



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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Two 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 steady economic growth. 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, particularly in the real estate and manufacturing sectors.

U.S. companies are successfully conducting business across the major industry sectors. registered numerous successes in many sectors of the economy. The top two foreign investors in Bulgaria are U.S. companies. EU membership will bring funding for infrastructure projects provided that the Bulgarian government is efficient and transparent. Bulgaria is also 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. For example: 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 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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Using an Agent or Distributor

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U.S. exporters, especially small and medium-sized enterprises, generally choose to enter the Bulgarian market through an agent or distributor. We strongly recommend this approach, because it helps American firms manage language, cultural, legal and other differences effectively. It facilitates timely and relevant reactions in cases of participating in tenders. Even some well-known large American companies collaborate in Bulgaria for the same reasons.

In considering a potential agent or distributor, a due diligence review of the company is essential as well as engaging local legal counsel before signing a contract. The U.S. Commercial Service offers programs to assist U.S. firms in locating and evaluating potential partners. See <http://www.buyusa.gov/bulgaria> for more information.

Using a Lawyer

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Bulgarian law stipulates that representation in court must be performed by duly licensed members of the Bulgarian Bar Association (attorneys-at-law), who are independent practitioners in law firms or who are certain employees of corporations (in-house legal counsel). The representation before the administrative bodies does not always require a special assignment to a lawyer but in most cases is recommended.

Foreign lawyers are entitled to practice in Bulgarian courts, if they are accompanied by a Bulgarian lawyer and with the agreement of the Supreme Bar Council. For corporations, representation may be either by an authorized senior executive of the corporation such as an 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 legal counsel."

A lawyer from an EU member state, authorized in accordance with its legislation, may exercise legal profession on the territory of Bulgaria in specific cases or by means of an establishment on the territory of the Republic of Bulgaria. In cases where under Bulgarian law procedural representation is to be mandatory provided by an attorney-at-law, the foreign country attorney-at-law may only take action of procedural representation together with a Bulgarian attorney-at-law.

A lawyer from EU member state has the right to apply for registration at a bar association in Bulgaria following: (1) a registration in the Register of Foreign Country Attorneys-at-Law, and (2a) three years of actual and uninterrupted exercise of the legal profession under the name used in the country where the attorney-at-law has been initially registered or (2b) following an examination. Upon registration at a bar association in Bulgaria, the foreign attorney-at-law has the rights of a Bulgarian attorney-at-law.

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, legal opinions, and legal consultations, are in practice performed by self-styled “legal consultants” whose qualifications and experience may vary widely as the field is entirely unregulated. 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 departments, 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

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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 local presence may be established by registration of a representative office or branch office or by incorporation of a commercial company.

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. Certain restrictions are placed on the office's activities, and in particular, a representative office may not carry out commercial activities.

The Commercial Act defines the various forms of economic associations and regulate their foundation, organization, and termination. The most common type of organization for foreign investors are limited liability company (OOD) and joint stock company (AD), or a one-person owned limited liability company (EOOD) and one-person owned joint stock company (EAD) respectively.

It is possible to register a branch of a foreign entity in Bulgaria as well.

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 there was a significant surge during 2007 and 2008. This trend will accelerate 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, Centrury 21, Remax, GNC, Wilson Learning and others. Recent entrants to the Bulgarian market that demonstrate how the American frinchase concept is becoming popular as the local market matures, are Curves, Subway and Starbucks.

The Bulgarian legal system accommodates franchise agreements. Laws on labor relations are clearly specified, leases can be freely negotiated, and there are laws protecting trademarks, patents and copyrights.

Direct Marketing

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Direct marketing is relatively undeveloped in Bulgaria. There are few, if any, Bulgarian mail-order catalogs. Vacuum cleaners, small kitchen appliances, and cosmetics are being sold both in shops and 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

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In addition to establishing their own companies, U.S. companies can also invest in existing companies (or acquire state owned or privately owned ones).

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

Joint ventures with private companies do not follow the same procedures. No government involvement or approval is necessary. After completion of negotiations, the newly formed entity must be registered. 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 is prescribed by the Law on Public Procurement. The Bulgarian Law on Public Procurement is harmonized with the four major public procurement directives of the EU. According to the Law on Public Procurement a Government Procurement Agency was established, responsible for the proper application of the law, and reporting to the Minister of Economy and Energy. The most often used form of procurement is a kind of 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 that reviews appeals against the act and the decisions of contracting authorities. Appeals against the decision of CPC with regard to the public procurement procedures are heard before the Supreme Administrative Court.

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.

At the end of 2008, the following retail chains had a large number of stores throughout Bulgaria: Fantastiko (32), Billa (40), Metro (11), Picadilly (17), Praktiker (8), Hit (2) and Mr. Bricolage (10). New chains continue to appear, such as the German discounter Kaufland (19), T Market (28), Baumax (2), Como (1), Aiko (1). Technopolis, Technomarket, Densi and Domo are retail chains for consumer electronics. Como and Aiko are retail chains for furniture.

The German food retail chains Lidl, Plus and Penny are expected to start operations by the end of 2009. Carrefour, the world's second-largest retailer after Wal-Mart, has plans to open its first store in Bulgaria in 2009.

According to GfK Shopping Monitor, the Bulgarian consumer still prefers 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 the 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.

Electronic Commerce

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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 US 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.

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.

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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.

Diligence Inc. is a corporate partner of the U.S. Commercial Service and can also provide support in conducting due diligence. See <http://www.diligencellc.com/>

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 Financial Intelligence Agency 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. The functions of the Agency were transferred to the Financial Intelligence Directorate (FID) of the new State Agency for National Security (DANS). The Financial Intelligence Directorate 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 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
<http://www.buyusa.gov/bulgaria/en/serviceproviderlist.html>

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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.novinite.com> (English language news site for Bulgaria)

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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 is characterized with steady growth of new car imports and sales, and steady imports of used cars. 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 2007 and 2,675 in 2006. For the three year period 2006 through 2008 the automotive import car market in Bulgaria registered 16% growth for cars and 61.8% for trucks and busses.

Nevertheless, automobiles in Bulgaria still tend to be very old with the continued import of used cars at a rate of about 150,000 per 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. Approximately 70% of Bulgarian families own a car and almost 80% of the companies with business activities have motor pools, which could include cars, vans, minibuses, jeeps and light trucks. Companies prefer to use leasing schemes on the basis 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, 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.

For more information and market entry strategies contact:

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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

Aerospace and Defense

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The Bulgarian market for aviation, runway systems and air traffic control equipment and services is estimated at \$200 million. This market is supplied almost entirely by imports. Imports are expected to grow over the next two years at an average rate of 27%. The ICAO, IATA and IASA requirements for sustainable development, quality improvements, safety and security upgrades and compliance to international standards have influenced growth in this market.

The end user market includes five international airports, three of which are still owned by the government and operated as commercial enterprises and two were privatized through the tendering of a 35-year concession. The concessionaire - Fraport Twin Star Airport Management, which was selected in September 2006 as a partnership between Fraport AG Frankfurt Airport Services (Germany) and BM Star EOOD (Bulgaria) was awarded a 35 years concession rights on both Black sea airports Varna and Bourgas. It declared intentions to invest approximately Euro 500 million, 10% of which during the first three years of its management. Other end users include the Civil Aviation Administration (CAA), Air Traffic Services Authority (ATSA), and the major air carriers and services companies licensed to provide ground-handling activities. By the end of

2007 there were 10 licensed air operators in Bulgaria and total number of 60 aircraft, all of them with a valid CofA (Certificate of Airworthiness) code.

In 2007, the Bulgaria-based Balkan Hemus Group (BHG), owner of the regional carriers Hemus Air and Viaggio Air became owner of the national air carrier Bulgaria Air. It declared intentions to invest in the new company over a period of five years EUR 82.1 million. The average amount for maintenance related to C-checks in Bulgaria is \$40-50,000 per aircraft when scheduled time for the check approaches. The project to transform the Hemus Air's Hangar at Sofia Airport into a D-check maintenance base in cooperation with Lufthansa Technic was started.

Demand is estimated to be highest for the following: airport and air traffic control equipment and related services; services related to concessioning of airport activities; cargo handling outsourcing and management; runway systems improvement; and safety and security equipment.

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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 requires a large-scale environmental remediation and implementation of new environmental standards. 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.

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 430 cities and towns with populations over 2,000 until 2015.

Solid waste:

Currently Bulgaria utilizes landfills for the disposal for 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, recycling, and waste minimization.

Air:

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

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Ministry of Regional Development and Public Works www.mrrb.government.bg
Ministry of Environment and Water www.moew.government.bg

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 Bulgarian. 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, Wilson Learning, and others. The recent entrants to the Bulgarian market that demonstrate how the American franchise concept

is becoming popular as the local market matures, are Curves, Subway, Starbucks. While Bulgaria has 21 McDonald's restaurants that employ over 1,000 Bulgarians and serve over 6 million customers a year, in 2006 McDonald's named three developmental licensee franchises for its Bulgarian operation.

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, 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.

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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

Healthcare/Medical

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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, reduction of number of hospitals, optimizing their functionality and funding a labor adjustment strategy. Other tasks include implementation of hospital accreditation system, introduction of healthcare electronic data & record management systems, conforming to EU assigned duties such as improvement and expansion of HIV and tuberculosis prevention measures, extending In-Vitro programs, improvement of emergency and ambulance systems, CRM system to handle emergency calls etc.

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

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

The health sector reform strategy is translated into demand for invasive and noninvasive surgery equipment, ultrasound equipment, in-vitro diagnostic equipment, urology equipment, laboratory and testing equipment, diagnostic imaging equipment, equipment for haemodialysis, tissue and blood bank related equipment, veterinary turnkey project equipment, hospital care equipment, information systems, modern patient monitoring systems, hospital management systems.

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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

Infrastructure Projects and Real Estate Development

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Goals to clean up Bulgaria'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 at modernizing its outdated infrastructure and boosting economic growth. The pessimism related to recent developments in the US 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 business 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, 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.

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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

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As Bulgarian companies must increase their competitiveness in the EU, and the Bulgarian Government shall 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. The telecom market in 2008 accounted for 10% of Bulgaria's GDP.

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.

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

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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

Power Generation and Energy Efficiency

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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 and nuclear power 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 US 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 Gasprom 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; 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 than can improve the lignite mines' energy efficiency.

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

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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

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Safety and security is an important issue for the Bulgarian government and businesses. The global threat for terrorist attacks, the EU accession of the country and the high number of crimes 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. 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 will be necessary.

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 cities of Sofia and Varna completed projects for video surveillance in the central areas and other sensitive zones, including traffic safety and public safety. In June 2008, 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 products 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. NAFTSO is a non-profit association and incorporates Bulgarian trading companies that provide security services, registered by decision No. 1 of Sofia City Court under company case N. 2181 of 13th March 2002. 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 Confederation of European Security Services (CoESS).

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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

Travel and Tourism

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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 14% 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 2008. 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, hotel management, development and expansion of marinas, high-end convention hotel development, amusement games and attractions.

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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 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, which are 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 the retail and food service sectors. In 2008, there was a visible shift in trade and consumption trends within certain product groups toward more expensive, higher-quality products, including distilled spirits, snack foods, tree nuts, seafood, and soft drinks. The current economic and financial crisis may revert or slow down this trend in 2009. In the medium and long term, lower-than-EU average consumer incomes will continue to be the major limiting factor in expanding U.S. sales.

In 2009, 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 products 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. Beginning in 2007, EU non-tariff veterinary restrictions made this trade more difficult and U.S. red meat exports to Bulgaria dropped by 50%. 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 to Bulgaria exceeded the prior 5 year total to reach \$38 million. Total imports of pork to Bulgaria in 2007 were 55,300 MT (\$132 million); in 2008 (Jan-Sep) imports were 48,600 MT (\$127 million); total beef imports to Bulgaria in 2007 were 14,500 MT (\$42 million); in 2008 (Jan-Sep), these imports were 11,200 MT (\$37 million). 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.

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

2. Seafood

Bulgaria is a net importer of fish and seafood for the last ten years. The local market for imports in 2008 is estimated at 25,000 MT, valued at \$40 million, compared to \$31 million in 2007. More than 80% of total imports are frozen fish. U.S. exports of seafood to Bulgaria were stable during the last three years. 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 (\$2.5 million in January-October 2008) and are expected to rebound as more high-value seafood products were imported (salmon and lobsters). Prospects for 2009 are very good due to steady market development and FAS/Sofia 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 experienced sales increases.

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

3. Tree nuts

The Bulgarian market for tree nuts produced record growth over the past years: from \$1.3 million in 2006, U.S. exports grew to \$2.8 million in 2007 and \$3.1 million in 2008 (January-October). 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 are very 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 Bulgaria's pre-EU rates. For example, the import duty on almonds fell from 20-35% (2006) to 5.6 % or zero (2007); for peanuts, the import tariff declined from 40% to zero; for walnuts, from 35% to 4.0-5.1%. In 2007, total tree nuts imports were 13,000 MT at a value of \$15 million; current prospects for 2008 are at 15,000 MT and \$21 million. The market is expected to be stable or with little growth in 2009.

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

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 and 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 by 35% to \$1.2 million in 2008 (January-October).

Recently, local production of confectionery products has grown due to investments 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 the number continues to rise. Local consumers perceive U.S. products as being of high quality at competitive prices. The most popular are U.S. microwave popcorn, breakfast cereals, and some types of confectionery products.

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

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 2007 were \$43 million and are estimated to reach \$46-\$50 million in 2008. U.S. distilled spirits exports in 2006 were about \$3.8 million, \$3.0 million in 2007 and a record \$4.7 million in 2008 (January-October) or an increase of over 50%. 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.

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

6. Dairy genetics

Over the last two years, the 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% (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 to three years. The trade regime (no import duties) and veterinary requirements are favorable, along with fast growing local demand.

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

7. Soft drinks/waters/juices

The soft drinks market is a one of the most dynamic in Bulgaria. In 2007, total imports of soft drinks were around 40,000 MT (at a value of \$39 million). The total current (2008) import market is estimated at over 50,000 MT and \$46 million. Major competitors include companies in Austria, Germany, Romania, Poland, Hungary and Greece, which have more than 70% market share. These countries compete mainly due to their proximity (lower freight costs, traditional ties). Local consumption of waters and juices is increasing, especially in the last three years with the continued rapid development of the 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, comparable with Bulgaria's pre-accession duties of 15-20%. 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 can be 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.

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 233/2001, 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 and Energy, tel. 359-2-940-7030
<http://www.mi.government.bg/eng/>

2. Special Import/Export Requirements and Certifications

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.

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.

Customs Regulations and Contact Information

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

Director: Mr. Hristo Kulishev
1, Aksakov Street, 1000 Sofia
Phone: 359-2-9859-4210
Fax: 359-2-9859-4061
<http://www.customs.bg/>

Standards

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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)

Standards Organizations

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1. Ministry of Economy and Energy 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 & 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 through its Directorate State Veterinary Sanitary 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

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/index_en.html 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 and Energy 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/> and <http://www.ciela.bg>

Labeling and Marking

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

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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: Turkey (1999); Macedonia (signed in 1999); Israel (2002); Albania (2003), Serbia and Montenegro (2004), Bosnia and Herzegovina (2004). Text of the agreements can be found at: <http://www.mee.government.bg/eng/trade/regional.html>

<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 alternative energies), information technology, transportation, telecommunications, and agriculture. EU integration has opened new markets for Bulgarian-produced goods and services. Bulgaria's labor market is generally well-educated and relatively low-cost. The country's geographic position places it at the crossroads of Europe, the Middle East, and the CIS. 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 provided stability and incentives for increased trade and investment. After several years of solid growth, the global financial crunch is being felt in Bulgaria through decreasing levels of foreign direct investment and a lowered international credit rating. Bulgaria's overreliance on capital account inflows has made the economy vulnerable to external financial shocks. Nevertheless, the country's economy is forecast to have modest growth in 2009.

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. Other typical forms are joint stock companies, joint enterprises, business associations, general and limited partnerships, and sole proprietorships.

The main controlling bodies of law are: the 1991 Commercial Code, which regulates commercial and company law, including the creation and rights of legal entities; and the 1951 Law on Obligations and Contracts, which regulates civil transactions. These laws are deemed generally adequate and they do not limit foreign participation in legal entities.

The 2003 Law on Special Purpose Investment Companies allows for public investment companies (SPIC) in real estate and receivables. Since an SPIC is considered a pass-through structure, at least 90 percent of its net income must be distributed to shareholders, who are taxed on the dividends received. A SPIC should apply for an operational license from the Financial Supervision Commission within six months after its registration. Prospective U.S. investors should consult appropriate legal counsel for up-to-date legal information and conduct due diligence before making any obligations.

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 to enforce ownership and shareholders rights, contracts, and intellectual property rights.

EU accession requirements have led to the adoption of a constitutional amendment which will, beginning in 2014, 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 acquisition of land by locally registered companies with majority foreign participation, which is the method most foreigners use to purchase property in Bulgaria.

Privatization

The Privatization Agency (PA) administers the privatization of all state-owned companies. Privatization methods include: public auction, public tender, and public offerings. Foreign companies, including state-owned ones, may purchase Bulgarian state-owned firms. Bulgaria sold some of its district heating plants (Plovdiv, Russe, Varna) in 2007 as part of a major privatization package. The district heating plants in Pernik and Shumen are on the list for 2009, as is the military machine building plant in Sopot (South-Central Bulgaria). The six Free Trade Zones, which have lost influence since Bulgaria adopted a common trade regime with the rest of the EU, are also on the privatization list. In addition, in 2009 Bulgaria will again attempt to privatize the country's tobacco holding, Bulgartabac.

The 2002 Privatization and Post-Privatization Act instituted a Post-Privatization Control Agency under the authority of the Council of Ministers tasked 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 Consumer 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.

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. Under 2003 amendments to the 1999 Foreign Currency Act, anyone may take up to BGN 25,000 or its foreign exchange equivalent out of the country without documentation. However, the export of between BGN 8,000 and BGN 25,000 or its foreign exchange equivalent must be declared at customs. Export of amounts larger than BGN 25,000 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 the amount declared (or less) when imported. The import of more than BGN 8,000 or its foreign exchange equivalent must be declared at customs.

The law also stipulates that payments abroad may be executed only through bank transfers. Transfers over BGN 25,000 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 showing the need and purpose of such payments.

Expropriation and Compensation

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According to Article 17 of the Bulgarian Constitution, private real property is protected by law. Depending upon the purpose, and only in the case that public needs cannot be met by other means, expropriation actions may be undertaken by the Council of Ministers or the Regional Governor, provided that the owner is adequately compensated. Monetary compensation at market price is the primary method. No tax is levied on the expropriation transaction. Expropriation actions of the Council of Ministers can be appealed directly to the Supreme Court on the basis of the expropriation action, the property appraisal, or the size of compensation. Regional Governor's expropriation actions can be appealed to the 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

Bulgaria's 1991 Constitution serves as the foundation of the legal system and creates an independent judicial branch. The judiciary suffers from systematic flaws, serious backlogs and opaque 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. Bulgaria's judicial system includes judges, prosecutors and investigators. The governing body of the judiciary is a 25-member Supreme Judicial Council (SJC) that has broad powers to appoint, discipline and dismiss magistrates. 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) have trial-level jurisdiction in civil cases where claims exceed 10,000 BGN, serious criminal cases, and other cases as provided by law. The district courts are also courts of appellate review for regional court decisions. First-instance civil cases are brought before one judge in the regional or the district court, depending on the case. The five

appellate courts may review the decisions of the district courts. On the highest level is the Supreme Court of Cassation.

On issues of law, the Supreme Court of Cassation has appellate jurisdiction over all civil cases involving claims over 5,000 BGN and criminal cases. The new Administrative Procedure Code, adopted in April 2006, introduced the establishment of 28 courts throughout the country specialized in reviewing appeals of administrative acts. The administrative courts officially started receiving complaints in March 2007. The decisions issued by the administrative courts can be disputed before the Supreme Administrative Court as a final appeal. The Supreme Administrative Court also rules on the legality of acts by the Council of Ministers and the ministries. The Supreme Courts hear cases in three-judge panels, whose decisions may be appealed to a five-judge panel of the same court. Decisions by the five-judge panels are final and binding. Bulgarian law provides for jurors only in criminal cases.

In 2007, the Bulgarian Parliament passed Constitutional amendments followed by a new Judicial System Act aimed at strengthening disciplining of magistrates, increasing the efficacy of the court system, and preventing corruption in the justice system. As a result, an Inspectorate was created under the SJC, which monitors the conduct of magistrates and initiates disciplinary proceedings. Nine of the eleven members of the Inspectorate were elected with a supermajority by Parliament at the end of 2007 in a highly politicized process. In 2008, the Inspectorate was fully staffed and referred over 20 cases of improper magistrates' conduct to the SJC to take disciplinary actions. The Constitutional Court is not integrated into the rest of the judiciary. It issues final interpretations of the constitution, rules on constitutional challenges to laws and acts, rules on international agreements prior to Parliamentary ratification, and reviews domestic laws to determine their consistency with international legal norms.

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 money obligation must be adjudicated (*res judicata*) before the bankruptcy court can determine whether the debtor is insolvent. In addition, amendments passed in 2003 add 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 amendments provided for examinations for individuals applying to become trustees and obliged the Ministers of Justice and Economy to organize annual training courses for trustees. A Regulation on the procedure for appointment, qualification and control over the trustees, developed by the Ministries of Justice, Economy and Finance was published in June 2005.

The methods of liquidating assets were also revised by the June 2003 amendments. 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 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. Three years after the introduction of private execution agents, businesses report a dramatic increase in the efficiency of executive of judgments. 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 selecting a foreign court of arbitration, the Code of Civil Procedure mandates that these clauses would only be admissible if at least one of the parties has its seat or 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 International Center for Settlement of Investment Disputes (ICSID) convention and the Convention on the Settlement of Investment Disputes between States and Nationals of Other States. There is a Court of Arbitration -- an ADR center for domestic business disputes -- at the Bulgarian Industrial Association (BIA).

Mediation

Mediation is a relatively new phenomenon in Bulgaria. After the adoption of the 2004 Mediation Act, BCCI and the American Chamber of Commerce (AmCham) opened commercial mediation centers with USAID-trained mediators. Mediation is still not widely used due to the relatively small pool of experienced mediators and the limited public knowledge on the possibilities of out-of-court dispute settlement.

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. For most categories of expatriate personnel from countries outside the EU a work permit is required. Residence permits are often difficult to obtain. A 1:10 ratio requirement between foreign, non-EU residents and Bulgarian employees is applied. A June 1999 law regulating gambling imposes license requirements on foreigners organizing games of chance.

The Invest Bulgaria Agency (IBA) (www.investbg.government.bg), the government's coordinating body for investment, provides information services, individual administrative services and assessment of qualification to receive investment incentives. First-class investments (investments over 70 million BGN, about USD 50 million) are deemed to be priority "Class A" investment projects. At the request of investors receiving first-class investment certificates, IBA can recommend that the competent authorities grant them free real estate (either state or municipal property). For first-class investments, the Council of Ministers may provide state financing for critical infrastructure deemed necessary for the investment plan's implementation. Additionally, IBA represents first and second-class investors "Class B" (investments of 40-70 Million BGN, about USD 28 - 50 million) before all central and territorial executive authorities and the local self-government authorities, and processes all administrative documents. The government policy for promotion of investment is not applicable to investments in coal and steel production, shipbuilding, synthetic production, agriculture, and fisheries. In 2003, the GOB introduced tax incentives for investments in regions with high unemployment. VAT exemption on imports for investment projects over 10 million BGN (about USD 7.1 million) under certain conditions, was introduced in 2004.

Right to Private Ownership and Establishment

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The Constitution (Article 19) 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.

Protection of Property Rights

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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 carried out a major revision of the 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, a completely new Penal Procedure Code was adopted by Parliament in 2006, while amendments to the Constitution are still being considered. The strongly criticized GOB Decree on Border Measures for Protection of IPRs was replaced by EU Regulation 1383/2003 (customs regulation) and is now being applied.

The government still needs to strengthen institutional capacity, coordination, and in some cases, the will to address major enforcement problems, especially in combating and prosecuting organized crime groups and internet pirates.

In acknowledgement of the improvements made in IPR field, in April 2006 Bulgaria was removed from the Special 301 Watch List. Although the sale of pirated optical disc media (ODM) is diminishing, Internet cyber crimes are turning out to be the greatest challenge for the GOB and creative industry. At a rate of 68 percent in 2007, software piracy is pervasive both among end users and system builders. While the government has taken some steps to address IP problems, effective enforcement remains a major issue. The deficit of understanding of the specific Internet environment has led to a heavy and inefficient investigation process. As a result, very few IPR cases reached the court in 2008.

Bulgaria is a member of the World Intellectual Property Organization (WIPO) and a signatory to key international agreements.

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 law enable copyright owners to file civil claims to suspend the activities of pirates; provide for confiscation of equipment and pirated materials; enhance border control over pirated material; introduce a new neighboring right for film producers; and, harmonize Bulgarian legislation with the EU Association Agreement. The Copyright Office of 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.

The independent Patent Office is the competent authority with respect to patent matters. The patent law describes the application procedures and the examination process. 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 considered and settled under administrative, court 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 300 up to 20,000 BGN.

In 1996, Parliament approved the Protection of New Types of Plants and Animal Breeds Act. This Certificate allows for a term of protection of 25 years for annual plants and 30 years for perennial plants and animal breeds, which starts from its date of issuance by the Patent Office. 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 GOB 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, which was 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 Trademarks and Geographical Indications Act. Applications for registration must be submitted to the Patent Office under specified procedures.

With amendments in the Trademarks and Geographical Indications Act in October 2006, well-known marks can now be determined as such by the Patent Office or by Sofia Administrative Court and entered in a special state register. In addition, Bulgaria is a member of the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration, which makes protections for appellations of origin protection possible.

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. 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 before the Disputes Department at the Patent Office. The decisions of this department can be appealed before the Sofia Administrative Court within three months following notification. The right of exclusive use of a trademark is granted for ten years from the date of submitting the application. Requests for extension of protection must be filed during the final year of validity, but not less than six months prior to expiration. Protection is terminated if a mark 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, but due to the low record of court resolutions and effective sentences, law enforcement is inadequate. While more draconian measures are available, such as imprisonment of up to five years, confiscation or fines of up to 5,000 BGN, their application is rare.

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

According to the Bulgarian design 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 could be renewed for up to 25 years. The procedure and conditions for enforcement of rights are similar to those provided for trade marks.

Transparency of Regulatory System

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Major Taxation Issues Affecting U.S. Businesses

The Treaty for Avoidance of Double Taxation (TADT) between the United States and Bulgaria that was signed in February 2007, entered into force on January 1, 2009. The Treaty applies to direct taxes only 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 expected to reduce the tax burden for residents of both states, which will stimulate cross-border trade and investment.

A flat 10 percent tax rate on income is in place since January 2008, replacing the old progressive taxation. The new flat income tax matches a corporate and profit tax rate of 10 percent making Bulgaria one of the EU member states with the lowest direct taxes. Certain tax incentives, such as an exemption from corporate tax, apply in regions of high unemployment. Physical persons, but not legal ones in certain trades, 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 at the source. A 50 percent depreciation rate is applied on investment in new machinery and other equipment, computers and computer software.

The changes introduced in 2008 refer to a new monthly ceiling of BGN 2,000 for social contributions. Employers pay 60 percent of the monthly contributions for social security insurance and health insurance to an unemployment fund, but their share of contributions is slated to decline, in phases, to 50 percent by 2010. Employers must contribute for social security insurance and health insurance: 13.1 percent and 4.8 percent of employees' gross salaries, respectively. Companies also contribute one percent of the total wage cost to an unemployment fund which also covers accidents at

work. Foreign persons are required to have the same insurance and unemployment compensation packages as Bulgarians.

There is a 20 percent single-rate value-added tax (VAT), except for some tourist services upon which VAT is levied at seven percent rate. VAT registration is mandatory for persons with turnover exceeding BGN 50,000 over a calendar year, while all others can register voluntarily. A new 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 rebated when goods are resold. Exporters may claim VAT refunding 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 the failure of the authorities to enforce collection, place them at a disadvantage. However, in conjunction with its IMF agreement, the government has strengthened tax collection and limited tax arrears of state-owned enterprises. Another problem underscored by investors is the frequent revision of tax laws, sometimes without sufficient notice. The full harmonization of domestic tax legislation with the EU law is expected to lead to more transparent and predictable tax environment.

Regulatory Environment

An abundance of licensing and regulatory regimes, combined with arbitrary interpretation and enforcement by the bureaucracy, and the incentives thus created for corruption, are an impediment to investment.

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 39 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 that regulation at all levels of government must be justified by defined need (in terms of national security, environmental protection, or personal and material rights of citizens) and cannot impose restrictions unnecessary to the stated purposes of the regulation. The law also requires that the regulating authority take account of the compliance costs to be borne by business and that no national-level law can be passed without an impact analysis on the law's economic effect on the regulated activity. In addition, the law eliminates bureaucratic discretion in granting applications for routine economic activities and provides for "silent consent" when the government has not acted upon an application 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 practical enforcement is dependent upon movement towards a more flexible bureaucratic environment.

Energy Regulator

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 - a separate body with regulatory authorities. 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

A new 2008 Law on the Protection of Competition (the "Competition Law") is intended to establish and maintain a competitive market in compliance with EU rules. The Competition Law forbids monopolies, restraining agreements, trade restrictive practices, abuse of a dominant market position, and unfair competition, and seeks to promote consumer protection. 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. Monopoly position can be established only by law and 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.

Efficient Capital Markets and Portfolio Investment

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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 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 infrastructure of the stock exchange has been substantially improved in recent years, including the establishment of an official index (SOFIX). In addition to floating company stock and privatization through the exchange, the Bulgarian stock exchange

also trades in government bonds, corporate bonds, Bulgarian Depository Receipts, municipal and mortgage-backed bonds, and Bulgarian Depository Receipts. Raising capital has become increasingly attractive, and more competitive, with the advent of special purpose investment companies (REITs) which have aggressively invested in the economy. Trading has been facilitated by the growing number of investment brokers and a joint database for secure access in place.

The BSE suffered visibly in 2008 as a result of the global financial crisis. In 2008, BSE's market capitalization lost almost 60 percent over 2007, reaching BGN 12.3 Billion (\$9.2 Billion). The major index, SOFIX, went down 80 percent on the year, with the remaining three indexes also ending up deeply in red territory. At the same time, the share turnover on the regulated market lost 75 percent, while the number of transactions went down 18 percent. The number of initial public offerings (IPOs) was unchanged at 23, the same as in 2007, after IPOs were discontinued in mid-June 2008. The GOB still plans to sell its part in the Bulgarian stock exchange to a world-renown capital and stock market.

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 6 branches), with total assets of 68.8 billion BGN (about USD 44.8 billion) and an annual growth of 25.1 percent in November 2008 or 104 percent of the projected 2008 GDP. Approximately 39.2 percent of bank assets are concentrated in three banks: Bulbank, DSKBank, 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, Regent Pacific Group, 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 14.4 percent in September 2008, 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 an increase in interest rates on both deposits and loans.

Government Securities

The government finances government expenditures by accessing capital markets. Commercial banks are the primary purchasers of these instruments, while pension funds and insurance companies participate mainly in the secondary market. Banks from the EU can be primary dealers of the governments bonds as well. They have to apply and go through the procedure for a primary dealer.

The foreign bank transfers the money, which is then converted into leva to make the purchase, and must be registered with the Ministry of Finance. The foreign bank must open a lev account (a "custody account") for transactions. This lev account cannot be used as a standard deposit bank account. A foreign currency account can be opened, but it is not obligatory.

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 criminally motivated.

Corruption

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Corruption is still one of the gravest problems in Bulgaria's investment climate, despite the Bulgarian government's numerous advances in laws and legal instruments. Bulgaria ranks 72nd among 180 countries included in Transparency International's (TI) Corruption Perception Index for 2008, down eight places from 2007.

The established human trafficking, narcotics, and contraband smuggling channels that contribute to corruption in Bulgaria have yet to be broken, and serious efforts and political will are still needed to carry out much-needed reforms to address inefficiencies in the judicial system. The Bulgarian public generally holds the police, the judiciary, customs officials, and political parties 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.

Although the Bulgarian government has achieved some successes in the fight against organized crime and corruption, corruption and political influence in business decision-making continue to be significant problems in Bulgaria's investment climate.

Bilateral Investment Agreements

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As of February 2007, 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, Macedonia, Malta, Moldova, Mongolia, Morocco, Netherlands, Poland, Portugal, Republic of Korea, Romania, Russia, 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, Yemen, Yugoslavia, and Zimbabwe.

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) (www.opic.gov) and the GOB 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 250 Million USD. OPIC's Structured Financing focuses on U.S. businesses with annual revenue over 250 Million USD and supports large-scale projects that require large amount of capital, 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 3,544,700 (third quarter of 2008) 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.

Bulgaria's Constitution recognizes workers' right to join trade unions and organize. The National Council for Tripartite Cooperation (NCTC) provides a forum for dialog among government, national-level employer organisations, and national-level 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 amount of the social securities that both employer and employee should pay.

Bulgaria has two large trade union confederations represented at national level, the Confederation of Independent Trade Unions of Bulgaria (CITUB) and Confederation of Labour "Podkrepa" ("Support"). At the end of 2008, the estimated trade union membership is about 350 000 for CITUB and over 100 000 for CL "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 and the confederations operate freely, but the workforce in smaller firms in the private sector is 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 Labor Code, employer and employee relations are regulated by employment contracts. The framework of the employment contracts can be shaped through collective bargaining. Following the Labor Code, collective agreements (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 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 Bulgarian companies having majority foreign-control are exempt from the requirements of the Labor Code.

Over the last four years, the Labor Code has been amended to address labor market rigidities and bring labor legislation into compliance with the EU social policy and employment requirements. The amendments to the Labor Code simplify additional work procedures, restrict mandatory leaves, and relax procedures for implementing collective redundancies. In 2008, GOB passed changes in the labor legislation which establish high fines, which an employer must pay if s/he violates the Labor Code. The fines could reach up to 15 000 Euros. The minimum annual paid leave is 20 days. Effective January 1, 2009, the minimum monthly salary is 240 BGN (\$171).

During 2002-2003, the Ministry of Labor formed the new "National Institute for Conciliation and Arbitration" (NICA), which developed a framework for collective labor dispute mediation and arbitration. NICA includes representatives from labor, employers, and the Government, as does the roster of mediators and arbitrators. 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.

Foreign-Trade Zones/Free Ports

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The 1999 Customs Act renamed the six duty-free zones "free zones." Foreign, including U.S., individuals and corporations, and Bulgarian companies with 1.0 percent or more foreign ownership may set up operations in a free zone. Thus, foreign-owned firms have equal or better investment opportunities in the zones compared to Bulgarian firms.

There are at present six operational "free zones" in Bulgaria: Ruse and Vidin ports on the Danube; Plovdiv; Svilengrad (near the Turkish border); Dragoman (near the Yugoslav 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.

All forms of production and trade activities and services may take place in the 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 export of goods of EU origin via the FTZs has lost importance, as the new VAT

regime requires full price payment, VAT inclusive, before selling it into another EU Member State. The six FTZs are slated for privatization in 2009.

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 FTZs as they do not provide for any form of preferential tax treatment. International and local investors can use the favorable factors, such as low-cost and educated labor and easy access to the local market, to relocate their business. Currently, there are a total of 35 industrial parks at various stages of development, with the most advanced being the industrial parks near Sofia, Rakovski, Panagyurishte, Stara Zagora, Silistra, Pazardzhik, Kardzhali, Dobrich, Varna, and Ruse.

Foreign Direct Investment Statistics

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Between 1992 and 2007, total cumulative FDI into Bulgaria amounted to \$31,637.8 billion (88 percent of GDP in 2007). FDI in 2007 totaled \$8.9 billion (22.6 percent of GDP). Bulgaria's direct investment stock abroad was a total of \$571.5 million in 2007.

FDI by Year (millions of U.S. dollars)

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
2001	812.9

2002	969.7
2003	2,099
2004	34434
2005	3,927
2006	7,568
2007	8,982

Total 31,68

(Source: Invest Bulgaria Agency)

FDI by Country of Origin 1996-2007 (millions of USD)

Austria	4,876
Netherlands	3,312
Greece	2,897
U.K.	2,745
Belgium and Luxemburg	1,68.5
Germany	1,67.8
Cyprus	1,314.0
USA *	1,208.0
Hungary	1,198.2
Switzerland	1,018.7

Ireland	992.2
Spain	971.4
Italy	970.9
Czech Republic	928.1
Russia	687.2
France	452.3
Turkey	343.6
Denmark	256.1
Israel	190.2
Slovenia	179.2
Latvia	163.8
Malta	153.4
Sweden	127.7
Japan	125.6
Liechtenstein	121.0
Estonia	106.8
Norway	86.8

(Source: Invest Bulgaria Agency)

* Owing to methodological quirks, not all data accurately reflect investment rankings. Official GOB investment statistics currently rank the United States 8th in terms of overall

investment in Bulgaria for the period 1992-2007. While the Central Bank credits the United States with investments at the rate of \$40-\$50 million per year in the last eight years, this data is incomplete as many U.S. investors establish European subsidiaries to manage their investments in Bulgaria.

FDI by industry 2000-2007 (millions of USD)

Real estate and business activities	6,731.6
Financial activities	5,528.4
Manufacturing	4,689.2
Trade and repairs	4,660.2
Construction	2,075.2
Electricity, gas and water	2,035.4
Telecommunications and transport	1,643.6
Hotels and restaurants	481.1
Mining	151.3
Agriculture, forestry and fishing	125.3
Education	13.2

(Source: Bulgarian National Bank)

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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.

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. Foreigners hold approximately 73% of the total banking capital. 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. A majority of these transfers will be spent on projects that support human capital development, environmental and infrastructure development. See http://www.buyusa.gov/europeanunion/eu_funds.html . Seven 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 U.S. Commercial Service has developed a database which gathers all public procurement tenders that are open to U.S.-based firms in particular. Our database is based on the Tenders Electronic Daily (TED), which is the online version of the Official Journal of the European Union. Tenders published in the TED include public purchases of supplies, works and services by European governments at the national and sub-central levels. Since January 1, 1996, the United States and the European Union have been party to the Government Procurement Agreement (GPA), signed under the auspices of the WTO, which allows U.S.-based firms to bid on certain EU contracts above established thresholds. Our database is updated twice per week on Wednesday and Saturday. For more information, please see http://www.buyusa.gov/europeanunion/eu_tenders.html

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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/ccs/default.htm>

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

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

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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 that travelers entering Bulgaria with more than BGN 8,000 or the equivalent in foreign currency (around USD 5,300) 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.

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.

Bulgarian immigration authorities ask all foreigners to declare the purpose of their visit at the border and to provide their intended address. 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 and 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 level of Russian language comprehension. 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.

2009 Holidays in Bulgaria include:

January 1	New Year's Day
March 3	National Day
April 20	Orthodox Easter Monday
May 1	Labor Day
May 6	St. George's Day, Day of Valor and the Bulgarian Army
September 22	Independence Day
December 24	Christmas Eve
December 25	Christmas

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.

Web Resources

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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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Chapter 9: Contacts, Market Research, and Trade Events

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

Contacts

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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.tda.gov

Trade and Industry Associations

American Chamber of Commerce in Bulgaria

President: Anthony Hassiotis
Executive Director: 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. Bojidar Bojinov
9, Iskar Street
1058 Sofia
Phone: (359) (2) 987-2738; 8117-489 Fax: (359) (2) 8117-490
Business Center Directorate – Ms. Gabriela Dimitrova - Director
E-mail: interdept@bcc.bg Website: <http://www.bcci.bg/>

Confederation of the Employers and Industrialists in Bulgaria

Chairman: Mr. Ivo Prokopiev
Executive Director: Mr. Evgenii Ivanov
55, Alexander Stamboliiski Blvd
1000 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: 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
Mr. Simeon Pashov, Chairman
Ms. Vanya Shopova, Chief of Secretariat
1, Hristo Smirnenski Blvd.
Sofia 1164
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
Mr. Boian Boichev, Chairman
Mr. Zlatko Zlatkov, Deputy Chairman
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
3-A, 165 Str., j.k. 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. Hristo Koulichev
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

Director: Mr. Kostadin Manev
52-B G. M. Dimitrov Blvd.
1040 Sofia
Phone: (359)(2) 873 51 71 Fax: (359)(2) 873-52 58
E-mail: bpo@bpo.bg
Website: <http://www.bpo.bg/>

Bulgarian Newspapers

TRUD daily

47, Tzarigradsko Shousse Blvd., Sofia 1504
Circulation – Around 150,000
Highest circulation – Monday and Saturday
Editor in Chief: Tosho Toshev – (3592) 9214-204
Business News Editor: Plamen Enchev - (3592) 9214-142
Advertisement and announcements: (3592) 942-2130, (3592) 942-2132, (3592) 942-2134, (3592) 942-2133, fax: 3592-942-2831

24 CHASSA daily

47, Tzarigradsko Shosse Blvd., Sofia 1504
Editor in Chief: Venelina Gocheva – (3592) 942-25-00
Advertisement: (3592)942-2143, (3592) 942-41-30 (-32,- 33,- 34,- 35) , (3592) 942-21-45 (-46,-47)

STANDART daily

49, Bulgaria Blvd. Sofia 1404
Editor in Chief: Slavka Bozukova – (3592) 8182-303, (359)888-870-455
Advertisement: Dimitrina Hristova, phone (3592) 81-82-345; 81-82-311

SEGA daily

1, Bulgaria Square, Sofia 1463

Editor in Chief: Teodora Peeva – (3592)4282-300, (3592) 4282-305
Advertisement: phone (3592) 4282-314, (3592) 4282-350
E-mail: adv@segabg.com

NOVINAR daily

44 Oborishte St., Sofia 1505
Chairman: Lyuben Dilov-Son – (3592) 943-34-37, (3592) 943-45-32
Advertisement: phone 400-64-27, fax: (3592) 400-6426
reklama@novinar.bg

PARI daily

161, Knyaz Boris I, Str., Sofia 1000
Editor in Chief: Stefan Nedelchev (3592) 4395802
Advertisement: (3592) 8133-451, (3592) 8133-453, (3592) 8133-454
reklama@pari.bg

KAPITAL weekly

20 Ivan Vazov St., Sofia 1000
Circulation – about 30.000.
Editor in Chief: Galya Prokopeiva.
Advertisement: phone (3592)9376-444; Fax: (3592) 9376-236
reklama@capital.bg

MONITOR daily

113A, Tsarigradsko Shosse Blvd. Sofia 1784
Chairman of the Editors' Board: Irena Krasteva – (3592) 9602 243
Advertisement: Natasha Rusenova (3592) 9602-214
monitor@monitor.bg

DNEVNIK daily

16 Ivan Vazov Street, Sofia 1000
Editor in Chief: Velislava Popova: (3592)9376-300, 0888-705-260
Advertisement: (3592) 9376444, fax: (3592) 9376-236
reklama@dnevnik.bg

DUMA daily

113A Tsarigradsko Shosse, Sofia 1784
Editor in Chief: Ivelin Nikolov (3592)9705 200; 9705 203
Advertisement: Gabriela Naydenova (3592)-9705-233
reklama@duma.bg

Zemya Daily

169, Evlogi Georgiev Blvd. Sofia 1504
Editor in Chief – Boryana Kostova
Advertisement – Maria Petrova (3592) 946-12-59 or (3592) 946-19-02(ext.59)
reklama@republika.bg

International Financial Institutions

European Bank for Reconstruction and Development
Mr. James Hyslop, Director, Bulgaria
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
100, Boulevard Konrad Adenauer
L-2950 Luxembourg
Phone: (352) 4379-3122 Fax: (325) 4379-3191
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://www.evropa.bg/>

World Bank
36, Dragan Tsankov Street
World Trade Center, block A, 5th Fl., 1057 Sofia
Phone: (359)(2) 969-7229; (359 2) 918 14225; Fax: (359)(2) 971-2045
E-mail: ozlatev@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/>.

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.