisis forced large foreign institutional investors to reduce their exposure. The BSE declined another 51 percent to BGN 10.83 billion (USD 8 billion) through June 2009. Following an 80 percent decline in 2008, the large-cap SOFIX index declined 0.54 percent in the first half of 2009, and then by 11 percent in the third quarter of 2009. In the first half of 2009, the BSE reported 44 percent lower trading volume (BGN 926 million, USD 700 million) compared to the same period in 2008, and the overall number of individual transactions also fell by 58 percent. The Bulgarian government is planning to sell its 43% share in the BSE to a major stock exchange.

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 30 commercial banks (24 subsidiaries and 5 branches), with total assets of BGN 69.7 billion (about USD 53.5 billion) and an annual growth of 1.3 percent in November 2009 or 105 percent of the projected 2009 GDP. Approximately 39.6 percent of bank assets are concentrated in three banks: Bulbank, DSK Bank, and United Bulgarian Bank (UBB).

Bulgaria has 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, Bank Austria Creditanstalt, Raiffeisen International, OTP Group, American Life Insurance Company - Consolidated Eurofinance Holdings, and Citibank.

Bulgaria's banking system is highly capitalized. Reflecting expanded lending in recent years, the average capital adequacy ratio (capital base to risk-weighted credit exposures) for the banking system has steadily declined from 43 percent at end-1998 to 17.4 percent in September 2009, 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.

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, while pension funds and insurance companies participate mainly in the secondary market. EU-based banks are also 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.

Political Violence

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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

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Despite numerous advances in laws and legal instruments, corruption is still one of the gravest problems in Bulgaria’s investment climate. Bulgaria ranks 71st among 180 countries in Transparency International’s (TI) Corruption Perception Index for 2009, up one place from 2008.

The established human trafficking, narcotics, and contraband smuggling channels that contribute to corruption in Bulgaria have yet to be broken. The Bulgarian public generally holds the police, the judiciary, customs officials, and politicians in low regard, due to their perceived corruption.

Bribery is a criminal act under Bulgarian law for both the giver and the receiver. Penalties range from one to fifteen years’ imprisonment, depending on the circumstances of the case, with confiscation of property added in more serious cases. In very grave cases, the Penal Code specifies prison terms of 10 to 30 years. Bribing a foreign official is a criminal act. There have been trials and convictions of enterprise managers, prosecutors, and law enforcement officials for corruption. While Bulgarian tax legislation does not explicitly prohibit the deduction of bribes in the computation of domestic taxes, deductions connected with bribery and other illegal activities are not allowed under the tax code.

Bulgaria has a 1998 Law on Measures against Money Laundering, which also covers bribery, and in 1998 was one of the first non-OECD nations to ratify the OECD Anti-Bribery Convention. Bulgaria has also ratified the Council of Europe Convention on Laundering, Search, Seizure, and Confiscation of Proceeds of Crime (1994) and the 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.

The new Bulgarian government, elected in July 2009 on an anti-corruption platform, indicted four former ministers and dismissed several other ex-government officials for corruption. The government has initially demonstrated strong political will to restore public trust, but has yet to show sustained progress in the fight against organized crime and corruption.

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/docs/dojdocb.html>.

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 December 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. [Insert information as to whether your country is a party to the OECD Convention.]

UN Convention: The UN Anticorruption Convention entered into force on December 14, 2005, and there are 143 parties to it as of December 2009 (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. [Insert information as to whether your country is a party to the UN Convention.]

OAS Convention: In 1996, the Member States of the Organization of American States (OAS) adopted the first international anticorruption legal instrument, the Inter-American Convention against Corruption (OAS Convention), which entered into force in March 1997. The OAS Convention, among other things, establishes a set of preventive measures against corruption, provides for the criminalization of certain acts of corruption, including transnational bribery and illicit enrichment, and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as mutual legal assistance and technical cooperation. As of December 2009, the OAS Convention has 33 parties (see <http://www.oas.org/juridico/english/Sigs/b-58.html>) [Insert information as to whether your country is a party to the OAS Convention.]

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 46 member States (45 European countries and the United States). As of December 2009, the Criminal Law Convention has 42 parties and the Civil Law Convention has 34 (see www.coe.int/greco.) [Insert information as to whether your country is a party to the Council of Europe Conventions.]

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.

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.

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 antibribery 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. 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. 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/department/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.
- 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. 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 212 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/sc_country.asp. The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <http://go.worldbank.org/RQQXYJ6210>.
- 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/en/initiatives/gcp/GlobalEnablingTradeReport/index.htm>.

- 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 92 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

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As of 2010, Bulgaria has foreign investment promotion and protection treaties or agreements with Albania, Algeria, Argentina, Armenia, Austria, Belarus, Belgium-Luxembourg, China, Croatia, Cuba, Cyprus, Czech Republic, Denmark, Egypt, Finland, France, Georgia, Germany, Greece, Hungary, India, Indonesia, Iran, Israel, Italy, Jordan, Kazakhstan, Kuwait, Latvia, Lithuania, Lebanon, Libya, Macedonia, Malta, Moldova, Mongolia, Montenegro, Morocco, Netherlands, Poland, Portugal, Qatar, Republic of Korea, Romania, Russia, Serbia, Singapore, Slovakia, Slovenia, Spain, Sweden, Switzerland, Syria, Thailand, Tunisia, Turkey, Ukraine, the United Kingdom of Great Britain and Northern Ireland, the United States, Uzbekistan, Vietnam, and Yemen.

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.

OPIC and Other Investment Insurance Programs

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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, hi-tech, 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.

Labor

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Bulgaria's workforce officially consists of 3,280,000 (third quarter of 2009) well-educated and skilled men (53 percent) and women (47 percent). The adult literacy rate in Bulgaria is 98 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 and the relative 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 each year of negotiating the so-called "social security thresholds" between trade unions and the employers organizations helps determine the minimum monetary basis 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 Confederation of Labor "Podkrepa" ("Support"). Currently, the estimated trade union membership is about 350,000 for CITUB and over 150,000 for Podkrepa. CITUB, the successor to the trade union integrated with the Communist Party, has been reformed and has long since severed its ties to the socialists, whereas Podkrepa is an independent confederation. There are very few restrictions on trade union activity, but employees in smaller private are often not represented by trade unions. In addition, there are six nationally recognized employer organizations currently in Bulgaria which 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 (only for activities financed by the budget). The labor code addresses worker occupational safety and health issues, establishes a minimum wage (determined by the Council of Ministers), and prevents exploitation of workers, including child labor. The labor code clearly delineates employer rights, strengthening management's hand in disciplining the workforce. Disputes between labor and management can be referred to the courts, but resolution is often subject to delays. The idea for establishing so-called "labor courts" has so far been in deadlock. Neither foreign companies, nor majority foreign-owned Bulgarian companies are exempt from the requirements of the labor code.

Over the last five 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 EUR 15,000 (USD 21,000) for labor code violations. The minimum annual paid leave is 20 days. As of January 2010, the minimum wage is BGN 240 (USD 171) per month.

During 2002-2003, the Ministry of Labor formed the National Institute for Conciliation and Arbitration (NICA), which developed 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. A number of the appointed mediators received basic mediation skills training from the U.S. Federal Mediation and Conciliation Service. As of April 2009, there are 36 appointed mediators.

Foreign-Trade Zones/Free Ports

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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 1.0 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 economic activity are permissible in duty-free zones. Foreign, non-EU goods delivered to the free zones for production, storage, processing, or re-export are VAT and duty exempt. Bulgarian goods may also be stored in free zones with permission from the customs authorities. With Bulgaria now 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 and spur local economic development. In partnership with the private sector, they provide resources (ground, infrastructure, etc.) for the development of industrial zones and parks, which are different from duty-free zones in that they do not provide for any form of preferential tax treatment. Currently, there are a total of 39 industrial zones at various stages of development.

Foreign Direct Investment Statistics

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Between 1992 and 2008, total cumulative FDI into Bulgaria amounted to USD 43,574.7 billion (94 percent of GDP in 2008). FDI in 2008 totaled USD 8.9 billion (19 percent of GDP). Bulgaria's direct investment stock abroad was a total of USD 661.9 million in 2008.

Total FDI in Bulgaria

Year

USD in millions

1992	34.4
1993	102.4
1994	210.9
1995	162.6
1996	256.4
1997	636.2
1998	620.0
1999	818.8
2000	1,005.0
2001	812.9
2002	969.7
2003	2,099.0
2004	3,443.4
2005	3,916
2006	7,799
2007	11,756
2008	8,932
Total	43,574.7

(Source: Bulgarian National Bank; Invest Bulgaria Agency)

FDI by Country of Origin (1996-2008)

Country	USD in millions
Austria	7320.9
Netherlands	5,654.2
Greece	4,193.1
U.K.	3,696.1
Germany	3,040.6
Cyprus	2,354.3
Belgium and Luxemburg	2,198.6
USA *	1,753.7
Hungary	1,597.5
Italy	1,507.6
Russia	1,372.3
Ireland	1,385.6
Czech Republic	1,290.1
Spain	1,233.1
Switzerland	1,228.4
France	979.8
Turkey	492.8
Denmark	406.8
Israel	315.9
Slovenia	215.6
Latvia	207.4

(Source: Bulgarian National Bank; Invest Bulgaria Agency)

* Owing to methodological quirks, not all data accurately reflect investment rankings. Official investment statistics currently rank the United States 8th in terms of overall investment in Bulgaria for the period 1992-2007. While the Bulgarian Central Bank credits the United States with investments at the rate of \$40-\$50 million per year in the last eight years, this data does not capture a large share of U.S. FDI in Bulgaria, because it is channeled through European subsidiaries of American parent companies.

FDI by industry (1998-2008)

Industry	USD in millions
Real estate and business activities	10,176.2
Financial activities	8,836.2
Manufacturing	8,525.1
Trade and repairs	7,504.7
Construction	3,063.4
Electricity, gas and water	2,633.8
Telecommunications and transport	2,406.8
Hotels and restaurants	720.5
Agriculture, forestry and fishing	248.6
Mining	180.9
Education	19.4

(Source: Bulgarian National Bank)

Selected Foreign Direct Investments (2007-2009)

<u>Investor</u>	<u>Country</u>	<u>Sector</u>	<u>Bulgarian Firm</u>	
	USD/mil.			
Enel	Italy	power generation	Maritza Iztok 3	312.7
AES Geo Energy	U.S./ Germany	renewable energy	AES Geo Energy	252.8
Wind Energy 2007	Japan	renewable energy	Wind Energy 2007	218.2
Alpic Group	Switzerland	renewable energy	Vetrocom	115.8
Electrawinds	Belgium	renewable energy	Electrawinds Bulgaria	75.6
Solvay	Belgium	manufacturing	Solvay Sodi	71
Wienerberger Solvay Group	Austria/ Belgium	manufacturing	Pipelife Bulgaria	45.3

Yazaki Japan manufacturing Yazaki Bulgaria, 31.5

(Source: Invest Bulgaria Agency)

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<http://www.usembassy.bg>

<http://www.investbg.government.bg> (Invest Bulgaria Agency)

<http://www.opic.gov>

<http://www.exim.gov>

<http://www.ustda.gov>

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How Do I Get Paid (Methods of Payment)

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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

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Although Bulgaria is still predominantly a cash economy, the use of debit and credit cards is increasing. Development of services for consumers, such as credit cards and e-banking, was boosted within the last couple of years, 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 30 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

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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

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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 Business Service Provider is a good place to start when looking for finance and banking services in Bulgaria. Please visit

<http://www.buyusa.gov/bulgaria/en/serviceproviderlist.html> 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

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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. investors. 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/>

3. 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://www.buyusa.gov/europeanunion/eu_funds.html .

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://www.buyusa.gov/europeanunion/eu_tenders.html .

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/atlas2007/fiche_index_en.htm .

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://www.buyusa.gov/europeanunion/mrr.html>

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/funds/cf/index_en.htm

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.

The EIB's i2i (Innovation 2010 Initiative) is designed to highlight projects that support innovative technology in the European Union, in particular by financing broadband and multimedia networks; the physical or virtual infrastructure providing local access to these networks; and research and development infrastructures, especially in the less

developed regions of the European Union. i2i will also finance projects to computerize schools and universities and to provide information technology training in conjunction with public authorities.

Key Link: http://www.eib.org/Attachments/thematic/innovation_2010_initiative_en.pdf

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

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

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

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

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

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

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

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

European Union Tenders Database:

<http://www.buyusa.gov/europeanunion/euopportunities.html>

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Business Customs

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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, trade shows, and even museums 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

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Bulgarian law requires all travelers entering or leaving EU through Bulgaria with 10 000 Euros (around USD 14,100) 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 Airport 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://www.usembassy.bg>

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. Major hotels accept credit cards, but most 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

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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 foreigners receive an entry stamp in their passports. Foreigners 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.

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> tel. (202) 483-5885 (main switchboard (202) 387-7969, or the Bulgarian Consulate in New York City.

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/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>
U.S. Embassy, Sofia, Bulgaria: <http://sofia.usembassy.gov/>

Telecommunications

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Bulgaria has a good telecommunications infrastructure with three mobile providers and is beginning to launch wireless services for business travelers. Two cellular operators offer BlackBerry service. There are numerous Wi-Fi hotspots in Sofia (mainly at the coffee shops 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)

Transportation

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Sofia is served by major European airlines including Air France, Alitalia, Austrian Airlines, British Airways, Czech Airlines, Lauda Air, LOT, Lufthansa, MALEV, Olympic, and Turkish Airlines. Bulgaria Air is also operating international flights as well as domestic service between Sofia and Varna and Bourgas. Hemus Air flies to short-range domestic and regional destinations.

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

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

Health

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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

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Local Time is EST plus 7 hours.

2010 Holidays in Bulgaria include:

January 1	New Year's Day
March 3	National Day
April 2	Orthodox Good Friday
April 5	Orthodox Easter Monday
May 6	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
December 24	Christmas Eve
December 31	New Year's Day 2011, observed

Work Week

Bulgarians work a 40-hour week with businesses opening between 8:30 and 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

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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.

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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 sofia.office.box@mail.doc.gov. Detailed information on the U.S. Commercial Service Sofia's services and programs are available at: <http://www.buyusa.gov/bulgaria> and <http://www.export.gov>

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U.S. Government Contacts

U.S. Embassy - Sofia

<http://sofia.usembassy.gov>

U.S. Commercial Service – Sofia

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

U.S. Department of State

<http://www.state.gov>

U.S. Department of Commerce	http://www.export.gov
U.S. Department of Agriculture	http://www.usda.gov
U.S. Agency for International Development	http://www.usaid.gov
U.S. Export-Import Bank	http://www.exim.gov
Overseas Private Investment Corporation	http://www.opic.gov
U.S. Trade and Development Agency	http://www.ustda.gov

Trade and Industry Associations

American Chamber of Commerce in Bulgaria

President: Mr. Anthony Hassiotis
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 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, office@bccci.bg Website: <http://www.bccci.bg/>

Confederation of the Employers and Industrialists in Bulgaria

Chairman: Mr. Ivo Prokopiev
Executive Director: Mr. Evgenii Ivanov
55, Alexander Stamboliiski Blvd, 3rd floor
1301 Sofia
Phone: (359) (2) 981-9564, 981-9169 Fax: (359) (2) 988-6776
E-mail: office@ceibg.bg Website: <http://www.ceibg.bg/>

Bulgarian Industrial Association

Chairman: 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; Website: <http://www.bia-bg.com/>

Bulgarian Construction Chamber

Chairman: Mr. Simeon Peshov
Executive Director: Mr. Ivan Boykov
1, Hristo Smirnenski Blvd.
1164 Sofia
Phone: (359)(2) 806-2910, 806-2911 Fax: (359)(2) 963 2425
E-mail: office@ksb.bg Website: <http://www.ksb.bg/>

Bulgarian Association for Information Technologies

Chairman: Mr. Theodore Zahov

CEO: Mr. Vesselin Yankov

7 Mizia Street

1124 Sofia

Phone: (359)(2) 946 1513 Fax: (359) (2) 946-1451

E-mail: bait@bait.bg, bait@spnet.net 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. Stoyan Stalev

31, Aksakov Street

1000 Sofia

Phone: (359)(2) 980-0918, 985-5500 Fax: (359)(2) 980-1320

E-mail: iba@investbg.government.bg

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

Privatization Agency

Executive Director: Mr. Todor Nikolov

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

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

Executive Director: Mrs. Maya Staneva

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. Kostadin Manev
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
Editors in Chief: Mr. Tosho Toshev – (3592) 9214-204 and Mr. Aksel Schindler
Business News Editor: Mr. Plamen Enchev - (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: Mrs. Venelina Gocheva – (3592) 942-25-00
Advertisement: (3592)942-2143, (3592) 942-41-30 (-32,- 33,- 34,- 35) , (3592) 942-21-45 (-46,-47)
Website: <http://www.24chasa.bg>

STANDART daily

49, Bulgaria Blvd. POB Box 41, Sofia 1404
Editor in Chief: Mrs. Slavka Bozukova – (3592) 8182-303, (359)888-870-455
Advertisement and Marketing: Mrs. Dimitrina Hristova, phone (3592) 81-82-345, 81-82-322; 81-82-311; fax (3592) 81-82-395
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
Website: <http://www.segabg.com>

NOVINAR daily

44 Oborishte St., Sofia 1505
Chairman: Mr. Lyuben Dilov-Son – (3592) 943-34-37,
Editor in Chief: Mrs. Desislava Apostolova (3592) 943-45-32
Advertisement: phone (3592) 400-64-27, fax: (3592) 400-6426
E-mail: reklama@novinar.bg
Website: <http://www.novinar.net>

PARI daily

161, Knyaz Boris I, Str., Sofia 1202
Editor in Chief: Mr. Stefan Nedelchev (3592) 4395802
Editor in Chief pari.bg: Mrs. Maria Veromirova (3592) 4395865
Advertisement: (3592) 8133-451, (3592) 8133-453, (3592) 8133-454
E-mail: office@pari.bg; reklama@pari.bg
Website: <http://www.pari.bg>

KAPITAL weekly

20 Ivan Vazov St., Sofia 1000
Editor in Chief: Mrs. Galya Prokopeiva. (3592) 937-6122
Advertisement: phone (3592) 9376-444; fax: (3592) 9376-236, 9376-440
E-mail: reklama@capital.bg
Website: <http://www.capital.bg>

MONITOR daily

113A, Tsarigradsko Shosse Blvd. Sofia 1784
Chairman of the Editors' Board: Mrs. Irena Krasteva – (3592) 9602-243
Advertisement: Mrs. Natasha Rusenova (3592) 9602-214, fax (3592) 9602-213
E-mail: monitor@monitor.bg
Website: <http://www.monitor.bg>

DNEVNIK daily

16 Ivan Vazov Street, Sofia 1000
Editor in Chief: Mrs. Velislava Popova: (3592)9376-300, 0888-705-260
Advertisement: (3592) 9376-444, fax: (3592) 9376-236
E-mail: reklama@dnevnik.bg
Website: <http://www.dnevnik.bg>

DUMA daily

113A Tsarigradsko Shosse, Sofia 1784
Editor in Chief: Mr. Ivelin Nikolov (3592) 9705 200; 9705 203
Advertisement: Mrs. Gabriela Naydenova (3592) 9705-233, fax (3592) 975 2604
E-mail: reklama@duma.bg
Website: <http://www.duma.bg>

ZEMYA Daily

169, Evlogi Georgiev Blvd. Sofia 1504
Editor in Chief – Mrs. Boryana Kostova, fax (3592) 943-46-64
Advertisement – Mrs. Maria Petrova (3592) 946-12-59 or (3592) 946-19-02(ext.59)
E-mail: reklamenotdel_zemia@abv.bg

KLASSA Daily

49, Bulgaria Blvd. Business Center Vitosha, building 2, Sofia 1404
Editor in Chief – Mrs. Neda Popova (3592) 8088-444, fax (3592) 8088433
Advertisement – Mrs. Lyudmila Peeva (3592) 8088-478
E-mail: web_reklama@klassa.bg, klassa@klassa.bg
Website: <http://www.klassa.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
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
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; 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) 969-7239; (359 2) 918 14225; Fax: (359)(2) 971-2045
E-mail: itaushanova@worldbank.org
Website: <http://www.worldbank.bg/>

Bulgarian Banks

Contact information for all Bulgarian banks may be found on the Bulgarian National Bank website <http://www.bnb.bg/>
http://www.bnb.bg/BankSupervision/BSCreditInstitution/BSCIRegistrers/BS_CI_REG_BANKSLIST_EN

Market Research

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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.

Please click on the links 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>

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Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. 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

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

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

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U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to the following website: <http://www.export.gov>

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.