

# U.S. Country Commercial Guides



## Bulgaria CCG 2020

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## Doing Business in Bulgaria

### Market Overview

After the fall of the Berlin wall 30 years ago, Bulgaria underwent significant transformation. It changed from a centralized, planned economy to an open, market-based, middle-income economy anchored in the European Union and NATO. The advancement of structural reforms starting in the late 1990s and the introduction of the currency board spurred improved living standards.

As one of the EU's newest members, Bulgaria is an emerging market providing opportunities for U.S. companies. Bulgaria's strong macroeconomic health makes it attractive to new companies. Although not part of the Eurozone, the Bulgarian lev is pegged to the euro. Bulgaria also has one of the lowest debt burdens and budget deficits in the EU, with an inflation rate near %, making it one of the most stable countries in the region for business.

Bulgaria's low corporate and personal income tax rate of 10% is one of several competitive advantages this market offers. Bulgaria's strategic location in the center of Southeastern Europe and at the crossroads to the Middle East offers a potential launch-pad for expansion into neighboring markets. Bulgaria's highly educated workforce has the lowest minimum wage in the EU. English is widely spoken.

Real GDP growth strengthened to 3.7% in 2019. EU analysts expect that real GDP growth will fall 4.9% in 2020.

This report will highlight the leading sectors for U.S. companies, including agriculture, agricultural equipment, energy, environmental technologies, healthcare, IT, tourism, and safety & security.

### Market Challenges

- Regulatory and legislative unpredictability
- Inefficient bureaucracy
- Slow moving court system
- Corruption and the influence of entrenched interests in some sectors of the economy
- Long and arduous process of acquiring construction permits
- Complex, and often opaque, tendering process
- Aging population with low purchasing power
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### Market Opportunities

- Lowest wage rates in the EU
- Strategic geographic location
- Simplified registration process for new businesses
- Low corporate taxes
- Incentives for investment in certain sectors such as IT, research and development, and manufacturing
- EU membership provides Structural and Cohesion Funds financing opportunities to all qualified U.S. companies, including SMEs

U.S. export opportunities to Bulgaria (alphabetical order):

- Agriculture
- Agricultural Equipment

- Agricultural Sector and Food Products
- Energy
- Environmental Technologies
- Healthcare, Medical Devices and Pharmaceuticals
- Information and Communications Technologies
- Safety and Security

### **Market Entry Strategy**

- The U.S. Commercial Service Sofia, Bulgaria, located in the U.S. Embassy, Sofia is a fee-for-service entity, whose main goal is to assist U.S. companies with their business endeavors in Bulgaria. To that end, U.S. Commercial Service provides a variety of services, such as a partner search, single company promotion, market research, and due diligence reports. See: <http://www.export.gov/bulgaria>

### Web Resources

<http://www.eufunds.bg>

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

## Leading Sectors for U.S. Exports & Investments

### Agricultural Sector

#### Overview

Bulgarian agricultural and food imports from the U.S. continue to increasingly resemble the profile of U.S. exports to other EU countries heavily weighted towards intermediate and consumer-oriented products. Both categories of products, in 2019, accounted for 14 percent and 54 percent of the market, respectively.

Policy and promotion of U.S. agricultural exports is the goal of the Sofia office of the Foreign Agricultural Service (FAS)/U.S. Dept. of Agricultural (USDA). U.S. agricultural exports to Bulgaria in 2019 were stable, on par with 2018. FAS/USDA Sofia found that U.S. agricultural exports to Bulgaria in 2019 were substantially higher when transshipments through other EU countries were counted. Bulgarian customs data reports that U.S. agricultural exports to Bulgaria in 2019 were USD 65 million compared to 2018 when this trade was at USD 69 million, or a small decline of 6 percent. The EU transshipments were 63 percent of total U.S. agricultural exports to Bulgaria, at USD 41 million.

The business environment for U.S. exports to Bulgaria is characterized by:

- more efficiencies as Bulgaria adopts more EU norms a shift from direct to indirect imports through EU-based wholesalers/importers with longstanding links with U.S. suppliers enabling Bulgarian importers to source smaller quantities at affordable prices growing
- investment and rising demand for animal feed and feed additives, bovine and other animal genome material, live animals, planting seeds, planting materials, and raw materials such as cotton, wool, powdered milk, and egg powder, and
- 
- increased output of local products resulting from rising foreign direct investment (FDI) in the agricultural sector

USDA/FAS Sofia assembles [reports about local market](#) prospects and developments in the agricultural and food sectors.

#### Sub-Sector Best Prospects:

##### Nuts/Tree Nuts

U.S. exports are increasing and reached record high USD 9.5 million in 2019. This is 21 percent more than in 2018 in value and 32 percent in volume. In January- May 2020, imports continued to grow by an impressive 51 percent to USD 5.7 million, and by 45 percent in volume.

High demand for U.S. almonds and U.S. pistachios exists. U.S. almond exports to Bulgaria in 2019 grew by 38 percent, and by additional 24 percent in January-May 2020. (Source: USDA GATS report)

Pistachio exports had quickly grown since 2017. In 2019 exports of U.S. pistachio were 13 percent lower than in 2018 but stayed above 1,000 MT. In January- May 2020, however, it grew by 62 percent.

U.S. peanuts exports had a substantial growth in 2019 from 2018 by 41 percent to USD 1.6 million. In the first five months of 2020, however, imports declined. (Source: USDA GATS report)

Growth is expected due to increased food service outlets, rising tourism, a growing middle-class, favorable tariffs and regulatory regime, as well as a lack of local competition, most likely in post-COVID time.

##### Distilled spirits

Total imports of distilled spirits (whiskey HS#220830) in 2019 were USD 70.0 million, on par with 2018. In volume, imports were 4,300 MT compared to 4,600 MT, a 6 percent decrease compared to 2018 in volume

terms. The market showed an increased preference towards higher value products. In the first five months of 2020, COVID had a strong negative impact on whiskey imports. Imports of U.S. whiskey declined by 23 percent in value and by 30 percent in volume. The reduced trade was caused by the shutdown of the horeca and hospitality industries.

Imports of U.S. distilled spirits in 2019 were at USD 5.2 million, 23 percent lower than in the previous year, mainly due to introduced higher import duties on U.S. whiskey by the EU. Data for 2020 (January-May) shows a drop of 45 percent in value and 46 percent in volume, respectively, due to both higher import duties on U.S. distilled spirits and COVID impact (Source: Eurostat/Trade Data Monitor/TDM report, HS#220830).

The market is stable, likes an assortment of brands, and prospects for increased imports are strong, especially if there are no trade barriers to the U.S. products.

Since June 20, 2017, the EU imposed a 25 percent import tariff on U.S. whiskey (HS#22083011, 22083019, 22083082). Competition is strong as EU producers are likely to benefit in the short term from lower (zero) duties than those for the U.S. exporters.

#### Plant Genetics/Planting Seeds

U.S. plant genetics is a thriving agricultural sector, but U.S. products are limited due to EU regulatory barriers. In 2019, Bulgaria imported USD 63.1 million of planting seeds (excluding sunflower planting seeds) which represented 10 percent annual growth over 2018 (Source: Eurostat/TDM, BICO- Planting Seeds). In the first five months of 2020, imports kept expanding by 4 percent.

Demand for U.S. planting confectionary and oil-bearing sunflower planting seeds is increasing. In 2019, Bulgaria imported USD 48 million of sunflower planting seeds of which most from the U.S., mainly via transshipments via Romania, Italy and France. The demand was driven by expanding production as well as by the search for better genetics.

#### Wine

Bulgaria's wine market (2015-2019) was characterized by steady growth, increased diversity and an increase in high-end imports. Wine imports (HS#2204) were stable in 2019 at USD 23.2 million (9.0 million liters) on par with 2018 in value and 5.5 increase in volume terms. In the first five months of 2019, wine imports declined by 25 percent (in value) and by 18 percent in volume due to the COVID impact on the horeca industry.

Imported wines have a stable presence in the Bulgarian market due to a robust and mature distribution system, improving consumer income, active promotions, and increased tourism. Imported wines compete well against local wine products. In the retail sector, U.S. wines have a limited presence. While not large, the wine market is highly competitive with wines originating from Italy, Chile, Spain, France, and South Africa.

#### Prepared Foods

Bulgaria is a significant importer of prepared foods and food preparations (source: Eurostat/TDM, BICO-Food Preps and Misc.). These imports have been steadily growing since 2015 to reach a record high in 2019 at USD 244 million. In the first five months of 2020, it kept expanding, although slowly by over a percent. The main U.S. competitors are EU countries, namely Germany, Romania and Poland.

U.S. prepared food exports experienced good, stable growth in 2015-2019. In 2019, these exports to Bulgaria increased to a new record, USD 4.6 million. In the first five months of 2020, U.S. exports to Bulgaria had a very good growth of 20 percent. This category includes products such as pasta, soups, mixes for dough, pastry, gelatin and others (mainly HS Chapters 19 and 21). Growth is related to the development of the local food industry and especially the convenient food segment. Prospects are good and a moderate growth is expected in the near future.

#### Seafood

A net importer of fish and seafood, the Bulgarian import market reached a new record of USD 123 million in 2019, registering a 3 percent growth over 2018. (Source: Eurostat/TDM/BICO- Fish Products). Imports in volume reached 43,200 MT, about 3 percent higher than in 2018. More than 80 percent of total imports are frozen fish. In the first five months of 2020 imports declined by 10 percent in value and by 7 percent in volume,

mainly due to the struggles of the food service industry and the consumers' preferences switch to more basic food products.

U.S. seafood exports, from 2012-2019, experienced an increase and consisted of frozen fish: – pink and chum salmon, loligo squid, hake, mackerel, as well as lobster and other higher-end seafood products. In the last five years, U.S. exports varied around USD 0.3 to 0.7 million. In 2019, U.S. exports had a decline to USD 0.4 million, compared to USD 0.7 million in 2018. Imports from the U.S. are recorded higher by the national authorities that reported by U.S. Customs due to transshipments through other EU countries, mainly via Belgium, Dutch, Spanish, Greek and Romanian ports.

Prospects for seafood imports remain very good due to a steady development of the market and expansion of retail and food service outlets which sell consumer-ready, and ready-to-eat products. On the other hand, the EU trade regime provides a preferential tariff treatment to exporters from South America, Canada and some other countries which creates challenges for U.S. exporters.

#### Bovine genetics

The Bulgarian dairy farm industry significantly increased its demand for high quality genetic materials, both for live animals, imported mainly from the EU, and for semen and embryos (HS#051110), imported from the U.S.

The market for bovine dairy genetics is dominated by imported semen, which account of more than 90 percent of sales. Leading suppliers include the United States, Germany, the Netherlands and Canada. Total 2019 Bulgarian animal genetics (HS#051110) imports reached a new record at USD 0.6 million, a 9-percent growth compared to 2018 in value terms and 16 percent increase in the number of imported doses. In the first five months of 2020, imports were flat.

In 2019, U.S. bovine-genetic exports to Bulgaria skyrocketed reaching USD 0.24 million or 50 percent more than in 2018. In volume terms, U.S. exports grew by the impressive 96 percent.

During the first five months of 2020, U.S. exports continued to expand with 13 percent growth in value terms. The U.S. was a leading supplier to the market with 40 percent market share in 2019. The Netherlands, Germany and Canada remain as the main U.S. competitors. Reportedly, some, or most, of the Canadian and German product is of U.S. origin.

The potential for market growth is substantial. High-tech dairy and beef cattle genetics from genomically tested bulls are showing increased demand. This sub-sector is characterized by: a trade regime with no import duties; favorable veterinary requirements; and, an increase in local demand.

#### Pulses

Bulgaria's pulse market is well developed with both good demand and a high per capita consumption. Dry beans and lentils, both traditional Bulgarian foods, have receded in the wake of less expensive and higher quality imports. Total pulses imports in 2019 were at USD 18.4 million and 24,500 MT, slightly below 2018 imports in volume/value (source: Eurostat/TDM, BICO- Pulses). In 2020 through May, however, imports increased considerably by 57 percent in value and 45 percent in volume terms. The drive behind this trend is the growing demand for staple foods due to COVID.

The main competitors of the United States are Kyrgyzstan, Turkey, Ethiopia and Egypt. Despite the promising opportunities for U.S. exports of pulses to Bulgaria, 25 percent higher import duties on the U.S. products introduced on June 20, 2018 by the EU (U.S. kidney beans/HS#17133390) had a negative impact on trade. Prospects still remain very good due to interest in product diversification, the development of consumer tastes, an increase in higher-value pulses, and new products.

#### Snacks/Cereals

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

Bulgaria's imports of snack foods in 2019 reached a new record at USD 93 million or two percent more than in 2018. Romania and Poland were the main competitors on this market, followed by Germany, Turkey and Greece (source: Eurostat/TDM, BICO- Snack Foods NESOI). In the first quarter of 2020, these imports were flat.

- U.S. snack foods exports in 2019 increased from USD 0.3 million in 2018 to 0.5 million.
- Popcorn comprises the bulk of U.S. snack food imports. Prospects for 2019 remain good.
- Local production of confectionery products continues to grow as a result of investment by EU-based companies
- U.S. products are perceived as being of high quality and competitively priced
- U.S. microwave popcorn, breakfast cereals, and some types of confectionery products are the most popular

#### Soft drinks/waters/juices

The soft drinks market is one of the country's most dynamic and imports of these products have enjoyed a stable growth over the last five years. In 2019, soft drinks imports reached a new record of USD 138 million or a growth of 27 percent over 2018. (HS# 2201; 2202; 2009) (Source: Eurostat/TDM, WTO-Waters and Non-Alcoholic beverages and WTO- Fruit Juices). In the first five months of 2020, imports of water and non-alcoholic beverages continued to expand with 22 percent compared to the corresponding period of 2019. Imports of fruit juices, however, had a 25 percent decline due to COVID-caused changes in consumers' demand towards less expensive substitutes.

Major EU competitors have more than 80 percent of market share

Water, juice and energy drink consumption continues to increase in parallel with the rapid development of the hotel/restaurant sector

The Association of Soft Drinks Producers projects local consumption will continue to increase over the next several years. U.S. producers successfully compete with juice concentrates of which most are imported concentrates

Cranberry juice and other frozen juices would be popular with Bulgarian consumers if they were price competitive

#### Web Resources

<http://en.bsda-bg.org/> (Beverage & Soft Drink Association of Bulgaria);

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#### Agricultural Machinery and Equipment

##### Overview

In 2019, the share of the agriculture industry in the Bulgarian gross domestic product (GDP) accounted for some 3.19 per cent with industry at 22.3 and services at 60.99 per cent. The total arable land in Bulgaria is some 3.7 million hectares or about 47 percent of the country's surface area. Bulgaria is a well-respected market player in South East Europe and a key exporter of raw agricultural commodities.

EU Funds, amounting to USD 4.5 billion, for the period 2014-2020 was the main driver for investing in AG equipment and for technology upgrades designed to increase the country's agricultural output and agricultural

export competitiveness. All financial programs are open to any U.S. company to provide goods, AG equipmen, services and solutions provided that the U.S. company works with a local Bulgarian partner (additional information is available: <http://www.dfz.bg/en/>).

For the period 2021-2027 Bulgaria will have an access to some USD 7.5 billion for farmers support and development of Bulgaria's agricultural industry which is a notable increase compared to the previous period. Once available Bulgarian farmers will be able to tap into EU funding and buy new AG equipment which is an opportunity for US AG companies.

The USDOC/Commercial Service in Sofia works closely with the U.S. Embassy/Sofia office of the U.S. Dept. of Agriculture (USDA) and the Foreign Agricultural Service (FAS) who both monitor Bulgarian commodities and assist U.S. agricultural exporters in entering the Bulgarian market. Refer to the section Agricultural Sector in this Country Commercial Guide for more information on the USDA/FAS and their reports.

Due to its strategic location, attractive business opportunities, great tax incentives and competitive labor force Bulgaria also enjoys major AG investments. One of the largest projects in South East Europe and Bulgaria is a USD 150 million expansion project of Archer Daniels Midland Co. (ADM/NYSE) which once completed will be able to process 900 000 tons of corn annually.

#### EU standards and conformity

EU markets are subject to an extensive EU regulatory regime. U.S. agricultural equipment exporters need to ensure that their products receive the "CE" mark in order to sell in any of the 28 EU member states. The CE mark is applied to products that conform to relevant EU legislation and is able to move freely within the European single market.

U.S. products must also comply with other EU directives and regulations such as REACH (Registration, Evaluation, Authorization and Restrictions of Chemicals), WEEE (the Waste Electrical and Electronic Equipment Directive), RoHS (the Restriction of Hazardous Substances Directive), and others depending on the product imported. EU standards and conformity regimes (not all are listed here), important in obtaining the CE mark, present challenges for U.S. exporters. While it is theoretically possible to use other standards to meet essential requirements, U.S. manufacturers report that in practice the costs and uncertainty associated with not using EU-recognized standards can be prohibitive. An experienced agent or distributor can assist in navigating EU standards.

#### Agribusiness Best Prospects

Tractors, root crop harvesting equipment (incl. combines), tillage equipment and handling equipment

The sales of new agricultural equipment in Bulgaria highly depends on EU funding support. 2019 was another good year for US-made equipment sold in Bulgaria and US brands enjoyed healthy exports compared to the German, Italian and Turkish brands. Investing in new equipment and new market niches include solutions for precision farming, IT, and other innovative services continues to drive the market growth. Despite the lower EU funding support available (2014-2020 was the first programming period) Bulgarian farmers continued to renew their farms and equipment.

- John Deere (JD) has been the market leader for the last few years in combines sales. In 2019 JD sold 46 combines compared to 48 in 2017; Case contributed with 24 new sales in 2018 compared to 14 in 2017; both U.S. brands hold 40 per cent of the market an increase of 20 percent y/y;
- John Deere reported 247 new tractors sold in 2019 compared to 277 in 2018 whereas Case has sold 88 in 2019 compared to 83 in 2018;
- The market for loaders underperformed again in 2019 with Caterpillar selling 12 units compared to 17 a year ago and Case with only 2 deliveries which was a significant decrease in market growth;

In general, the market for U.S. equipment has performed strong and steady. All major players expect to restart new purchases once the new EU financial support mechanism is approved and funds start to be dispersed.

#### Irrigation systems

Irrigation equipment has good potential although less EU financial resources are available. Private investment in the irrigation sub-sector is on the rise and several pilot projects have been completed – some with U.S. technology and equipment. Local farmers are interested in purchasing equipment from international companies that can provide excellent after sales service, spare parts, and on demand maintenance and repair.

#### Innovation and technology in agribusiness

Precision farming, autonomous combines and sprayers, precision planting and the use of drones are all rapidly transforming Bulgaria's agricultural sector as Bulgarian farmers are quickly embracing new technologies and services designed to help farmers maximize the benefits and advantages of forecasting yields and making planting corrections in real time. U.S. exporters are encouraged to get ahead of the competition and market their innovative products through a reliable representative.

#### Trade Events

BATA AGRO

May, 2021

Organized by the Bulgarian Association of Traders of Agromachinery the exhibition takes place at a local airport field and is the largest Bulgarian trade show.

#### Web Resources

- <https://www.investbg.government.bg/en> (Invest Bulgaria Agency)
- [www.mee.government.bg](http://www.mee.government.bg) (Ministry of Economy)

#### U.S. Commercial Service Sofia Contact Information

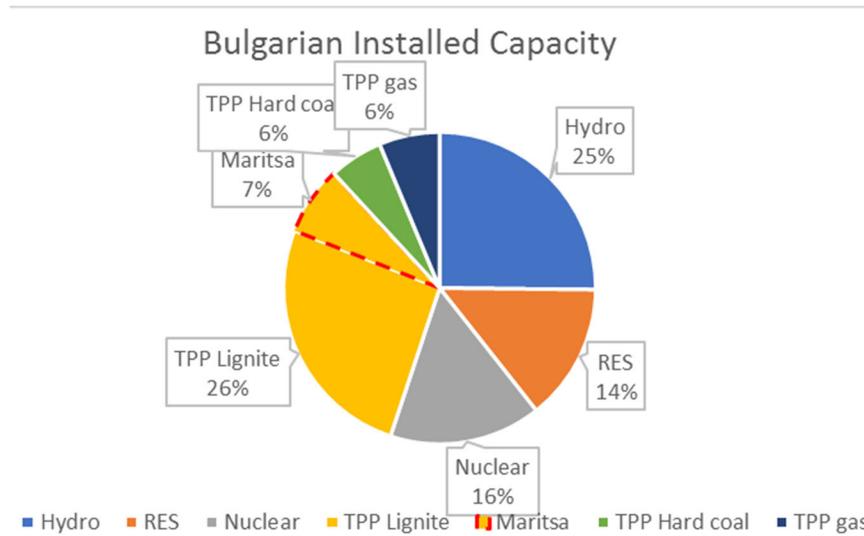
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## Energy

### Overview

Bulgaria's power sector is diverse and well developed, with universal access to the grid and numerous cross-border connections in neighboring countries. Environmentally friendly, efficient and secure energy is critical to Bulgaria's productivity, competitiveness and growth.

Bulgaria is almost totally dependent on imported fuels from Russia. While Bulgaria has an energy surplus and is a net exporter of electricity, anticipated future domestic consumption will grow slowly allowing Bulgaria to develop itself as an energy hub.



Bulgaria has 12,668 MW of installed capacity enabling the country to meet and exceed domestic demand.

The data shows that the electricity production was 45,322 GWh.

The country's power exports fell 14.0 percent year-on-year to 5,519 GWh.

Bulgaria's energy market is dominated by state-owned

players which include:

- the Bulgarian Energy Holding (BEH) –which manages the most important companies in the energy sector,
- the Kozloduy nuclear power plant (NPP) with two operating units,
- three thermal power plants,
- the National Electric Company (NEK),
- fifteen hydro power plants,
- Electric System Operator (ESO),
- Bulgargaz,
- Bulgartransgaz,

The highly regulated Bulgarian electricity market is dominated by a few major players that have built a supply monopoly in the country. Despite the legal unbundling of the three distribution system operators from its vertically integrated undertaking, there is no real competition in the distribution market that could enable consumers to choose their supplier as there is only one licensed supplier in each geographical region. Bulgaria's energy intensity is among the highest in the EU. The country is almost totally dependent on imported fuels from Russia and, at the same time, the country is attempting to develop itself as an energy hub.

Bulgaria's first nuclear power plant was launched in Kozloduy (KNPP) in 1974. Over the years, six units were completed making KNPP one of the largest in the region with the installed capacity of 2000 MW. Today, the KNPP constitutes roughly 36 percent of Bulgaria's electricity. In the 1980s, a new nuclear plant at Belene was approved for construction. Meanwhile, two of KNPP's units were closed in the early 2000 as a pre-requisite for EU accession; two other KNPP units were closed as part of the 2007 agreement of Bulgaria's accession into the EU. Over the years there have been countless discussions by the Government and energy companies about a new KNPP unit (Unit 7), as well as debates of completing the controversial, and incomplete, Belene project with

the produced and delivered two Russian reactor vessels, two pressure compensators and 24 hydraulic accumulators.

Thermal power plants were encouraged in Bulgaria in the early 2000s as Kozloduy NPP units were being closed as part of Bulgaria's accession into the EU. Today there is a strong thermal power plant complex (TPPs) known as the Maritza Iztok Mining complex which consists of three lignite-fired thermal power plants (TPPs) known as: Martiza East 1 (ME-1), a 686 MW U.S. built, owned and operated by AES Corporation; Maritza East 2 (ME-2), a 1,610 MW state-owned plant; and, Martiza East (ME-3), a 908 MW plant owned by the U.S. company, Contour Global. Other TPPs exist throughout the country.

Bulgaria's energy generation includes nuclear energy, solid fuels, such as lignite, as well as small quantities of gas. The role of renewable energy sources (wind, solar, biomass, and hydro) has increased dramatically in recent years; renewables make up nearly 14 percent of

Bulgaria's electricity production.

Energy prices on the regulated market are fixed, by reference, or formula-based, indicating low levels of competition in the energy sector. The country's regulatory regime is unpredictable and American companies have faced problems with enforcing existing contracts.

Currently the electricity market in Bulgaria is undergoing certain major changes, including the introduction of new rules for renewable energy producers, the abolition of the electricity export tariff, and market coupling projects, which will also affect the Independent Bulgarian Energy Exchange (IBEX). IBEX has been in operation since early 2016. Bulgaria is among the last countries in Europe that introduced its energy exchange. The purpose was to regulate free trade, to ensure electricity prices are set on a free market basis, and to bring transparency to the trading of energy.

The main issues that the free electricity market in Bulgaria faces **are low liquidity, price volatility, and lack of integration with neighboring markets**. The legal framework governing IBEX operations is subject to constant improvements and revisions. Some of the most important regulations implemented in 2018 were the abolition of the "single buyer" role (the Bulgarian National Electricity Company), the inclusion of producers of 4 MW and over on the free market, the switch from preferential prices for electricity to premiums, and the purchase of the electricity distribution companies' technological losses from the market. Centralized trading via IBEX was also introduced.

2019 was the year of key changes in the Bulgarian energy sector. These changes include producers of electricity from 1MW to 4MW joining the energy exchange, and an intra-day market coupling with another 21 European countries. The energy regulator's pricing decisions provided stability of the regulated market. The watchdog created the regulatory framework in the natural gas field necessary for the development and extension of Bulgaria's gas transmission system and the construction of the Balkan Stream gas pipeline project. The launch of trade in natural gas on the platform of the Balkan Gas Hub also happened in 2019. An important task to be performed by the end of 2020 is the completion and commissioning of the Greek-Bulgarian gas interconnector. The project will contribute to the security and diversification of EU energy supplies without unduly distorting competition.

There are 372 plants ranging between 1 MW and 4 MW, half of which are solar, with a total installed capacity of 750 MW. Until now, their electricity has been bought by the National Electricity Company (NEK) and sold on the regulated market. Under the new law, producers in the range 1-4 MW will switch from preferential prices to a different feed-in tariff structure. They will sell the produced energy at market prices on the IBEX and be compensated for the difference between the market price and the preferential prices granted in 2010, 2011 and 2012 (premium compensation). The premium compensation will be paid out by the special State Energy Security Fund. The changes provide for the granting of a premium on a competitive basis.

It is expected that the IBEX will increase its liquidity, which will inevitably solve one of the main current issues highlighted by the business – insufficient electricity and high prices.

Another expected project is the high-efficiency cogeneration plant in Bulgaria which should be build near the Sofia and will generate roughly 55 MW of heat and approximately 19 MW of electricity. At the end of 2019 the European Commission approved nearly EUR million for the co-gen plant in the Bulgarian capital which will use 180,000 tons of unrecyclable waste as fuel per annum. The plant set up by Toplofikacia EAD ( Sofia district

heating company), will be connected to the city district heating network. Its construction should be completed by the end of 2023.

In an important step towards further liberalization of its natural gas market, some important amendments to its Energy Act were published at the end of 2019, introducing a new framework for a domestic natural gas exchange. The changes aim at enhancing the liquidity and liberalization of the natural gas market, with potentially important implications for businesses with interests in the industry.

#### Sub-Sector Best Prospects

##### Gas

Bulgaria's domestic market for natural gas is only 3 billion cubic meters (bcm) per year. Bulgaria imports 2.9 billion cubic meters of gas from Russia per year under a long-term contract valid through 2022. Gas supplies from Gazprom are delivered through a pipeline crossing Ukraine, Moldova and Romania. In March 2020 Gazprom and Bulgargaz, the sole public supplier of natural gas for the country, have agreed on a 40 per cent reduction in the price of natural gas imported to Bulgaria. A month later the parliament adopted amendments to the energy law changing the price of gas retroactively and allowing the energy regulator to decrease the regulated price to end users to August 5, 2019.

Bulgargaz has booked a capacity of around 500 m.cu m of natural gas per year for a 10-year period at the Alexandroupolis Independent Natural Gas System (INGS), offshore Greece. Bulgaria's participation in the gas terminal project is in line with the government's strategy for diversification of its natural gas sources, aimed at guaranteeing the country's energy security, the government said in a statement following its weekly meeting.

Bulgarian gas transmission system operator Bulgartransgaz holds 20% interest in Gastrade, which is developing the floating LNG terminal off Greece's northern coastal city of Alexandroupolis.

Potential gas project opportunities (for suppliers, principal contractors, etc.) include:

- LNG technologies and liquefaction know-how provides opportunities for further diversification of natural gas supplies in Bulgaria,
- Significant booking capacity exists for expanding the Bulgarian gas transition system to Turkey and Serbia;
- Depleted fields are being considered for the construction of underground gas storage (UGS) in the Black Sea;
- Expansion of the existing Underground Gas Storage facility located at Chiren. The project should be completed by 2024 and USD 330 M will be needed;
- Onshore gas exploration opportunities in Western and Northern Bulgaria;
- Setting up Bulgaria's gas exchange market to facilitate the establishment of a distribution center (hub) on the territory of Bulgaria, as well as a suitable market environment, by establishing a new subsidiary company;
- Bulgaria's state energy holding company (BEH) and Greek natural gas company Gastrade are participating in an off-shore liquefied natural gas (LNG) terminal in Alexandroupolis (northern Greece). The expected cost is USD 413 million;
- The EU supports the construction of EUR 220 million Interconnector Greece-Bulgaria (IGB) with an initial annual capacity of 3 billion cubic meters per year;

- The gas interconnector with Romania is completed and the current Government committed to advance the ones with Greece and Serbia. There is a plan for increased capacity for electricity interconnectivity, primarily with Greece.

## Oil

Domestic oil resources in Bulgaria are limited to about 15 million barrels; production is marginal. Import, export, and trade in crude oil and refined products are completely liberalized. All the crude oil and considerable quantities of refined products are imported from Russia. Russia's Lukoil owns the only refinery in the country. Bulgaria strives to become an oil producer and in 2012 the country awarded licenses for offshore oil and gas exploration.

Not long ago the hydrocarbon exploration permit for the 1-21 Khan Asparuh offshore block in the Black Sea was extended by Bulgarian Government by two years, namely to 15 May 2022. In addition, the Government allowed Spanish company Repsol to withdraw from the project and transfer its 30 % stake to other two participants in the project – Total E&P Bulgaria and OMV Offshore Bulgaria. As a result of this change, Total now holds 57.14 % stake in the block, while OMV holds the remaining 42.86 %.

Khan Asparuh block has a total area of 14,220 square kilometers and it is located some 80 kilometers from the Bulgarian coast, with water depth between 100 and 2,000 meters. According to the agreement signed with the consortium of French Total, Austrian OMV Group and Spanish Repsol, exploration drillings were supposed to start in 2014, but were postponed due to a decline in crude oil prices. According to previous estimations, the natural gas reserves in Khan Asparuh block stand at 100 billion cubic meters. The consortium plans to invest over EUR 200 million in the project.

SPM Overseas Corporation won a tender for the award of a permit for prospecting and exploration of the underground resources in the Vratsa area, onshore NW Bulgaria. The Denver-based company is expected to initiate the project in the fall of 2020.

## Smart Grids

Bulgaria's energy strategy foresees the replacement of ordinary power transmission networks with smart grids by seeking EU funds for the replacement of conventional electricity meters with smart ones. The issue how to deal with overcapacity in the electricity market is critical for the integration of renewables into the electricity grid in Bulgaria. Priority of the Government should be A) increasing the transmission capacity and B) introducing of a smart grid development as solutions handling the overcapacity in the power market.

At the end of 2019 the authorities adopted changes to the transmission and distribution grid connection rules, aiming at reducing the administrative burden on producers and consumers of electricity from RES. As a result of revision of Ordinance 6/2014, grid operating companies are able to provide ex officio coordination and all necessary information during the grid connection procedure, which is expected to greatly assist new applicants.

Grid operators cannot impose additional conditions that may hinder RES producers or consumers. The Ordinance requires grid operators to provide data on their preparation of designs and plans within 14 days of receiving this request. The data will be provided free of charge.

## Nuclear Energy

Bulgaria has a long-standing positive experience of nuclear energy, recognizing the benefits it brings to people and the environment. Nuclear energy supplies around 35% of Bulgaria's electricity, from two VVER 1000 units operating at Kozloduy. In December 2016, following international arbitration, Bulgaria paid some EUR 600 million (\$642 million) in compensation to Russia's Atomstroyexport for the equipment already manufactured by the company for the new nuclear capacity project. The equipment is now stored at the site designated for the construction of the power plant.

Due to the Covid19 crisis the Bulgarian Government took a decision to extend the deadline for submitting offers for becoming strategic investor in the project for construction of Belene new nuclear capacity. There are five companies which have announced intention to submit binding offers.

Last year, Bulgaria shortlisted five companies for the 2000-MW Belene project - China National Nuclear Corporation (CNNC), Korea Hydro & Nuclear Power, Russia's Atomenergoprom - a subsidiary of Rosatom, France's Framatome, and US-based General Electric. However, Framatome and General Electric had only proposed to supply equipment for the power plant, according to the ministry.

Bulgaria is among the top 25 overall ranking for U.S. Civil nuclear exports.

[https://www.trade.gov/topmarkets/pdf/Civil Nuclear Executive Summary.pdf](https://www.trade.gov/topmarkets/pdf/Civil_Nuclear_Executive_Summary.pdf)

Project opportunities exist in the following areas:

- Equipment of the Turbine Hall of the new nuclear capacity, including switchgears, transformers and other power evacuation,
- Maintenance and upgrade of steam turbines at Kozloduy NPP (see [www.kznpp.org](http://www.kznpp.org)),
- Activities related to the decommissioning of four NPP reactors,
- Small /Advance Modular Reactors,
- Diversification of Kozloduy NPP's fuel supply,
- Removing and packaging of historical nuclear waste,
- Nuclear safety and radiation protection,
- Technical support for the regulatory body, and
- Working with Bulgaria's universities on training and educating nuclear engineers

## Renewables

In Bulgaria, electricity from renewable sources is mainly promoted through a premium tariff. All power plants using renewable energy and CHP with an installed capacity of 4 MW and higher should sign contracts with the Electricity System Security Fund (ESSF) on the granting of a premium to offset the difference between the stock price and the price in the long-term contracts that RES-E producers have with the National Electricity Company (NEK). The connection of renewable energy plants to the grid is subject to the provisions of the general legislation on energy. Renewable energy is not given priority access.

The use of renewable energy for heating and cooling is promoted through a subsidy from the European Regional Development Fund, several loan schemes and through an exemption for building owners from property tax.

Bulgaria's installed wind capacity for electricity generation is 701 MW, the solar capacity -1043 MW, water capacity -3204 MW and biomass capacity - 78 MW. The RES capacity of roughly 4 GW presents huge growth opportunities, however legal challenges have cut support for biomass with the exclusion of biomass from waste. Potential investors should make sure that the technology they intend to invest in is supported by local policies.

## Energy Efficiency

Bulgaria remains the most energy-intensive economy in the EU by a wide margin. The structure of Bulgaria's final energy consumption is quite similar to that of the EU. However, in 2016 energy consumption per unit of GDP was three times the EU average. This inefficient use of energy is preventing Bulgaria from fully exploiting the potential of its relatively low energy prices. Transformation efforts for tackling Bulgaria's high energy intensity, overreliance on fossil fuels, and inefficient use of energy and resources are at a very initial stage. The National Energy and Climate Plan stresses Bulgaria's commitment to decarbonize its economy by 2050 in the context of the European Green Deal, but also states the intention to keep Bulgaria's reliance on domestic lignite sources for 2050 and beyond.

Bulgaria is lagging behind in its progress towards its 2020 indicative national target for energy efficiency. So far, two options are being considered – one is financing through the Security of the Electricity System Fund, the other through tradable certificates. There are currently 189 obliged parties in the country with set energy

efficiency targets. The issue is extremely important as the first reporting period ends in 2020 (Directive 2012/27 / EU (2014-2020) and commitments are pending for new targets for a much longer period. For comparison, if the national cumulative target for the first period 2014-2020 was to achieve energy savings of 1 942.7 ktoe, the new target for the period 2021-2030, will be 4 263.07 ktoe according to the Sustainable energy development agency (SEDA).

In 2020 Bulgaria requested a derogation from Europe for the implementation of the National Energy Savings Plan, in particular under the energy efficiency obligation scheme. The reason is that this scheme was put in place about three years earlier than the relevant European directive. In Bulgaria, the energy efficiency obligation scheme is implemented through a combination of individual energy savings targets for energy traders and alternative measures. To date, Bulgaria is experiencing difficulties in implementing properly the energy efficiency obligation scheme. For the 2014-2018 period, the country met 48.4% (935 ktoe) of the total target of 1942.7 ktoe for energy savings.

#### Upcoming Changes in the Regulatory Area

Households in Bulgaria will get the right to choose the electricity supplier in 2021.

According to Bulgaria's energy minister, the introduction of market conditions for households will not lead to an increase in prices.

According to a national report produced for the Energise project, Bulgaria remains one of the last countries in the EU without a fully liberalized market. In 2019, there were still two types of electricity prices in use: flexible prices on the liberalized market and fixed prices on the regulated market, which are determined by the Energy and Water Regulatory Commission.

In theory, all Bulgarian companies and households have the right to purchase electricity from the liberalized market, but in reality, it is very difficult for consumers to buy electricity on the free market. The incentives to do so are also quite limited, as the prices on the regulated market are lower. Full market liberalization remains a hot social and political issue, as the retail market and end-user price deregulation would not only increase suppliers' competition and give consumers greater choice but could also lead to greater price volatility, possibly provoking protests and strikes against a price increase.

The electricity market in Bulgaria is undergoing certain major changes, including the introduction of new rules for renewable energy producers, the abolition of the electricity export tariff, and market coupling projects, which will also affect the Independent Bulgarian Energy Exchange (IBEX).

#### Web Resources

<https://ec.europa.eu/energy/en/topics/infrastructure/projects-common-interest> - Energy Infrastructure Projects of Common Interest

[https://ec.europa.eu/info/sites/info/files/2019-european-semester-country-report-bulgaria\\_en.pdf](https://ec.europa.eu/info/sites/info/files/2019-european-semester-country-report-bulgaria_en.pdf)

[www.bulgartransgaz.bg](http://www.bulgartransgaz.bg) - Bulgartransgaz

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

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

<https://www.me.government.bg/en> - Ministry of Energy

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

[www.bgeef.com](http://www.bgeef.com) - Energy Efficiency and Renewable Sources Fund

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

<https://www.world-nuclear.org/press/press-statements/bulgaria-should-accelerate-new-nuclear-build.aspx>

<http://www.lexology.com/library/detail.aspx?g=62f9e1a1-5e3b-4160-97db-4ca36c1dbd00>

[https://ec.europa.eu/energy/sites/ener/files/documents/2014\\_neeap\\_en\\_bulgaria.pdf](https://ec.europa.eu/energy/sites/ener/files/documents/2014_neeap_en_bulgaria.pdf) - National Energy Efficiency Action Plan

[https://ec.europa.eu/commission/presscorner/detail/en/ip\\_19\\_6349](https://ec.europa.eu/commission/presscorner/detail/en/ip_19_6349)

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## **Travel and Tourism**

### Overview

Over the years, the tourism sector has become increasingly significant for the Bulgarian economy. Sharing borders with Greece, FYR Macedonia and Serbia, Romania and Turkey, Bulgaria has plenty to offer to the visitors as a tourist destination.

In spite of many gloomy forecasts in the past year, the great competition for tourists in the region, despite the difficulties on the international scale in the second half of 2019 caused by the bankruptcy of the oldest world tour operator Thomas Cook, Bulgaria showed that with hard work and quality of services, it remains a desirable tourist destination for millions of foreign and Bulgarian tourists.

EUR 3.7 billion is the revenue from international tourism for 2019 in Bulgaria, according to the data of the Bulgarian National Bank. The openings of the Hyatt Regency and Grand Hotel Millennium hotels in Bulgaria's capital Sofia, were postponed due to the coronavirus disease (COVID-19) pandemic for the fall of 2020.

The five-star, 113 meter- tall Marriott Sofia Hotel is currently under construction and it will invite its first guests in 2022. The Black Sea Trade and Development Bank, Postbank together with the Italian company Finvis financed the construction of the first Marriott Hotel in Bulgaria.

Last year the Bulgarian market attracted EUR75.2 million (\$81.2 million) in investments in hotels.

In the first half of 2020, the spread of the coronavirus has plunged the Bulgarian travel and tourism industry into one of its worst crises, with about 90% of reservations canceled and future bookings evaporated. Bulgarian travel industry authorities have found themselves in a paradoxical situation: they have gone from a scenario in which the administration tried to increase tourism rates because it was a growing and profitable sector; to a scenario in which the administration will have to inject millions into travel agencies, hotel chains, charter flights, tour operators, etc. So that they don't have to close and can continue to provide jobs when the situation recovers.

There was a 53% decline in the passengers at Sofia Airport and the reason is the spread of the COVID-19 virus, which led to the cancellation of a large part of the flights.

The Ministry of Tourism undertook measures to support tourism business during the COVID-19 crisis:

- Possibility for tour operators to provide vouchers to customers for cancelled trips.
- Deadline extension for tourism businesses to fulfil obligations.
- Issuing of guidelines and recommendations for tourism packages.

Tourism businesses are benefiting of general fiscal policy, monetary policy, and labor measures, to support the recovery, the Ministry of Tourism is encouraged vouchers to stimulate domestic tourism for the late summer season. Another crucial long-term measure under development is the establishment of a Guarantee Fund in the tourist interest protection.

Opportunities do exist for U.S. companies, joint venture partners and investors in Bulgaria's travel and tourism sector. Areas of opportunity include:

- Design, branding, and management services for hotels, as well as hotel equipment supplies;
- Continued investment for upgrading tourist facilities and infrastructure;
- Equity investment and joint ventures in the hospitality sector;
- Innovative online sales/booking platforms;
- Development and management of Golf Courses;
- Development and expansion of marinas;
- Development of Spa and Wellness Tourism;
- Best US Practices in City Breaks and Short Breaks;

- Best US Practices in all-year-round tourism destinations;
- Development of the Agritourism niche;
- Software (Content Management Systems and Customer Relationship Management) exclusively for tourism websites.

#### Trade Events

After March 2020 all trade events in the travel, tourism and hospitality industries had been canceled.

Hotel and Investment Forum (HTIF) hybrid

A networking and deal-making conference on major industry trends for hotels and tourism investments.

**February, 2021** ☑ Inter Expo Center, Sofia, Bulgaria

Holiday and Spa Expo – international tourism and trade fair <https://www.showsbee.com/fairs/Holiday-Spa-Expo.html>

#### Web Resources

[www.tourism.government.bg/en](http://www.tourism.government.bg/en) (Ministry of Tourism)

<http://investingintourism.com/bulgaria-tourism-investment-brief/>

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## Environmental Technologies

### Overview

Bulgaria has made significant improvements in its environmental performance since its accession in 2007. While Bulgarian legislation reflects the EU's environmental requirements, implementation remains a challenge.

Concerns about air quality, especially in Sofia, construction in protected areas, lack of integration of nature and biodiversity policy, and lack of adequate management and conservation objectives continue to challenge the government.

While Bulgaria's drinking water, due to extensive, high-quality aquifers throughout the country, is of excellent quality, the country's sewage network is incomplete and sewage treatment rates for urban waste water is still low. Bulgaria still needs to build a number of drinking water and waste water treatment plants.

### Environmental Opportunities for U.S. Companies

- Industrial, agricultural and municipal waste water treatment facilities
- Membrane technologies
- Solid waste landfill construction and maintenance
- Waste collection and waste sorting equipment
- Waste-to-energy technologies
- Recycling technologies and facilities
- Composting of bio waste
- Hazardous waste treatment technologies
- Measures for closure and rehabilitation of all non-compliant landfills and enforcing of the 'polluter pays' principle
  - Integrating the nature and biodiversity policy into other sectorial policies, and defining conservation objectives and measures for the adequate protection and management of the protected nature sites
  - Air pollution control technologies for various industries
  - Drinking/waste water treatment technologies
  - Water loss detection equipment

Bulgaria's Operational Program on the Environment 2014-2020 offered a variety of opportunities for U.S. exporters to provide solutions for environmental protection in different sectors. The new Operational Program on the Environment 2021-2027 is still in the process of being adopted. It will provide \$1,77 billion of EU funds for water management, waste management, biodiversity, climate change and air pollution control. Here are some of the expected outcomes of the new Operational Program - additional 1.5 million people served by improved wastewater treatment; additional 200 thousand people served by improved water supply; 285 thousand tons less waste going to landfills; 1.3 million people benefitting from cleaner air; 4.4 million hectares of species and habitats with improved conservation status; 2.8 million people benefitting from flood protection and reduced risk of landslides.

### Sub-Sector Prospects

#### Air Pollution Control

The air pollution control sector provides opportunities to U.S. exporters for the construction of pollution control installations at various industrial facilities. Measures to combat air pollution have been highlighted as priorities by the Government of Bulgaria and utilization of EU funding has been allocated. Some municipalities are more active and are looking for new technology for air pollution control.

The Operational Program on the Environment 2014-2020 is providing funding to municipalities for air pollution control projects such as reduction of coarse particle dust, PM10, carbon dioxide; replacement of coal and wood heating appliances with environmentally sound alternatives in various municipalities, including Burgas, Montana, Sofia, Smolian.

#### Drinking Water and Waste Water Management

With 688 rivers, 43 lakes, 13 coastal waterways, and 177 groundwater bodies/aquifers it is estimated that only 47.2 percent of Bulgaria's natural surface water bodies reach a good or high ecological status.

To meet EU requirements most Bulgarian industries will need to construct or upgrade their wastewater treatment facilities. Urban wastewater treatment plants are planned for hundreds of cities and towns with more than 5,000 residents. The financing of water infrastructure depends on master plans that identify the needs of given districts/ groups of towns. The EU will provide funding for both standard and innovative solutions for wastewater treatment to include funds for the construction and rehabilitation of water supply/sewage networks in many municipalities. Bulgarian water utility companies will tender these projects as design and build projects. Opportunities exist for U.S. exporters to provide various consultancy services and participate in supply chains. EU funding for construction or rehabilitation of sludge treatment facilities, wastewater treatment plants, and biomass utilization projects also exists.

To further speed-up the process of upgrading Bulgaria's water infrastructure the government empowered municipalities to work with the recently established water associations at municipal level in order to transfer ownership and improve their performance, water quality and water management. The Bulgarian water utility companies are beneficiaries to the EU funding for water/waste water treatment facilities. Price is a leading factor in winning these tenders but U.S. firms may participate as long as they have a Bulgarian partner or representative. The U.S. Commercial Service can assist with identifying a Bulgarian partner.

#### Waste Management

Municipal/solid waste generation in Bulgaria increased slightly in 2017 but remains below the EU average (435 kg/year/inhabitant compared to around 487 kg/year/inhabitants in the EU). Contrary to the desired trend, there is an increase in the usage of landfills and a decrease of recycling. Recycling of municipal waste (including composting) increased to 35 percent in 2017 but is still low compared to the EU average of 46 percent. Bulgaria still has one of the highest landfill rates at 62 percent (2017) in comparison to the EU average of 24 percent. The country needs to either close or rehabilitate numerous non-compliant landfills.

Full implementation of the existing waste legislation could create more than 14,000 jobs in Bulgaria and increase the annual turnover of the waste sector by over USD 1.6 billion. Waste legislation and policies could create an additional 16,500 jobs and increase the annual turnover of the waste sector by over USD 2.1 billion.

#### Web Resources

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

Ministry of Regional Development and Public Works - <https://www.mrrb.bg/en/>

Draft Operational Program 2021-2027 -

[https://www.eufunds.bg/sites/default/files/uploads/opus/docs/2020-04/OPE%202021-2027%20draft%20ENG%20final%20March%202020\\_3.pdf](https://www.eufunds.bg/sites/default/files/uploads/opus/docs/2020-04/OPE%202021-2027%20draft%20ENG%20final%20March%202020_3.pdf)

Operational Program 2014-2020

<http://2020.eufunds.bg/en/6/0/Project/Search?StFrom=c3E0NC9D3EE%3D&ShowRes=True&IsProgrammeSelected=False&IsRegionSelected=False>

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## Healthcare & Life Sciences

### Bulgaria's Outlook for Healthcare & Life Sciences

In Bulgaria health policy priorities and national programs are determined by the Council of Ministers and executed through implementation of National Health Strategy. At district level all health policies are implemented by the Regional Health Inspectorates. The main actors are the National Assembly and its Parliamentary Healthcare Committee representing the legislative power; the Council of Ministers and the Ministry of Health representing the executive power; and the National Health Insurance Fund and the professional organizations representing the public and non-government sector. The Bulgarian Drug Agency (BDA) is a specialized state regulatory authority reporting to the Minister of Health exercising supervision over the quality, safety and efficacy of drugs (incl. biological) and of medical devices. The BDA is responsible for authorizing and registering drugs and medical devices to be launched in the market. In April 2019 the U.S. Food and Drug Agency confirmed the capability of the BDA to carry out good manufacturing practice (GMP) inspections at a level equivalent to the United States.

The Bulgarian Ministry of Health (MoH) is responsible for the overall supervision of the healthcare system, drafting health legislation, developing national health policy and implementing programs aimed at improving the health of the population, budget and financial control. National health policy is executed through the activities of 28 Regional Health Boards. The MoH operates the emergency care network, 28 hygiene-epidemiological inspectorates, number of national research centers, including centers for hygiene, medical ecology & nutrition, health information, pharmaceuticals institute, public health and healthcare financing, tertiary care centers and hospitals specializing in acute care, psychiatry, pulmonary diseases and rehabilitation. There are several medical universities in operation in Sofia, Varna, Plovdiv, Pleven and Stara Zagora. These institutions are largely autonomous.

Based on data from the World Health Organization (WHO), it is estimated that Bulgaria spent some 8.5 percent of its GDP on healthcare in 2019. The national healthcare budget in 2019 reached record USD 2.39 billion. Although health spending per capita is low it consumes a significant share of GDP and out-of-pocket payments are the highest in the EU. In general pharmaceuticals and inpatient care absorb the majority of health spending with very few resources dedicated to long-term care and prevention.

Bulgaria's healthcare sector is funded principally through the compulsory health insurance system operated by the Bulgarian Health Insurance Fund (BHIF). The Fund collects contributions from the working population and the government makes payments on behalf of those exempt, such as the elderly, the unemployed and dependents.

Note: the upcoming discussions of the EU Pharmaceutical Strategy following the EU Commission's evaluation of the Orphan Regulation (rare disease) and the Pediatric Regulation will focus on five criteria: effectiveness, efficiency, relevance, coherence and EU added value of the Regulations. A potential reopening of the Orphan Regulation and other R&D incentives for pharmaceuticals would create uncertainty and concerns for the innovative pharmaceutical industry. More information on potential future legislative proposals will be available in the fall once the EU Pharmaceutical Strategy becomes public. CS will closely monitor and update.

### Healthcare Best Prospects

#### Pharmaceuticals

##### Overview

Despite new measures and mechanisms introduced by the Ministry of Health aiming at curbing the spending for pharmaceuticals the Bulgarian pharmaceutical market grew with 7 percent in 2019 reaching USD 2.17 billion, according to data provided by global analytics leader IQVIA. The growth is mainly due to the development of the hospital market which grew with 15 percent reaching USD 424 million and specifically some oncology categories. Pharmacies market segment also grew with 5.8 percent accounting for USD 1.85 billion in revenue. Products without prescriptions grew 7.8 percent reaching USD 600 million which was mainly due to increase in spending for dietary and sports nutrition. All major U.S. drug manufacturers are present in market and members of the Association of the Research-Based Pharmaceutical Manufacturers Association (ARPhaRm).

**PHARMACEUTICAL SALES, HISTORICAL DATA AND FORECASTS (BULGARIA 2016-2022)**

Indicator	2016	2017	2018	2019	2020	2021f	2022f
Pharmaceutical sales, USD bn	1.636	1.773	1.967	1.976	1.96	2.174	2.324
Pharmaceutical sales, USD bn % y-o-y	6.52	8.4	10.94	0.43	-0.81	10.92	6.91
Pharmaceutical sales, USD per capita	228.7	249.7	279	282.2	282.2	315.2	339.5
Pharmaceutical sales, % of GDP	3.04	3.01	2.97	2.91	3.15	3.17	3.19
Pharmaceutical sales, % of health expenditure	37.3	37.3	38	38.1	37.9	38.1	38.1

Source: NHIF; Fitch Solutions

### Pharmacies & Drug Stores

An ageing population provides pharmacy operators with a growing number of loyal customers and a stable demand. The market is also one of the most consolidated among retail sub-sectors in Bulgaria. Currently there are some 3500 registered pharmacies operating in Bulgaria. The leading retail chain, Apteka Mareshki, has more than 300 drug stores, and there are three more chains with more than 45 pharmacies, including the only foreign brand, DM Pharma. With Bulgaria's population in mind, there is more room for the market to grow. With several large players already in place, consolidation is likely to follow, as some of the pharmacy chains are big enough to acquire smaller, regional competitors in the medium to long term.

Bulgaria-based distributor of pharmaceuticals Sopharma Trading (part of Sofia-based Sopharma - Bulgaria's second largest drug maker and one of the country's oldest companies) entered the retail market in mid-2017 and has been expanding rapidly ever since. The company has expanded in 15 cities running 63 pharmacies under the Sopharmacy brand.

Online sale of OTCs and nutrition products is on the rise recording annual growth of some 20-25 percent hence the increase in online pharmacies and specialized shops.

### Medical devices

Bulgaria represents one of the smallest medical device markets in the EU, which will register a mid-single-digit local currency compound annual growth rate (CAGR) over the 2018-2024 period. The market is largely reliant upon imports which are primarily sourced from other EU member states and the US. Market growth will be dependent upon increasing healthcare funding and the success of efforts to develop the private sector.

**PROJECTED MEDICAL DEVICES MARKET (2019-2024)**

	2019e	2020f	2021f	2022f	2023f	2024f
Total market (USD million)	323.9	353.9	390.7	421.6	452.8	480.4
Per capita (USD)	46.3	51	56.7	61.6	66.6	71.2

Source: Fitch Solutions estimate; National Statistics Institute

#### Key opportunities:

- New National Children's Hospital Project worth USD 45.2 million – opportunities for U.S. medical devices suppliers to participate in the project which shall have 400 beds and operating facilities. The company that was awarded the contract has one year to prepare and submit its plan for development. The project is expected to take three and a half years to complete.
- Active implantable devices
- Anaesthetic and respiratory devices
- In vitro diagnostic devices
- Ophthalmic and optical devices
- Diagnostic and therapeutic radiation devices
- Hospital equipment
- Laboratory equipment
- X-ray machines
- Software and hardware

#### E-health & Innovation

There is a strong U.S. presence in Bulgaria of key enterprises providing healthcare solutions for the med-tech industry. The U.S. market share is between 30-40 percent and increasing. Excellent mobile and internet networks are available in the country with high penetration rates, which makes the market very friendly and open to innovation and digital technologies. Intense competition exists, mainly from German and Chinese providers competing on price and delivery. The National Health Insurance Fund (NHIF) administers the resources collected from the mandatory health insurance contributions. Bulgaria's e-health sector reform strategy encourages modernization and upgrades in a wide range of areas including the demand for telemedicine and introduction of a national health care portal.

Focusing on e-Health, m-Health, telemedicine and big data is outlined in the National e-Health Strategy 2014-2020. Currently the project for the National Health Information System is underway with several tenders announced for various systems with major opportunities for US companies in the following:

- ERP/EHR/PHR/E-prescriptions management solutions;
- Telemedicine & m-Health;
- Pharmacy automation, software and services;
- Picture archiving and communication system (PACS);
- Big data and cloud solutions.

#### R&D and Clinical Trials

Bulgaria ranks top 20 in the world in clinical trials performed and the Bulgarian market is valued at USD 330 Million. Bulgaria offers great potential for Contract Research Organizations (CRO) and all major providers are present in market. U.S. enterprises enjoy a market share estimated at 50 percent and continue to support operations in Bulgaria. Main competitors are German, Swiss and French CROs. There is an active Bulgarian Association of Clinical Research (BACR) with some 135 members that is advocating for high standard in conducting clinical trials and adherence to the requirements of the Bulgarian and international standards.

<http://bacr-bg.com/en/About-the-Association>

## Dietary supplements & sports nutrition

Dietary food supplements is one of the bestselling segments with a steady growth in the last years. The sub sector recorded 14.5 percent growth reaching USD 239 million. Dietary supplements have enjoyed increased popularity over the last five years and represent more than half of overall value sales in vitamins and dietary supplements, with a 55 percent share. The increased popularity of such products is mainly due to the fact that they are seen as natural, harmless and a healthy substitute for synthetic traditional remedies which have the potential for side-effects. The most popular dietary supplements category is probiotic supplements and this category represents a 25 percent share of overall sales of dietary supplements.

## Medical Tourism

In recent years Bulgaria developed a network of private cosmetics surgery and dental clinics which are at very affordable price and at world-class medical service. Coupled with the tradition of balneology, spa tourism, modern facilities and rehabilitations centers and the highly qualified healthcare staff makes Bulgaria a top choice for European and world visitors. Major opportunities include treatment of infertility, plastic surgery, dental care, hip replacement, surgery and laser eye surgery.

## Trade events

Bulmedica/Buldental

<https://bulmedica.bg/index.php/en/>

## Web Resources

- [www.mh.government.bg](http://www.mh.government.bg) (Ministry of Healthcare)
- [www.nhif.bg](http://www.nhif.bg) (National Health Insurance Fund)
- <http://www.arpharm.org/> (Association of Research-based Pharmaceutical Manufacturers in Bulgaria)

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## Information and Communications Technologies

### Overview

New opportunities exist in the ICT sector as Bulgarian companies work to increase their competitiveness in the EU, and as the Bulgarian Government complies with EU directives and legislation concerning its digital economy. Bulgaria's ICT sector is characterized as stable and constantly growing, making it one of the most profitable sectors in Bulgaria.

Bulgaria has a long, rich tradition in the IT and electronics sectors (dating back to the Communist era) and is still known as the Silicon Valley of Southeastern Europe.

Bulgaria is home to approximately 10,000 ICT companies, 70 percent of which are only exporting. According to International Data Corporation (IDC) (the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets) the Bulgarian ICT market had a turnover with a 300 percent rise over the past 7 years and has reached 2.5 billion euros. After ten years of EU membership software business in Bulgaria is the best performing sector in the ICT industry. One of the factors that attracts so many companies to do business in Bulgaria is the low corporate tax rates of 10 percent.

Bulgaria is also among EU member states where the share of ICT in the formation of the gross added value is relatively high, ranking the country 5th in the EU. The move towards cloud services, mobility and social business positively shaped Bulgaria's future IT landscape with an anticipated annual increase in IT expenditures of 4.2 percent in the next 5 years, boosted by an accelerated digital transformation spawned by Bulgaria's newly launched eGovernment State Agency.

According to the National Statistical Institute, 75.7 percent of urban homes have high speed broadband, but rural areas lack such coverage. Around 71 percent of Bulgarian homes subscribe to a fixed broadband connection. Bulgaria needs to address a severe digital skills gap where only 41 percent of the population has basic digital skills. Overall, Bulgaria has retained its ranking from last year with some slight improvements to its score. Bulgarian internet users are among the most intensive users of online video calls (1st place) and social networks (6th place). Over 85 percent of people use the Internet for phone and video calls through various applications. Facebook is the most popular social network in Bulgaria. However, Bulgarian internet users appear to refrain most from using the Internet when they need to do online banking or shop on-line and only 20 percent of Bulgarians use Internet to interact with state administration bodies.

Despite the dynamic development of information technologies in Bulgaria, 28 percent of households still do not have Internet access in their homes. More than half of them, 53.6 percent cited as the main reason the lack of knowledge and skills to work with the internet. Some 48.8 percent think they do not need the internet, find it not useful, not interesting, etc., and, according to 27.9 percent of households the equipment is expensive.

Summary of key facts on broadband internet in Bulgaria:

- Fixed broadband networks reach 95 percent of Bulgaria's households.
- 71 percent of homes subscribe to fixed broadband, limiting Bulgaria's ability to exploit the benefits of the digital economy.
- 52.2 percent have mobile broadband connection (via mobile phone connection of at least 3G or USB key).
- Half of fixed internet subscriptions offer high-speed connections (Bulgaria is 11th in the EU), the overall level of fixed broadband internet remains average (31th worldwide).

Source: NSI

**GDPR (General Data Protection Regulation):** Companies have complied with data protection directives and regulations for more than two decades. But the General Data Protection Regulation (GDPR), an overhaul of existing European Commission data protection legislation, aims to strengthen and unify those laws for EU citizens. Primary GDPR objectives are to give back control to citizens over their personal data and simplify the regulatory environment for international business.

U.S.-based hospitality, travel, software services and e-commerce companies will certainly have to take a closer look at their online marketing practices. However, any U.S. company that has identified a market in an EU country and has localized Web content should review their Web operations. For U.S. companies, EU-directed online marketing forms and interactions will have to be adjusted to obtain explicit consumer consent. In the language of the GDPR, consent must be freely given, specific, informed, and unambiguous. Once the data is collected, U.S. companies will then have to protect it under the GDPR's rules. For those that already follow existing data security standards (e.g., PCI DSS, ISO 27001, NIST), these new regulations should not be a burden.

The [GDPR](#) gives some leeway in weighing the risks, but a large exposure of email addresses, personal data that contains sensitive data related to medical or financial information or identifiers associated with children, would all require notification to an EU regulator or supervising authority within 72 hours. For not reporting a breach to a regulator within 72 hours, fines are in the first tier of penalties 2 percent of global revenue rather than the higher 4 percent that has received more press attention.

### Digital Divide

Bulgaria performs slightly better than the EU average when it comes to coverage of high-speed broadband in urban areas. Networks capable of providing at least 30 Mbps are available to more than two-thirds of Bulgarians (72 percent of Bulgarian homes, above the EU average of 71 percent). However, rural areas are not well covered with only 17 percent having high-speed broadband network available.

### Labor

Bulgaria has a respected, highly-qualified and inexpensive pool of IT specialists meeting the business needs of this Silicon Valley of Southeast Europe. However, the education system has not kept up with demand and the number of available IT jobs will soon exceed the number of IT graduates where the demand for IT specialists is three times greater than what the educational institutions can supply. On the positive side, the number of STEM (science, technology and mathematics) graduates has slightly increased.

According to Eurostat, 70,000 people are employed in the ICT sector in Bulgaria, which is 2.3 percent of the total number of employees in the country. This is below the EU average of 3.5 percent. A highly-qualified IT specialist in Bulgaria earns \$20,000 per year which is two to three times more than the wages earned by the average Bulgarian.

### Use of Internet/Online Activities

Bulgaria ranks 19th among the EU's 28 countries with 82 percent of Bulgarians using voice or video calls, and 74 percent participating in social networks. However, Bulgarians are reluctant to engage in on-line transactions, with only 7 percent of Bulgarians using online banking and only 31 percent shopping online.

### Digital Public Services

Better online/e-government public services will enable Bulgarians to interact with public authorities. Bulgaria is the second lowest in the EU in terms of using e-government services.

At the end of 2016, the Bulgarian e-Government Agency was established with a main goal to combine all government efforts in implementing the proper IT infrastructure for digital public services. By 2022, Bulgaria's public administration is expected to be fully digitally transformed, according to the State e-Government Agency.

Some key forthcoming projects of the State e-Government Agency are the following:

- Auditing of the existing e-Government ICT infrastructure.
- An integrated Information System of the e-Government including a public Register of all Projects and Activities.
- A Basic Register of Every Day Events for the business and the citizens.
- Other key registers - a Register of the Citizens' Registration and an Addresses' Register (Centralized Information Systems).
- Spatial Information National Geo-Portal.

- Phase 2 of Bulgaria's broadband projects.

### Business Process Outsourcing

International ICT companies find Bulgaria attractive because of the 0 percent export tax, low operating costs and skilled local workforce. More and more foreign companies are opening global calls and service centers in Bulgaria as they move their operations out of India to Bulgaria, for example.

The four main pillars of Bulgaria's large outsourcing sector are:

- Geographic proximity to large European countries with no time zone issues.
- Availability of highly talented, multi-lingual individuals.
- Low labor costs.
- Favorable macro-economic and political environment.

Technology Sub-Sector Best Prospects Cloud technologies, Big Data, Internet of Things, and social media are growing technology segments. Emerging sub-sectors include cybersecurity, e-health, e-education, e-justice, automotive electronics, intelligent transportation and smart city technologies.

Prospects for U.S. providers also include: broadband internet access technologies, consumer electronics (mainly smart phones and tablets), educational software, software for the financial services sector, analytical software, MES and Production management software, telecommunications equipment, innovation center set-up services, cybersecurity solutions, and others.

### Opportunities

- Government tender opportunities exist for EU-mandated IT solutions to include: computers, peripherals, data centers, software, servers and other hardware technologies and integration services.
- IT infrastructure of the National Revenue Agency
- Integrated IT system of the Bulgarian courts
- Machine voting project
- National e-health system
- The national e-identification project of the Ministry of Interior.
- Government and private companies have undertaken various information and communication initiatives.
- EU funding under the Program for Rural Development and the EU Operational Program for Good Governance will provide funding for broadband access throughout Bulgaria, and other ICT projects.

### Trade Events in 2020

October 1, 2020 - Smart Cities and Mobility Forum 2020 – digital event

<https://www.capital.bg/events/>

October 6, 2020 – Digital Finance Forum – digital event - <https://www.capital.bg/event/189>

Cities and Mobility Forum 2020 November

## Web Resources

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

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

Computerworld Bulgaria ICT Top 100 Ranking <http://computerworld.bg/inenglish/top100>

Bulgarian Association of Software Companies (BASSCOM) - <http://www.basscom.org/>

Bulgarian Outsourcing Association <http://www.outsourcinginbg.com/>

Bulgarian Association of Information Technologies <http://www.bait.bg/>

ICT Cluster Bulgaria - <http://www.ictcluster.bg/> ICT Media Events Portal in Bulgaria - <http://en.ictmedia.bg>

IDC Bulgaria - <http://www.idc.com>

Notes: Publicly available statistical data in Bulgaria is scarce and unreliable. For in-depth market research and more precise data, please contact Ms. Neli Vacheva, Country Manager, IDC Bulgaria, Neli Vacheva at [NVacheva@idc.com](mailto:NVacheva@idc.com); <http://www.idc.com>

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## Safety and Security

### Overview

Bulgaria, with an external EU border, hopes to join the Schengen area before 2021. This is one of the reasons why safety and security remains an important issue for the Bulgarian government and businesses in 2020, and into the future. The Bulgarian Ministry of Interior together with the Ministry of Finance, the Customs Agency, and the Border Police are looking for ways to improve and strengthen management and information sharing of the borders – both internal and external for EU.

For the new EU program period 2021-2027 Bulgaria is expected to receive nearly USD 34.6 billion for various programs and around USD 600 million will be dedicated to security and homeland infrastructure projects to strengthen the functionality of the borders and EU exchange information. Bulgaria will also have to maintain and upgrade the completed fence on the Turkish border (a project for USD 100 million – 240 km) as this infrastructure project is of a crucial importance for both Bulgarian and European security.

Since 2017, US Embassy Sofia has had a Department of Homeland Security and Customs and Border Protection agent in Sofia working closely with Bulgarian Border Police structures. They are focusing on optimizing the border checking process and providing high level intelligence in corporation with Interpol, FBI and Bulgarian authorities.

For 2020 the Bulgarian Security market is estimated at USD 122.5 million.

The three biggest market shares are: 44% is for the First Responders; 32.5 % Security infrastructure and 13.3% Border Security. Followed by Critical National Infrastructure (6.1%), Transport Security (1.7%) Major events (1.5%) and Central Government Security (0.9 %).

In 2030 the Bulgarian Security Market is expected to reach USD 1.61 billion.

The Bulgarian Security Sector revenue shares for 2020 by technology: Surveillance USD 31.28 million, Communication Equipment – USD 20,78 million, Managed Services – USD 17.6 million, Command & Control – USD 12.24 million, Fire Equipment – USD 10.83 million, Vehicles & Platforms – USD 8,88 million and others – such as Access Control and Identity Management, Screening and Detection, Data Analytics and Storage, Personal Protection Gear, Disaster Management and Risk Averse Security.

Bulgaria has 3,200 registered security companies and around 130,000 people are currently employed in the Security sector.

Europe, and more specifically Bulgaria, is a key target for cybercrime because of its advanced Internet infrastructure, high number of users, and payment systems. In addition - several cities in Bulgaria, such as Sofia, Plovdiv, Varna and Bourgas, host a great number of R&D centers, Centers of Excellence, Software Development hubs, service and shared centers for leading global companies and manage 24/7 international operations. In 2020 Bulgaria (the capital Sofia) was selected to host one of the 5 US Petascale Super Computers (part of the EUROHPC program). Bulgarian rapid development in the latest IT, AI, Big data and communication also triggered the cyber crime interest.

Bulgaria has signed a memorandum of understanding with NATO in reference to fostering international collaboration on counter cyber threats through information- and capability-sharing, as well as joint participation in cyber exercises. The legal framework, has been harmonized with EU legislation and provides numerous opportunities for foreign companies to invest in the country.

The Bulgarian government adopted a National Strategy for Cybersecurity called “Cyber Resilient Bulgaria 2020.” This strategy aims to provide better protection for citizens, businesses, governments and critical infrastructure. Cyber security is crucial for businesses, citizens and the government given the adoption of the E-Governance law and future implementation of e-services.

### Opportunities

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

## Public Safety

Most large and middle-sized cities in Bulgaria now have a video surveillance system with more than 2,000 cameras in the whole country monitoring pedestrian areas, major crossings, and traffic safety. In general, the central areas in these cities are the most monitored zones, but sensitive zones, including for traffic safety and public safety will also be included in the future and will include all police vehicles being equipped with built-in video surveillance.

Improving IT security is a top investment priority for Bulgarian financial institutions. Some 67 percent of Bulgarian banks and insurance companies plan to increase their spending on security technology in the next years followed by an investment in automating key customer services.

Reports show that 99.9 percent of cyber-attacks in the country are due to a company's poor information security. In response to increases in cyber threats, in 2020 the Bulgarian government, with the EC financial support, announced programs/initiatives to spend around USD 9 million for fighting Botnet and will spend close to USD 1 million for regulations of cyber threats.

## Traffic Safety

Bulgaria is one of the 3 EU country with the most traffic incidents. The Government of Bulgaria created in 2019 the State Agency Road Safety to work on that issue and increase the public awareness. To stem this the Ministry of Interior - Traffic police will also complete in 2020-2021 the following:

- Update its speed cameras with new modern ones.
- Acquire new generation laser speed cameras in approximately 30 cities which can check the speed of more than one vehicle at the same time and provide images processed by 4G computers to include fines generated and sent directly via mail.
- Purchase an additional 20 stationary speed radars costing USD 1.5 million
- Acquire 28 portable cameras costing USD 1.147 million.
- Acquire 100 new alcohol and drug testing apparatus costing USD 1.260 million.

## Security Companies

The Industrial Cluster "Security" in Bulgaria announced an updated list with all existing security companies. According to the data, there are over 3200 companies licensed to carry out private security services – 1,090 have a national license and the remaining 2110 have regional licenses. Most of them are small and medium-sized companies and do not directly acquire security equipment but provide 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 (National Association of Trade Security and Security Companies) is a non-profit association of Bulgarian security companies. NAFSTO members employ over 22,400 people (37.1 percent of private security employees).

Local production of security equipment is limited to parts and accessories for optics and camera parts, telephones and installations, metal detectors, safe deposit boxes, intercoms, sirens, control panels, control alarm systems, electronic locking systems for elevators; electronic locking systems for external doors inputs, TV systems for day/night surveillance, systems for perimeter and outside perimeter guarding, cameras and lenses, communication cables, fire detectors, equipment and parts for access control, signaling devices and production of protective clothing with special purpose – fireproof, antistatic, water and oil-proof, wind-proof and aggressive- proof.

## Leading Sub-sectors

To join the Schengen Area, the Bulgarian government must develop projects to upgrade its EU's external borders and to integrate into the Schengen Information System (SIS).

Best prospects include:

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

Some of the current and ongoing Government of Bulgaria projects:

- Ministry of Defense - USD 14 million project for 14 surveillance drones (12 Class I “Mini” and 2 Class I “Small” UAVs);
- Ministry of Finance – Customs project for installing 360 CCTV systems for tax warehouses including all cigarettes, liquids and petrol warehouses. The project also involves the related software for registration plates reading and reporting of the vehicles.

Trade Events

**September 30- October 2, 2020** ☐ International Fair Plovdiv, Bulgaria ☐

<http://www.hemusbg.org/en> **Hemus Defense Antiterrorism and Security (postponed from May 2020)**

**April 21-23, 2021** ☐ Split, Croatia ☐

<http://adriaticseadefense.com/> **Adriatic Sea Defense & Aerospace (ASDA) Exhibition Split, Croatia**

**May 12-14, 2021** ☐ ROMAERO S.A., Bucharest, Romania ☐

<http://bsda.ro/en/> Black Sea Defense & Aerospace Exhibition - BSDA 2021 (postponed from 2020)

Web Resources

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

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

Border Police: [www.mvr.bg/gdgp](http://www.mvr.bg/gdgp)

Ministry of Transport, Information Technology and Communications – [www.mtitc.government.bg](http://www.mtitc.government.bg)

Cyber Crime Awareness website - [www.cybercrime.bg/bg](http://www.cybercrime.bg/bg)

National Association of Trade Security and Security Companies - NAFTAO - <https://naftso.org/>

Industrial Cluster Security – [www.iksbg.com](http://www.iksbg.com)

Bulgarian Chamber of Security and Protection – [www.bkos.bg](http://www.bkos.bg)

Frost & Sullivan Company - <https://ww2.frost.com/>

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## Customs, Regulations & Standards

### Trade Barriers

Bulgaria is a relatively open market, but certain administrative and procedural requirements can become non-tariff trade barriers. Poor IP protection and the need for greater transparency and predictability in the regulatory environment are common market access issues for U.S. firms. For this reason, a vetted, experienced agent/distributor, or representative is essential in Bulgaria.

- For [information on Bulgaria's existing trade barriers](#) (pdf), published by the Office of the U.S. Trade Representative
- For information on Bulgarian food and agricultural import regulations and standards see: [Gain Report](#).
- To report existing or new trade barriers and get assistance in removing them, contact either the Trade Compliance Center at <http://tcc.export.gov/> or the U.S. Mission to the European Union at: <http://useu.usmission.gov/>.

For more information and help with trade barriers please contact:

International Trade Administration

Enforcement and Compliance

(202) 482-0063 - [ECCcommunications@trade.gov](mailto:ECCcommunications@trade.gov)

<http://trade.gov/enforcement/>

### Import Tariff

Since joining the EU in 2007 Bulgaria has been a member of the EU Customs Union. Most Bulgarian customs provisions were replaced with EU regulations. EU products enter Bulgaria free of tariffs which is why U.S. products are often not competitive. Tariff rates for imports from countries outside the EU range from 4 percent to 45 percent. See TARIC, the integrated Tariff of the EU, at: [http://ec.europa.eu/taxation\\_customs/customs/customs\\_duties/tariff\\_aspects/customs\\_tariff/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm).

### Import Requirements & Documentation

Customs valuation is based on the dutiable, transaction value based on:

purchase price + transportation costs + loading/unloading + insurance charges + commissions + royalties + license fees + a 20 percent Value Added Tax (VAT) levied at the time of customs clearance. Some commodities are subject to excise duties.

- Importation processes include:
  - A customs declaration document
  - A post-clearance examination of relevant documents or data
  - Submission of an invoice or pro forma invoice, a certificate of origin or a certificate of the movement of the goods in order to take advantage of preferential customs treatment, transport documents, an insurance policy, a specification, an Economic Operators Registration and Identification number (EORI) and a packing list
  - A veterinary or physio-sanitary certificate for goods of animal or plant origin
  - Other documents or laboratory analyses
  - An EC Safety & Security regulation and the Advance Cargo Declaration are mandatory for all goods leaving, arriving or moving through the EC

- Permits and Licenses
  - A Bulgarian decree is required for non-automatic license of nuclear materials, explosives, arms, dual-use commodities, plant protection products, and pharmaceuticals for human medicine
  - 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. See Bulgaria's export control information [www.exportcontrol.bg](http://www.exportcontrol.bg)

#### Special Import/Export Requirements and Certifications

- REACH (Registration, Evaluation and Authorization and Restriction of Chemicals) - a major reform of the EU chemicals policy - became law in all EU countries in 2006. REACH affects virtually every industrial sector, from automobiles to textiles and requires chemicals produced or imported into the EU in volumes above 1 ton per year be registered with a central European Chemicals Agency (ECHA). See <https://2016.export.gov/europeanunion/reachclp/index.asp> and <https://echa.europa.eu/candidate-list-table>.
- WEEE & RoHS: EU rules on Waste Electrical and Electronic Equipment (WEEE) entails a financial obligation for U.S. exporters and requires U.S. exporters (or their local partner) to register products with a national WEEE authority. WEEE restricts the Use of Hazardous Substances (RoHS) including lead, cadmium, mercury, hexavalent chromium, PBBs, and PBDEs. U.S. exporters may be asked to enforce RoHS and provide evidence of due diligence and compliance with substance bans on a case-by-case basis. See: <http://www.export.gov/europeanunion/weerohs/index.asp>
- 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 an approval is issued, the commodities may be sold on the local market. See: <http://www.bipm.org/en/about-us/member-states/bg/links.html>, <http://www.damtn.government.bg/index.php?lang=en>

#### Labeling/Marking Requirements

The EU does not generally legislate packaging and labeling requirements, but does so for specific high-risk products. Absent any EU-wide rules, the exporter, local partner, and/or freight forwarders should consult national regulators about packaging and labeling of containers, outside packaging, etc. EU customs legislation only regulates administrative procedures such as: type of certificate, rule of origin on the customs forms and shipping documents.

- CE Mark: To protect consumers and end-users EU product-specific packaging and labeling requirements exist for food, medicines, chemicals, pharmaceuticals and other items. Additionally, the CE mark is mandatory in EU countries for electrical articles. Often more than one CE mark law may apply. See: [http://buyusainfo.net/docs/x\\_366090.pdf](http://buyusainfo.net/docs/x_366090.pdf)
- Prohibited and Restricted Imports: The EU's Common External Customs Tariff (TARIC) identifies rules applying to specific products being imported or exported from the EU. See: [http://ec.europa.eu/taxation\\_customs/customs/customs\\_duties/tariff\\_aspects/customs\\_tariff/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm)

## U.S. Export Controls

The United States imposes export controls to protect national security interests and promote foreign policy objectives related to dual-use goods through implementation of the Export Administration Regulations (EAR). The Bureau of Industry and Security (BIS) is comprised of two elements: Export Administration (EA), which is responsible for processing license applications, counseling exporters, and drafting and publishing changes to the [Export Administration Regulations](#); and Export Enforcement (EE), which is responsible for the enforcement of the EAR. BIS works closely with U.S. embassies, foreign governments, industry, and trade associations to ensure that exports from the United States are secure and comply with the EAR. BIS officials conduct site visits, known as End-Use Checks (EUCs), globally with end-users, consignees, and/or other parties to transactions involving items subject to the EAR to verify compliance.

An EUC is an on-site verification of a non-U.S. party to a transaction to determine whether the party is a reliable recipient of U.S. items. EUCs are conducted as part of BIS's licensing process, as well as its compliance program, to determine if items were exported in accordance with a valid BIS authorization or otherwise consistent with the EAR. Specifically, an EUC verifies the *bona fides* of transactions subject to the EAR, to include: confirming the legitimacy and reliability of the end-use and end-user; monitoring compliance with license conditions; and ensuring items are used, re-exported or transferred (in-country) in accordance with the EAR. These checks might be completed prior to the export of items pursuant to a BIS export license in the form of a Pre-License Check (PLC), or following an export from the U.S. during a Post-Shipment Verification (PSV).

BIS officials rely on EUCs to safeguard items subject to the EAR from diversion to unauthorized end-uses/users. The verification of a foreign party's reliability facilitates future trade, including pursuant to BIS license reviews. If BIS is unable to verify the reliability of the company or is prevented from accomplishing an EUC, the company may receive, for example, more regulatory scrutiny during license application reviews or be designated on BIS's Unverified List or Entity List, as applicable.

BIS has developed a list of "[red flags](#)", or warning signs, and compiled "[Know Your Customer](#)" guidance intended to aid exporters in identifying possible violations of the EAR. Both of these resources are publicly available, and their dissemination to industry members is highly encouraged to help promote EAR compliance.

BIS also provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two-day seminars that focus on the basics of exporting to coverage of more advanced, industry-specific topics. Interested parties can check [list of upcoming seminars and webinars](#) or reference BIS provided [online training](#).

BIS and the EAR regulate transactions involving the export of "dual-use" U.S. goods, services, and technologies. For advice and regulatory requirements, exporters should consult the other U.S. Government agencies which regulate more specialized items. For example, the U.S. Department of State's Directorate of Defense Trade Controls has authority over defense articles and services, or munitions. A list of other agencies involved in export control can be found on the [BIS website](#) or in Supplement No. 3 to Part 730 of the EAR.

The EAR is available on the [BIS website](#) and on the [e-CFR](#) (Electronic Code of Federal Regulations) and is updated as needed. The [Consolidated Screening List](#) (CSL) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports or transfers of items. The CSL consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single data feed as an aid to industry in conducting electronic screens of parties to regulated transactions. Exporters are encouraged to classify their items prior to export, as well as consult the CSL to determine if any parties to the transaction may be subject to specific license requirements.

### **Temporary Entry**

- Products can be imported into Bulgaria on a temporary basis as long as they are not prohibited by law
- Trade show samples and products are allowed; Bulgaria is party to the Customs Convention on Carnet (ATA) for Temporary Import of Goods
- Commodities intended for re-export, that are not subject to any change in their characteristic, may be totally or partially exempt from customs duties
- In practice, customs require a deposit equivalent to the assessed duties or a bank guarantee during the temporary import period
- Warranties on U.S.-made products are required by the end-users. EU-based repair locations/options must be provided

### **Prohibited & Restricted Imports**

The EU's Common External Customs Tariff, TARIC, describes the various rules applying to specific products being imported or exported from the EU. To determine if a product is prohibited or subject to restriction see: [http://ec.europa.eu/taxation\\_customs/customs/customs\\_duties/tariff\\_aspects/customs\\_tariff/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm)

### **Customs Regulations**

U.S. exporters should consult the Bulgarian Customs Agency and other sections of this Country Commercial Guide to include:

- <https://customs.bg/wps/portal/agency-en/hom> MK
- <https://www.visahq.com/bulgaria/customs/> MK
- <http://psc.egov.bg/en/psc-customs-and-excise-duties> MK

### **Standards for Trade**

#### Overview

Products tested and certified in the U.S. by U.S. standards entities are likely to be retested and re-certified to ensure they meet EU requirements as the EU approaches consumer and environmental protection differently.

While Bulgaria is trying to synchronize its national standards with EU and international standards it does have its own 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 a member of the International Organization for Standardization (ISO), the International Electro Technical Commission (IEC) and International Technical Union (ITU)

- Consult the Bulgarian Institute for Standardization: <http://www.bds-bg.org/en> MK or the Bulgarian Institute of Metrology at <http://www.bim.government.bg>

Requirements for product safety are regulated by ordinances issued by ministries and must comply with the respective EU directives. See [http://www.bds-bg.org/pages/?button\\_id=38](http://www.bds-bg.org/pages/?button_id=38))

Standards organizations include:

- The Bulgarian State Agency for Metrological and Technical Surveillance (SAMTS): <http://www.damtn.government.bg/> supervises, administers, executes technical supervision and carries out policies, laws and regulations on products.
- The Bulgarian Drug Agency (Ministry of Health) <http://www.bda.bg> is responsible for registration, product testing & certification, and establishing standards for pharmaceutical products and implants. The Ministry of Healthcare <http://www.mh.government.bg> handles certifications, registration, import licensing and establishing standards for some medical equipment, and medical and natural products. In some cases, the Ministry of Healthcare performs these activities jointly with the Drug Agency.
- The Ministry of Agriculture and Food <http://www.mzh.government.bg>: tests and certifies agriculture and food products, registers technical documentation, product certification, the assessment of conformity, and establishing national policy with international standardization institutions, in-country and border control health and sanitary policy, etc. See: <http://www.nvms.government.bg/index.php>.
- The Bulgarian Accreditation Service <http://www.nab-bas.bg>, has several laboratories for veterinary, food, and phytosanitary expertise to perform laboratory testing, inspection, certification, auditing and verification of food, phyto and veterinary products.
- The Bulgarian Institute for Standardization (BIS) ([www.bds-bg.org](http://www.bds-bg.org)) performs activities related to standardization, verification, editing and registration of standards for industrial commodities, machinery and transport equipment, construction and materials, chemistry, textiles, foodstuffs, and electrical engineering commodities and, has agreements with:
  - DIN - Deutsches Institut für Normung
  - BSI - British Standards Institution
  - UNI - Ente Nazionale Italiano di Unificazione
  - ASTM International - American Society for Testing and Materials

- BIS is a member of the International Electrotechnical Commission (IEC) and the International Standard Organization (ISO) and is an affiliate member of the EC for Electro Technical Standardization (CENELEC) and the EC for Standardization (CEN).
- Bulgaria, a World Trade Organization (WTO) member, 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.

'Notify U.S.' a U.S. government, National Institute for Standards (NIST) program provides a free, web-based e-mail subscription service to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at: <http://www.nist.gov/notifyus/>

## Testing, inspection and certification

### Conformity Assessment

Bulgaria is a member of the EC's NANDO program - 'New Approach Notified and Designated Organizations' Informational System see: <http://ec.europa.eu/enterprise/newapproach/nando/> and has Mutual Recognition Agreements (MRAs) with NANDO in reference to harmonized standards and requirements for industrial products which can then circulate freely within the EU. A manufacturer can choose not to use the harmonized EU standards, but then must demonstrate that the product meets essential safety and performance requirements.

A conformity assessment is a mandatory step for any manufacturer to ensure the consistency of compliance during all stages, from design to production, to facilitate acceptance of the final product. EU product legislation gives manufacturers some choice regarding conformity assessment, depending on the level of risk involved in the use of their product. These range from self-certification, a production quality control system, to, a full quality assurance system.

To promote market acceptance of the final product, several voluntary conformity assessment programs exist.

### Product Certification

To sell products in the EU market, U.S. exporters are required to apply CE marking whenever their product is covered by specific product legislation. A qualified distributor, agent or representative should be familiar with CE requirements and should know which safety/health concerns need to be addressed, which conformity assessment module is best suited to the manufacturing process, and whether to use EU-wide synchronized standards.

The CE marking is not intended to provide detailed technical information on the product, however enough information must be presented to enable the inspector to trace the product back to the manufacturer or EU authorized representative. Detailed information should not appear next to the CE mark, but rather in documents accompanying the product or on the declaration of conformity.

### Accreditation

Bulgaria's sole national accreditation body, the Bulgarian Accreditation Service (BAS) (<http://www.nab-bas.bg/bg/>) reports directly to various ministers, consumer organizations, experts and others. BAS certifies laboratories, certification bodies, and inspection bodies and has seven technical accreditation and technical committees.

## Publication of Technical Regulations

Each law, regulation, ordinance, Council of Ministers decree, decision, technical regulation, or agreement enters force after it appears in the official publication the State Gazette (only in Bulgarian), and the official journals of all issuing authorities. Translated versions of the legislation can be found at: <http://www.apis.bg/en/>.

## Contact Information

Bulgarian Institute for Standardization - [http://www.bds-bg.org/pages/?button\\_id=39](http://www.bds-bg.org/pages/?button_id=39)

Bulgarian Institute for Metrology - <http://www.bim.government.bg>

State Agency for Metrological & Technical Surveillance- <http://www.damtn.government.bg/>

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

Bulgarian Ministry of Health - <http://www.mh.government.bg>

Bulgarian Accreditation Service - <http://www.nab-bas.bg/bg/>  
[https://ec.europa.eu/commission/index\\_enhttp://exact.e-gov.bg](https://ec.europa.eu/commission/index_enhttp://exact.e-gov.bg)  
<http://www.apis.bg/en/>

U.S. exporters may also contact the U.S. Dept. of Commerce Global Markets office in Sofia at: [OfficeSofia@trade.gov](mailto:OfficeSofia@trade.gov).

## Trade Agreements

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

## Licensing Requirements for Professional Services

The recognition of skills and qualifications acquired by EU citizens in EU member states, including the corresponding recognition procedures and charges, are the responsibility of each member state. Recognition of skills and qualification earned in third countries is also a national responsibility.

The European Commission facilitates recognition procedures by:

- Recognizing professional qualifications obtained in one Member State to have access and pursuit of regulated professions in another Member State (EC Directive 2005/36).
- Recognizing qualifications for academic purposes in the higher education sector.
- Recognizing, assessing, granting, or denying the educational provider or employer.

In most case, Bulgarian schools, universities and employers recognize qualifications acquired in other EU Member States and the EU.

## Web Resources

<http://europa.eu/>

## Selling U.S. Products & Services

### Distribution & Sales Channels

Some of Bulgaria's large hypermarkets and supermarket chains are merging, new entities are being rebranded, others are closing down, and a few others are opening new outlets.

There are approximately [90 shopping malls in Bulgaria](#).

Bulgaria's distribution channels include these sectors and brands:

- Grocery-store hypermarkets:
  - Kaufland: 58 stores
  - Lidl: 94 stores
  - Billa: 122 stores
  - METRO Cash & Carry: 11 stores
  - T-market: 74 stores
  - Hit: 2 stores
  - ProMarket: 22 stores
  - Plus (acquired by Lidl) 23 stores
  - CBA: 136
- DIY hypermarkets:
  - Praktiker: 11 stores
  - Mr. Bricolage: 11 stores
  - Bauhaus: 9 stores (acquired by BauMax)
- Local food supermarket chains:
  - Fantastico: 41 stores
  - 345: 16 stores
- Consumer electronics hypermarkets:
  - Technomarket: 45 stores
  - Technopolis: 33 stores
  - Zora: 37 stores
- Furniture and household goods hypermarkets:
  - Aiko: 5 stores
  - Como: 1 store
- Other retailers include:
  - Decathlon: 5 stores
  - ProMarket: 21 stores
  - Densi: 2 stores in Sofia, 1 in Veliko Turnovo, 1 in Elena

See [https://wikivisually.com/wiki/List\\_of\\_supermarket\\_chains\\_in\\_Bulgaria](https://wikivisually.com/wiki/List_of_supermarket_chains_in_Bulgaria) SS

## Using an Agent to Sell US Products and Services

Large U.S. companies and U.S. SMEs alike are strongly encouraged to identify a reliable, vetted and proven agent or distributor when doing business in Bulgaria.

Bulgaria has numerous business associations that include the American Chamber of Commerce in Bulgaria ([www.amcham.bg](http://www.amcham.bg)), the Bulgarian Industrial Association ([www.en.bia-bg.com](http://www.en.bia-bg.com)),

the Bulgarian Chamber of Commerce and Industry ([www.bcci.bg/english](http://www.bcci.bg/english)) and many other industrial associations that can be resources.

As most EU regulations and legislation apply in Bulgaria, additional information can be found in the European Union's Commercial Guide developed by the U.S. Mission to the EU.

See: <https://www.export.gov/article?id=European-Union-Market-Overview>

## Establishing an Office

A representative office is not a legal entity in Bulgaria and may not carry out commercial activities. However, company can establish a representative office for performing sales promotions, exhibitions, demonstrations, training, and advertising products by registering with the Bulgarian Chamber of Commerce and Industry (BCCI). See <http://www.bcci.bg/english/>

The representative office of a foreign company must register in the *BULSTAT* (<http://psc.egov.bg/en/psc-starting-a-business-bulstat>) within seven days of registering with the BCCI. The representative office receives the funds for its maintenance from the foreign entity but cannot make a profit nor have its own revenue.

For a representative office to be registered with the BCCI, it is necessary that the legal representative of the foreign entity personally or explicitly authorized by a notarized power of attorney from the entity to apply for registration and to provide the necessary documentation.

- A branch of a foreign entity can be registered in Bulgaria as:
  - a limited liability company called an 'OOD' which is popular with foreign investors, or,
  - a one-person owned limited liability company called an 'EOOD'
- Bulgaria operates under the *Law on Encouragement of Investments* which has the following key elements:
  - defines an office's activities
  - defines various forms of economic associations and regulates their foundation, organization, and termination
  - offers advantages for foreign and local investments, which are determined depending on the investment amount, i.e. Class A, Class B and Class C (Class C is only for municipalities)
  - identifies priority investment projects, and
  - offers new amendments designed to ease procedures for obtaining a certificate for investment (anticipated soon).

For more information check: <http://www.investbg.government.bg/en>

- Recent amendments encourage investments and identify categories of aid compatible with the market.
- See: <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0651&qid=1431527166045&from=EN>

## Franchising

The first international franchisors, Sheraton Hotel (currently Sofia Hotel Balkan) and Coca-Cola, appeared in Bulgaria over 50 years ago during the communist era. While the total number of international and domestic franchise units increased in recent years, the Bulgarian market for international franchises still offers many opportunities. ([www.franchising.bg](http://www.franchising.bg)) Spurred by an increase in disposable income and growth of the middle-class lifestyle, Bulgarians recognize, embrace and want more "western" franchises.

The number of franchise companies in Bulgaria is growing by 15-20 percent on an annual basis. This emerging market is ripe for franchises as Bulgarian consumers seek retailers that can provide a consistent selection of quality products, reasonable prices, and good service. Bulgarian entrepreneurs are eager to obtain marketing and management expertise. . Currently, there are no franchise laws or specific regulations pertaining to this business model and no specific registration or government approval is required to establish a franchise enterprise.

Numerous U.S. fast-food franchises operate in all of Bulgaria's major cities, dominated by such iconic franchise brands as Domino's Pizza, KFC, and Burger King, to name a few. Subway for example has 42 restaurants and McDonald's has 42 restaurants throughout Bulgaria. By the end of 2018, Domino's Pizza has 21 total restaurants. See <https://www.dominos.bg/stores>; <http://mcdonalds.bg/en/map/>; <https://www.subway.bg/SS>

The best sub-sector prospects for U.S. franchise include the following:

- senior care and services
- restaurants
- coffee shops
- lodging (hotels, motels, and chalets)
- laundry and dry-cleaning
- hotel management
- real estate brokerage
- nutrition and supplement industry products, and
- employment/educational/training services
- Good franchise opportunities also exist for: convenience stores, ice cream/yogurt stores, hardware stores, marketing/public relations agencies, specialty retail stores, commercial and residential cleaning entities, baked foods, hair/nail care salons, as well as candy and snack establishments.

## Direct Marketing

Direct marketing through catalogs, telemarketing and the Internet from the U.S. to Bulgaria is relatively underdeveloped, and difficult due to Bulgaria's low purchasing power, the high cost of shipping, and the lack of security for packages. Bulgarians use debit and credit cards, but cash is still more prevalent than in other EU countries.

- Some Central European companies offer direct marketing of U.S. products in Bulgaria, and use television home shopping "infomercials" to sell kitchen tools and fitness equipment not available in local shops
- Home demonstrations are not popular and have generated little success; however, Avon and Oriflame (Swedish) have reported success with the direct sale of cosmetics.
-

- For EU regulations and legislation on direct marketing, please see:

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

### Joint Ventures (JVs)/Licensing

U.S. enterprises can establish their own companies or invest in existing companies:

- JVs with state-owned companies (wholly owned by the Bulgarian State), must be approved by the Council of Ministers or by the relevant Minister
- JVs are evaluated for their existing assets and the contribution the foreign partner will provide either in cash, long-term assets (i.e. existing equipment and facilities), and/or in-kind
- JVs with private companies do not require government involvement or approval. After negotiations are complete the new legal entity must register with the Commercial Registry. JVs are subject to the provisions of Law on Protection of Competition, which regulates the concentration of economic activity.

### Express Delivery

Bulgaria has a robust delivery system that is dominated by numerous domestic, U.S and European express delivery companies. These include:

Fedex: <https://www.fedex.com/en-bg/home.html>

DHL Express Bulgaria: <http://www.dhl.bg/en/>

In Time LD: <http://www.intime.bg/en/>

Flying Cargo Bulgaria Ltd. (FedEx Authorized Contractor): <http://flyingcargo-bg.com/>

Using experienced and well-known delivery services is important to make sure packages make it safely to their final destination. Receiving deliveries from the USA, one must pay a 20 percent VAT, and if the item is more expensive than EUR 150, an additional duty is charged. Sometimes postal costs are also added to the final sum. Any technical equipment, such as computers, tablets, and smartphones, is exempt from duty regardless of the value. For alcoholic products, perfumes, toilet waters, as well as tobacco products, regardless of the price, both VAT and a duty have to be paid. In the case of parcels from a non-commercial individual, such as a gift from a relative, a duty and VAT is not owed if the shipment is worth less than EUR 45.

### Due Diligence

Sofia's U.S. Commercial Service/Foreign Commercial Service office strongly recommends that all U.S. companies acquire a recent due-diligence report on potential partners. The Commercial Service Sofia offers the International Company Profile (ICP) service, a 10-15-page, fee-based report that evaluates potential business partners. The due diligence report includes answers to nine questions, an interview and photos of the executives and office of the potential Bulgarian company. See [www.export.gov/Bulgaria](http://www.export.gov/Bulgaria).

Additional local due diligence sources and services include:

- Credit Reform Bulgaria. See <http://www.creditreform.bg/en/index>

- DAXY ([www.daxy.com](http://www.daxy.com)) provides information on official court and tax documents, address registration for Bulgarian companies, major shareholders, balance sheets, direct and indirect connections between and among managers and other Bulgarian companies and other public information
- Dun and Bradstreet is utilized, more and more, by Bulgarian companies. See [www.dandb.com](http://www.dandb.com)
- Bulgaria's Special Administrative Directorate Financial Intelligence (SADFI) receives, saves, examines, analyses and discloses to law enforcement bodies information connected with the suspicion of money laundering or the financing of terrorist activities.
- A Bulgarian company's financial situation can be reviewed at the Ministry of Justice Commercial Register's site: <https://www.registryagency.bg/bg/>

## eCommerce

### Overview & current market trends

Bulgaria's eCommerce revenues across all product categories was estimated at USD 710 million for 2020 (Source: <https://www.statista.com/outlook/243/130/e-commerce/bulgaria>, 2019 ). Revenue is expected to show an annual growth rate (CAGR 2020-2024) of 16 percent, resulting in a market volume of USD 1.2 billion by 2024. The market's largest segment is fashion items with a market volume of USD 248 million in 2020. User penetration is 40 percent in 2020 and it is expected to hit 55 percent by 2024. Currently, the average revenue per user (ARPU) amounts to USD 255.

### Challenges with eCommerce in Bulgaria:

- Technical malfunctioning of website during ordering or payment
- Speed of delivery longer than indicated
- Difficulties in finding information concerning warranties and other legal rights
- Wrong or damaged goods/services delivered

### eCommerce services

All major eCommerce services are available in Bulgaria via local and international specialized companies. Clients may choose from established professional companies or start ups focusing on niche services. Solutions offered include:

#### Consulting

- Design and Implementation
- Online Marketing
- Platforms & Technology - such as back office integration
- eCommerce Intellectual Property Rights

For more information about the eCommerce IPR please refer to the [Investment Climate Statement: https://www.state.gov/reports/2018-investment-climate-statements/bulgaria/ \(SS\)](https://www.state.gov/reports/2018-investment-climate-statements/bulgaria/)

### Popular eCommerce Sites and Platforms in Bulgaria

- eMag is a major online store in Bulgaria. It offers many different products, from consumer electronics to fashion and toys. See: <http://www.emag.bg/>

- FashionDays is a major ecommerce player with regards to selling clothes online. See: <https://www.fashiondays.bg/>
- OLX is a major user-to-user online store. It covers many different products in all types of categories. See: <https://www.olx.bg/>
- Helikon is a major online book store. See: <https://www.helikon.bg/>

## Online Payment

Paying for goods purchased online is fairly easy, secure and straightforward. Bulgaria uses similar online payment methods to the rest of Europe. Credit and debit cards are popular, with all major credit cards used online since 2016.

Alternate payment methods include SEPA, Mint, Mobiamo, and TrustPay and a local payment application [www.epay.bg](http://www.epay.bg) which is the Bulgarian system for electronic payments launched in 1999 offering customers a way to make payments for goods and services with bank cards and Microaccounts and a way to receive online payments through their Microaccount. “ePay” LLC is a certified payment service provider (Level 1 Service Provider) in accordance with the rules of international card organizations. Since 2007, ePay.bg has the highest security certification from VISA and MasterCard.

## Mobile eCommerce

Using applications for mobile eCommerce is rising especially with the milleniums. It provides a fast and easy way to buy goods and services on the go. Excellent broadband network coverage and 3G and 4G service makes it very appealing to use. All major e-stores have developed mobile applications to compliment their clients.

## Digital Marketing

Digital marketing technologies and techniques such as Search Engine Optimization (SEO), Search Engine Marketing (SEM), social media marketing, display advertising, digital campaigns are widely used in Bulgaria to make products, goods and services more popular and targeted to the audience.

## Major Buying Holidays

‘Black Friday’ initiatives are not new to Bulgarians and have been used for years as they replicate the super effective campaigning that the U.S. introduced. Another good popular eCommerce practice the ‘Cyber Monday’ shopper which has also shown good results for online sellers. One of the local trends in eCommerce is the introduction of the so called group shopping websites where one can get a deal on airfare, hotel reservation, clothes etc. Examples are: [www.imasdelka.com](http://www.imasdelka.com); [www.deals.bg](http://www.deals.bg) ; [www.grabo.bg](http://www.grabo.bg); [www.zadrujno.bg](http://www.zadrujno.bg) ; [www.napolovina.com](http://www.napolovina.com);

## Social Media

Facebook is the most widely used social media channel in Bulgaria with some 3.7 million Bulgarians having Facebook accounts. More than 21 percent of Bulgarians also use Youtube, followed by 14.3 percent who use Google+, 7.9 percent who use Twitter and 5 percent who use LinkedIn. Other intersting channels providing sales opportunites are Instagram and Pintrest which are becoming more popular especially with the younger population.

## Trade Promotion & Advertising

The 2008 Competition Protection Act and the 2006 Consumer Protection Act regulate advertising and prohibit advertisements that either 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 normal channels for advertising are available and widely used in Bulgaria: newspapers, internet banners, magazines, television, radio, and outdoor billboards/signs.

- Trade fair activities throughout major Bulgarian cities have grown significantly over recent years and it is in these trade fairs where many U.S. products are exhibited by local agents, distributors and dealers.

### **Selling Factors & Techniques**

- American products are widely recognized and accepted for their quality, reasonable prices, and over-all value. These three factors sell well in Bulgaria.
- Sales materials and labels must be in Bulgarian.
- Statistics on market size can be unreliable and should not be used as a sole indicator when analyzing the Bulgarian market.

### **Pricing**

Bulgaria's relatively low per capita income, and low-to-medium purchasing power means that consumers are price sensitive, but are willing to spend more for high quality products. As an emerging economy, with emerging middle- and upper-classes, Bulgarians do have a propensity for expensive name-brand cars, accessories and clothing.

The standard Value Added Tax (VAT) rate in Bulgaria is 20 percent. There is a 9 percent, reduced VAT rate for hotel accommodations, and other goods and services. See Deloitte's European VAT Refund Guide 2018, Bulgaria (on page 18):

<https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-european-vat-refund-guide.pdf>

### **Bulgaria's Principal Business Associations**

American Chamber of Commerce in Bulgaria

Bulgarian Chamber of Commerce and Industry

Bulgarian Industrial Association

Bulgarian Construction Chamber

Bulgarian Association for Information Technologies

Confederation of the Employers & Industrialists in Bulgaria

### **Limitations on Selling U.S. Products and Services**

We are not aware of any limitations on selling U.S. products and services.

### **Vat Registration**

Bulgaria follows the EU VAT Directives. Thus, if a company is supplying goods or services within the EU, the company may be required to register for VAT.

- Resident businesses: Depending on annual revenues, resident businesses, or businesses

with a permanent establishment in a country, must register for VAT. If the turnover of VAT taxable goods and services supplied within a specific jurisdiction over a 12 month period is more than the relevant registration threshold a company must register for VAT. In Bulgaria the mandatory registration is approximately USD 27,500 of taxable supplies for the last 12 consecutive months.

- Non-resident businesses: In most EU states there is no VAT registration threshold for non-resident businesses. This means as soon as a company starts trading, and the good or service is a taxable supply, a company should be VAT registered in that jurisdiction.

#### Web Resources

<http://www.export.gov/bulgaria> - U.S. Dept. of Commerce (USDOC), Global Markets, Sofia

<http://www.export.gov/europeanunion> - USDOC, Mission to the EU, Brussels

[http://www.government.bg/en \(SS\)](http://www.government.bg/en(SS)) - Bulgarian Government (English)

<http://www.amcham.bg> - American Chamber of Commerce in Bulgaria

<http://www.bcci.bg> - Bulgarian Chamber of Commerce and Industry

<http://www.bia-bg.com> - Bulgarian Industrial Association

<http://www.daxy.com> - Business, financial/tax information on Bulgarian companies

<http://www.creditreform.bg/en/index.jsp> - Credit-reporting agency

<http://www.dandb.com> - Duns & Bradstreet Bulgaria

<https://ec.europa.eu/digital-agenda/sites/digital-agenda/files/BU%20internet%20use.pdf>

<http://www.registryagency.bg> - Ministry of Justice, Registry Agency

Contacts, Market Research and Trade Events

#### Contacts

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

#### Contacts

##### U.S. Government Contacts

U.S. Embassy - Sofia	<a href="https://bg.usembassy.gov">https://bg.usembassy.gov</a>
U.S. Commercial Service – Sofia	<a href="http://www.trade.gov/bulgaria">http://www.trade.gov/bulgaria</a>
U.S. Department of State	<a href="http://www.state.gov">http://www.state.gov</a>
U.S. Department of Commerce	<a href="http://www.trae.gov">http://www.trae.gov</a>
U.S. Department of Agriculture	<a href="http://www.usda.gov">http://www.usda.gov</a>
U.S. Agency for International Development	<a href="http://www.usaid.gov">http://www.usaid.gov</a>
U.S. Export-Import Bank	<a href="http://www.exim.gov">http://www.exim.gov</a>
Development and Finance Corporation	<a href="http://www.dfc.gov">http://www.dfc.gov</a>
U.S. Trade and Development Agency	<a href="http://www.ustda.gov">http://www.ustda.gov</a>

##### Bulgarian Government Contacts

Bulgarian Embassy in Washington, DC

Ivo Konstantinov, Commercial Counselor and Trade Attache  
Embassy of the Republic of Bulgaria

Dimitar Peshev" Plaza  
1621 22nd Street, NW, Washington D.C. 20008  
[trade@bulgaria-embassy.org](mailto:trade@bulgaria-embassy.org)

Tel.+1 202 332 6609/ 1+ 202 387 5770

<http://www.bulgaria-embassy.org>; e-mail: [office@bulgaria-embassy.org](mailto:office@bulgaria-embassy.org)

Consular Service (R Street Entrance)

Tel: (202) 387 7969; E-mail: [consulate@bulgaria-embassy.org](mailto:consulate@bulgaria-embassy.org)

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

InvestBulgaria Agency

Executive Director: Ms. Madzhide Ahmedova

31, Aksakov Street, 1000 Sofia

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

E-mail: [iba@investbg.government.bg](mailto:iba@investbg.government.bg); Website: <http://www.investbg.government.bg>

Privatization and Post-Privatization Control Agency

Executive Director: Mr. Mitko Simeonov

23, Vrabcha Str., 1000 Sofia

Phone: (359) (2) 970 16 00; 987-3249 Fax: (359) (2) 981-6201, 981-1307

E-mail: [press@priv.government.bg](mailto:press@priv.government.bg); Website: <http://www.priv.government.bg>

Communications Regulation Commission

Chairperson: Mr. Ivan Dimitrov

6, Gurko Street, 1000 Sofia

Phone: (359) (2) 949-2760 Fax: (359) (2) 987-0695

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

Bulgarian Institute for Standardization

Chairperson: Mr. Ivelin Burov

13, Lachezar Stanchev Street, Izgrev; 1797 Sofia

Phone: (359) (2) 81 74 523 Fax: (359) (2) 873 55 97

E-mail: [standards@bds-bg.org](mailto:standards@bds-bg.org); Website: <http://www.bds-bg.org>

National Customs Agency

Director General: Georgi Kostov

47, G.S. Rakovski Street, 1202 Sofia

Phone: (359) (2) 9859- 4210, 9859- 4201 Fax: (359) (2) 980-4061

E-mail: [pr@customs.bg](mailto:pr@customs.bg); [Elisaveta.Vitanova@customs.bg](mailto:Elisaveta.Vitanova@customs.bg) (DG's secretary) Website: <http://www.customs.bg>

Patent and Trademark Office

President: Dr. Petko Nikolov

52-B, G. M. Dimitrov Blvd.; 1040 Sofia

Phone: (359) (2) 29701 321 Fax: (359) (2) 873-52 58, 870 83 25

E-mail: [services@bpo.bg](mailto:services@bpo.bg); Website: <http://www.bpo.bg> (SS)

International Financial Institutions

European Bank for Reconstruction and Development

Sofia Resident Office

17, Moskovska Street, 1000 Sofia

Phone: (359) (2) 932-1414 Fax: (359) (2) 932-1441

E-mail: [sofiaro@ebrd.com](mailto:sofiaro@ebrd.com); [newbusiness@ebrd.com](mailto:newbusiness@ebrd.com)

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

European Investment Bank

98-100, Boulevard Konrad Adenauer

L-2950 Luxembourg

Phone: (352) 43 79 1 Fax: (325) 43 79-3191, 43 77 04

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

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

Multilateral Investment Guarantee Agency

World Bank Group

1818 H Street, N.W.

Washington, D.C. 20433

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E-mail: [migainquiry@worldbank.org](mailto:migainquiry@worldbank.org) ; [csantospianesi@worldbank.org](mailto:csantospianesi@worldbank.org)

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World Bank  
36, Dragan Tsankov Blvd.  
World Trade Center, block A, 5th Fl., 1057 Sofia  
Phone: (359) (2) 969-7229; Fax: (359) (2) 971-2045  
E-mail: [info@worldbank.org](mailto:info@worldbank.org)  
Website: <http://www.worldbank.bg>

Bulgarian Banks  
Contact information for all Bulgarian banks may be found on the Bulgarian National Bank  
Website: <http://www.bnb.bg/>

Association of banks in Bulgaria: <http://abanksb.bg/en/>

### **Market Research**

To view market research reports produced by the U.S. Commercial Service please go to the following website:  
<https://www.trade.gov/international-market-research>

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

### **Trade Events**

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

<https://www.trade.gov/trade-events-search#/>

Bulgarreklama: <http://iec.bg/en>

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

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

Expoteam: <https://sofiamotorshow.bg/> (SS)

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

Bulgarian Chamber of Commerce and Industry Annual Calendar of Fairs and Exhibitions in Bulgaria:  
<http://www.bcci.bg/bulgarian/fairs/calendar/>

### **Sales Service/Customer Support**

Bulgarian retail and industrial consumers alike expect after-sales service, customer support, and warranty commitments when purchasing imported products. All three are considered important in developing and

maintaining customer loyalty. Depending on the product, it is strongly recommended that U.S. exporters consider having an EU-based service repair facility.

Most U.S. companies operating in Bulgaria provide training for their distributors/agents. Training agents/distributors in the U.S. are recommended in order to communicate the firm's distinctive corporate policies, behavior and standards.

#### Local Professional Services

The American Chamber of Commerce in Bulgaria (AmCham; <http://www.amcham.bg>) is an excellent resource for identifying local businesses, legal entities, or other professional. The Foreign Commercial Service Sofia also maintains a list of business service providers:

<https://www.export.gov/article?id=Bulgaria-Local-Professional-Services>

Legal representation in Bulgarian courts or before administrative agencies must be performed by duly licensed members of the Bulgarian Bar Association (<https://www.hg.org/bar-associations-bulgaria.asp>, or independent practitioners in law firms, or employees of corporations with the necessary skills.

Some larger international accounting and consulting firms have established legal offices in Bulgaria that perform some of the services offered by law firms.

#### Resources:

- <http://www.trade.gov/bulgaria>
- [http://www.eventseye.com/fairs/c1\\_trade-shows\\_bulgaria.html](http://www.eventseye.com/fairs/c1_trade-shows_bulgaria.html)
- <https://www.trade.gov/trade-shows>
- Bulgarreklama: <http://iec.bg/en>
- Plovdiv Fair: <http://www.fair.bg>
- Viaexpo: <http://www.viaexpo.com>
- Expoteam: <https://sofiamotorshow.bg/>
- Bulgarian Economic Forum: <http://www.biforum.org>
- Calendar of Fairs of the Bulgaria Chamber of Commerce and Industry  
<http://www.bcci.bg/bulgarian/fairs/calendar/>
- Bulgaria's most popular local newspapers include:
  - TRUD daily, <http://www.trud.bg>
  - 24 CHASA daily, <http://www.24chasa.bg>
  - STANDART daily, [agency@standartnews.com](mailto:agency@standartnews.com), <http://www.standartnews.com>
  - SEGA daily, [adv@segabg.com](mailto:adv@segabg.com), <http://www.segabg.com>
  - KAPITAL daily, [capital.daily@capital.bg](mailto:capital.daily@capital.bg), [editors@capital.bg](mailto:editors@capital.bg), <http://www.capital.bg>
  - KAPITAL weekly, [reklama@capital.bg](mailto:reklama@capital.bg), [editors@capital.bg](mailto:editors@capital.bg), <http://www.capital.bg>
  - MONITOR daily, [monitor@monitor.bg](mailto:monitor@monitor.bg), <http://www.monitor.bg>
  - BANKER weekly, [reklama@banker.bg](mailto:reklama@banker.bg), [info@banker.bg](mailto:info@banker.bg), [www.banker.bg](http://www.banker.bg)

## Protecting Intellectual Property

Several general principles are important for effective management of intellectual property (IP) rights in Bulgaria. First, it is important to have an overall strategy to protect your IP. Second, IP is protected differently in Bulgaria than in the United States. Third, rights must be registered and enforced in Bulgaria under local laws. For example, your U.S. trademark and patent registrations will not protect you in Bulgaria. There is no such thing as an “international copyright” that will automatically protect an author’s writings throughout the entire world.

**Trademarks:** Registering trademarks in Bulgaria is based on a first-to-file standard. The trademark registration is initiated through the filing of an application with the Bulgarian Patent Office (BPO). The application must contain the applicant’s name and address; representation of the mark; list of the goods and services for which the applicant is seeking registration; and receipt certifying the payment of the administrative fees. Within two months from filing, the BPO makes a formal examination for the application’s compliance with the *Marks and Geographical Indications Act*. If the application complies, the trademark is published in the Official Bulletin of the BPO. Within three months of the publication, any third party may file an opposition against the registration. If no opposition is filed during this time, the applicant’s trademark enters into force. The trademark registration procedure takes approximately one year to complete.

**Patents:** Patents are granted for inventions in any field of technology, which are new and are capable of industrial application. A patent certifies the exclusive right of its owner over the invention. Patent registration in Bulgaria is based on a first-to-file methodology. Protection of an invention in Bulgaria requires the issuance of a patent by the Bulgarian Patent Office. A patent application must contain in the Bulgarian language the title of the invention and supporting scientific data. A patent application is usually reviewed within 13 months from the filing date. The patent is valid for 20 years from the filing date of the application.

**Copyrights:** Copyright in Bulgaria is subject to protection of the *Copyright and Associated Rights Act*. The latter protects any work of literature, art or science, which resulted from the creative activity of its author and is expressed in objectively perceivable manner and form. The copyright comes into existence from the moment of creation of the work—no registration is needed. In the general case, the copyright lasts for 70 years following the announcement of the work. The law also protects the associated rights of performers, producer of audio and visual work and broadcasting organizations. Those rights are protected for 50 years.

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

It is always advisable to conduct due diligence on potential partners. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Bulgaria require constant attention. Work with legal counsel familiar with Bulgarian laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government cannot enforce rights for private individuals in Bulgaria. It is the responsibility of the rights’ holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Bulgarian law. The U.S. Commercial Service maintains a list of local lawyers - <https://bg.usembassy.gov/u-s-citizen-services/attorneys/>

## IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders.

Some excellent resources for companies regarding intellectual property include the following:

- The Invest in Bulgaria Agency's overview of the country's intellectual property regime is located at <https://investbg.government.bg/en/pages/industrial-and-intellectual-property-135.html>
- 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 visit [www.STOPfakes.gov](http://www.STOPfakes.gov).
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the U.S. Patent and Trademark Office (USPTO) at: 1-800-786-9199, or visit <http://www.uspto.gov/>.
- For more information about registering for copyright protection in the United States, contact the U.S. Copyright Office at: 1-202-707-5959, or visit <http://www.copyright.gov>.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, please visit the "Resources" section of the STOPfakes website at <http://www.stopfakes.gov/resources>.
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: [www.stopfakes.gov/businesss-tools/country-ipr-toolkits](http://www.stopfakes.gov/businesss-tools/country-ipr-toolkits). The toolkits contain detailed information on protecting and enforcing IP in specific markets and also contain contact information for local IPR offices abroad and U.S. government officials available to assist SMEs.

The U.S. Department of Commerce has positioned IP attachés in key markets around the world. You can get contact information below for the IP attaché who covers Bulgaria:

### The IP Attaché Contact for Bulgaria

Charles De Jager

European Union, European Commission and Turkey

Correspondence Address: U.S. Mission to the European Union (Brussels)

Unit 7600, Box 6100

DPO AE 09710-6100

Office Location: U.S. Mission to the European Union

Boulevard du Regent 27

BE-1000

Brussels, Belgium

Office Telephone: +32 2 811 5308

*E-mail:* [Charles.dejager@trade.gov](mailto:Charles.dejager@trade.gov)

In any foreign market companies should consider several general principles for effective management of their intellectual property. For background on these principles please link to the following article on [Protecting Intellectual Property](#) and [Stopfakes.gov](#), or contact ITA's Office of Intellectual Property Rights Director, Stevan Mitchell at [Stevan.Mitchell@trade.gov](mailto:Stevan.Mitchell@trade.gov).

## Trade & Project Financing

### Methods of Payment

As with any international transaction around the world, 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 highly recommended for the first few transactions/deliveries, and while the importer is still unknown. All regularly utilized methods of payment are common in Bulgaria.

The current Standard & Poor's credit rating for Bulgaria stands at BBB- with positive outlook. Moody's credit rating for Bulgaria was last set at Baa2, with a stable outlook. Fitch's credit rating for Bulgaria was last reported at BBB, with a stable outlook. In general, a credit rating is used by sovereign wealth funds, pension funds and other investors to gauge the credit worthiness of Bulgaria thus having a big impact on the country's borrowing costs.

Table 1: A History of Bulgaria's Credit Rating

Agency	Rating	Outlook	Date
Fitch	BBB	Stable	Aug 21 2020
S&P	BBB-	positive	Jun 01 2018
S&P	BBB-	stable	Dec 01 2017
Fitch	BBB	stable	Dec 01 2017

Source: <http://www.tradingeconomics.com/bulgaria/rating>

Entities like the U.S. EXIM Bank ([www.exim.gov](http://www.exim.gov)), and DFC ([www.dfc.gov](http://www.dfc.gov)) have provided insurance policies and long-term guarantees to U.S. exporters to allow for more flexible payment terms.

For more information about the methods of payment or other trade finance options, please read the Trade Finance Guide available at <https://www.trade.gov/trade-finance-guide-quick-reference-us-exporters>.

### Banking Systems

The Bulgarian National Bank (BNB; <http://www.bnb.bg/?toLang=EN>) regulates and supervises other banks' activities, carries out research and compiles and analyzes statistical data. BNB is a member of the European System of Central Banks. BNB operates independently of the government and reports directly to Parliament. The Bulgarian currency is pegged to the euro; the fixed exchange rate is 1 EUR = 1.95583 BGN.

The World Bank indicates there are some 43.507 ATMs per 100,000 Bulgarians .

There are 25 commercial banks in Bulgaria; five are branches of foreign banks. Citibank and Bulgarian-American Credit Bank are the only U.S. banks with an office in Bulgaria.

While credit cards and e-banking are popular, personal checks are largely unknown and unused. The number of POS terminals in the country and the share of the non-cash transactions grew significantly in the past few years.

## Foreign Exchange Controls

There are generally no restrictions on payments or currency exchanges and international financial remittances for the payment of Bulgarian imports are generally allowed. Only bank transfers permit the export of hard currency by commercial entities, including juridical persons and sole traders. Currency transfers for international payments, including the import 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 & Local Correspondent Banks

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 relations can change quickly, the best source of current information on correspondent banking arrangements is the banks themselves. While Citibank offers corporate and investment banking services, it does not provide retail services.

## Selling to the Public Sector

Many governments finance public works projects through borrowing from the Multilateral Development Banks.

Government procurement in Europe is governed by both international obligations under the WTO Government Procurement Agreement (GPA) and EU-wide legislation under the EU Public Procurement Directives. U.S.-based companies can bid on public tenders covered by the GPA, while European subsidiaries of U.S. companies may bid on all public procurement contracts covered by the EU Directives in the European Union.

Under Bulgaria's procurement law, a government procurement agency, which reports to the Minister of Economy, was established to ensure and monitor the implementation of the state's public procurement policy.

Bulgarian law uses the following public procurement procedures:

- open public tender procedure
- restricted tender procedure
- competitive dialogue
- competitive procedure with negotiation and open publication
- negotiated procedure without prior publication, and
- design contest

Procurement opportunities exist in numerous infrastructure sectors such as airports, energy, roads, and railroads. All international and domestic companies are eligible to participate in public procurement tenders. The Commission on Protection of Competition (CPC) is the authority that enforces both the Law on Public Procurement and the Law on Protection of Competition. A law on 'public – private partnerships' adopted in 2012, states that a public partner in a public – private partnerships can be:

- a minister or the head of department;
- the mayor of a municipality; or
- a state and/or municipal public organization

U.S. companies bidding on Government tenders may also qualify for U.S. Government advocacy. A unit of the U.S. Commerce Department's International Trade Administration, the Advocacy Center coordinates U.S. Government interagency advocacy efforts on behalf of U.S. exporters bidding on public sector contracts with international governments and government agencies. The Advocacy Center works closely with our network of the U.S. Commercial Service worldwide and inter-agency partners to ensure that exporters of U.S. products and services have the best

possible chance of winning government contracts. Advocacy assistance can take many forms but often involves the U.S. Embassy or other U.S. Government agencies expressing support for the U.S. bidders directly to the foreign government. Consult [Advocacy Center](#) for Foreign Government Contracts and for additional information.

The AmCham in Bulgaria has an active Procurement Committee which can also be consulted ([www.amcham.bg](http://www.amcham.bg)).

For information on the EU-financed public tenders see:

<http://export.gov/europeanunion/marketresearch/eufundingandgovernmentprocurementsectors/index.asp>

## Project Financing

### U.S.-Based Financing

- The U.S. Export-Import (EXIM) Bank is a source of export financing and insurance for U.S. transactions in Bulgaria. Exim Bank will guarantee a commercial bank loan up to 85 percent of the value of the contract. Exim Bank will also accept guarantees from larger municipalities.
- The Development Finance Corporation (DFC) key programs are its loan guarantees, direct loans, and political risk insurance. <https://www.dcc.gov/>
- The U.S. Trade and Development Agency (TDA) promote U.S. exports by funding feasibility studies, technical assistance, training programs, and orientation visits. However, Bulgaria is not one of the priority markets for TDA. <http://www.ustda.gov/>
- The Small Business Administration (SBA) provides financial guarantees and business development assistance to assist SME's in developing export markets. <http://www.sba.gov/>

### Financing from International Institutions

- The European Bank for Reconstruction and Development ([www.EBRD.com](http://www.EBRD.com)), whose largest shareholder is the U.S. Government, has a number of programs available for U.S. companies and has an office in Bulgaria (<https://www.ebrd.com/bulgaria-data.html>). The Bank provides loans and takes equity stakes in infrastructure and private-sector development projects and mandates open competitive tenders.
- The World Bank's procurement procedures enable U.S. exporters to bid on public procurement contracts. To date, approved projects have been in the energy, telecommunications, residential heating, railways, environmental, health and public administration sectors. See: <http://www.worldbank.org/>
- 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, including 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/en/country/bulgaria>

## EU-Based Financing

As an EU member, Bulgaria has access to project financing in the form of EU structural and cohesion funds for grants, loans, loan guarantees and co-financing for feasibility studies and infrastructure projects in several key sectors (environmental, transportation, energy, telecommunications, tourism, and public health). See: <https://www.export.gov/article?id=European-Union-Project-Financing>

U.S. exporters (suppliers and subcontractors) are eligible to bid on EU-financed projects. The U.S. Commercial Service at the U.S. Mission to the European Union (<http://export.gov/europeanunion/>) offers a tool on its website to help U.S.-based companies identify European public procurement opportunities. See: <http://export.gov/europeanunion/grantstendersandfinancing/cseutendersdatabase/index.asp>

Loans from the European Investment Bank ([www.eib.org](http://www.eib.org)): <http://www.eib.org/projects/pipeline/index.htm>

The European Investment Bank (EIB), the financing arm of the EU, is a non-profit banking institution offering cost-competitive, long-term lending in Europe for private and public EU-based borrowers in all sectors of the economy. EIB projects must contribute to the EU's socioeconomic objective to include:

- fostering development of less favored regions
- improving European transport and telecommunication infrastructure
- protecting the environment
- supporting the activities of SMEs
- assisting urban renewal and
- generally promoting growth, competitiveness and employment in Europe
- 

Seven EU Operational Programs are available to Bulgaria from the European Investment Bank, including:

- Structural Funds (SF): Bulgaria, through 10 national programs, benefits from SF funding of USD 11 billion over the period 2014-2020.
  - Bulgarian officials are the key decision-makers for SF funds. To become familiar with the available financial support programs in Bulgaria, would-be contractors should meet with local officials to discuss local needs
  - Tenders issued by Bulgaria's public contracting authorities for projects supported by EU grants are subject to EU public procurement legislation if they meet the EU minimum contract value requirement for the eligible sector. There are no overt rules prohibiting the participation of U.S. companies as developers or concessionaires of projects partially supported by the SF, or as bidders on subsequent public tenders related to such projects, but it is advisable to team up with a local partner
  - All projects supported by the SF are co-financed by national authorities and most may also qualify for a loan from the European Investment Bank. The private sector is also involved in project financing
  - See approved programs at: [http://ec.europa.eu/regional\\_policy/index\\_en.cfm](http://ec.europa.eu/regional_policy/index_en.cfm) and <http://export.gov/europeanunion/marketresearch/index.asp>

The Cohesion Fund (CF): For 2014-2020 the CF has USD 70 billion targeted for Bulgaria, Croatia, Cyprus, the Czech Republic, Estonia, and numerous other countries, in the following project areas:

- Trans-European transport networks, involving EU priority infrastructure projects that support the Connecting Europe Facility.
- Projects in energy or transport that benefit the environment in terms of energy efficiency, use of renewable energy, developing rail transport, supporting intermodal ties, strengthening public transport, etc.

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

The EIB presents attractive opportunities to U.S. businesses with low interest rates. However, U.S. firms must be certain that projects for which they are applying for funding contribute to the European objectives cited above.

#### Financing Web Resources

- Export-Import Bank of the United States: <http://www.exim.gov>
- OPIC: <http://www.opic.gov>
- Trade and Development Agency: <http://www.ustda.gov/>
- USDA Commodity Credit Corporation: <https://www.fsa.usda.gov/about-fsa/structure-and-organization/commodity-credit-corporation/index>
- European Bank for Reconstruction and Development: <http://www.ebrd.com>
- World Bank : <http://www.worldbank.org/>
- The European Investment Bank: <http://www.eib.org/>
- EIB-financed projects: <https://www.eib.org/en/projects/index.htm> MK
- European Union Tenders Database:  
<http://export.gov/europeanunion/grantstendersandfinancing/index.asp>

#### Business Travel

Business travelers will find that Bulgaria has a long, rich history -- coupled with incredible landscapes and topography. Inhabited since antiquity, Bulgaria was home to some of Europe's earliest civilizations - the Thracians, Romans, and Byzantines - civilizations which left behind valuable artistic and architectural treasures. Bordered by the Black Sea and numerous mountain ranges, Bulgaria is an exciting tourist attraction offering business travelers easy, or adventuresome, side-trips. The country is well known for its beaches, spa retreats, golf tourism, mountain retreats/tourism, skiing, ecological tours, congress and group tourism, and cultural tourism. There are nine UNESCO (U.N. Educational, Scientific and Cultural Organization) sites in Bulgaria ranging from the third century B.C. to the 20th century to include the Rila Monastery (founded in the 10th century), the Ivanovski Rock Churches and the Basarbovski rock monastery (founded in the 13th century).

[www.bulgariatravel.org/en/](http://www.bulgariatravel.org/en/),

[www.youtube.com/watch?v=5hlBp0DJfyI](http://www.youtube.com/watch?v=5hlBp0DJfyI),

[www.youtube.com/watch?v=PBVQsEMx1Ng](http://www.youtube.com/watch?v=PBVQsEMx1Ng).

## Business Customs

Bulgarians are less formal than Western Europeans, from the way they dress, to the way they conduct business. Meetings, including lunches and dinners, are used as an opportunity to get acquainted and as a basis for developing trust. Companies use evening receptions at hotels, restaurants, convention centers, trade shows, and even museums, galleries and auto showrooms for public relations and to solidify business relationships.

Business cards are informally and casually exchanged without much protocol. Gifts are not a customary ingredient in initial business meetings. Bulgarians are increasingly more 'time' conscious and so it is wise to arrive at your appointment early or on time.

One potentially confusing custom is that rocking of the head from left-to-right, often with a slight smile, means "yes" while nodding up-and-down indicates "no." With English language fluency growing, Bulgarians, now more than ever use head movements in a typical western fashion. When in doubt, clarify any 'yes' or 'no' by obtaining a verbal response.

## Travel Advisory

For specific information about Bulgaria, including the location of the Embassy; Entry, Exit and Visa Requirements; Safety and Security Issues; Local Laws and Special Circumstances; Health; and Travel and Transportation, please see: <https://travel.state.gov/content/travel.html>.

American citizens visiting Bulgaria are strongly encouraged to enroll in the Smart Traveler Enrollment Program (STEP; <https://step.state.gov/step/>) to receive security messages and make it easier to locate you in an emergency. Information and application procedure for routine consular services is on the Embassy website: <https://bg.usembassy.gov/>. U.S. citizens experiencing an emergency (assault, arrest, death) can contact the U.S. Embassy 24/7 at +359-2-397-5101.

Bulgarian law requires all travelers entering or leaving the EU through Bulgaria with EUR 10,000 (currently around USD 11,396.01) or more, in cash, to declare the sum to Bulgarian customs. This EU initiative assists efforts to tackle crime and improve security by cracking down on money laundering, terrorism and criminality. Travelers 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 Bulgaria with the equivalent of BGN 25,000 or more must complete a customs declaration stating the origin of the money, and provide a certificate from the Bulgarian regional internal revenue service proving that they do not owe taxes, unless the sum is less than the amount originally reported when initially brought into the country. Contact the Embassy of Bulgaria in Washington, D.C. or a Bulgarian consulate for specific information regarding customs regulations (See <http://www.bulgaria-embassy.org>; <http://events.euintheus.org/>).

If traveling with a pet, a certificate of a veterinarian examination within one week before departure is required; a rabies certificate within six months of departure.

## Visa Requirements

A valid 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. The U.S. passport must be valid for at least three (3) months from the expected date of departure from Bulgaria. U.S. citizens who enter the country on tourist passports without a Bulgarian visa are authorized to stay for a 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.

Visa issuance can take 30-40 calendar days. "D" visas are issued for employment purposes, missionary purposes, or if you are married to a Bulgarian citizen, among other reasons. Travelers with an official or diplomatic passport, 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. 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.

Key link: <https://travel.state.gov/content/passports/en/country/bulgaria.html> for more information

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

Holders of Schengen visas can visit and stay in Bulgaria without Bulgarian visas within the validity of their visa, but no longer than 90 days within a 6-month period.

Contact the Embassy of the Republic of Bulgaria at 1621 22nd St. N.W., Washington, D.C. 20008; <http://www.bulgaria-embassy.org/en/bulgarian-citizenship/>, main switchboard (202) 387-7969.

Key Business Links: <https://bg.usembassy.gov/business/>

## Currency

Bulgaria's currency is the:

- lev, or leva - лева
- coins are Stotinki - стотинки,
- currency code is 'BGN,' and
- currency symbol is лев (lev).

See <http://www.bnb.bg/?toLang= EN&toLang= EN> **MK**

The Bulgarian lev is pegged to the euro.

As of mid-July 2019, one U.S. dollar equals 1.75 Bulgarian lev. Visitors should exchange cash at banks or exchange bureaus. Banks and exchange bureaus do not accept traveler's checks. Damaged or worn U.S. dollar bank notes are often not accepted at banks or exchange bureaus.

Due to new check clearing restrictions introduced by U.S. banks for cashing of personal and Treasury checks outside of the U.S., local banks no longer provide check-cashing services for personal and Treasury checks. The United Bulgarian Bank serves as a Western Union agent and provides direct transfer of money. There are many Western Union branches in major towns and cities. Many shops, hotels, and restaurants, with the exception of major hotels, do not accept credit cards.

ATM cash machines are increasing in Sofia and other major cities, but bankcards, debit cards and credit cards should be used with caution due to the potential for fraud or other criminal activity. Be wary of skimming devices placed on automated tellers. Only use ATMs inside major institutions such as banks or major malls. Limit your use of credit cards to hotel bills or bills from other major vendors.

## Telecommunications/Electric

Bulgaria has a very good telecommunications infrastructure with three mobile providers (Vivacom, A1, Telenor) and numerous wireless services for business travelers. Wi-Fi hotspots exist throughout Sofia (mainly at coffee shops, big restaurants, malls, hotel lobbies, public parks and at the Sofia Airport) and in the larger towns (Plovdiv, Varna, Burgas).

To call the U.S. from Bulgaria dial: 00+1+Area Code+ the land or mobile number.

To call Bulgaria from the U.S. dial: 011+359+City Code+ land or mobile number

Bulgaria's country code is +359 followed by the appropriate area code of the city. Every city in Bulgaria has its own code:

Sofia -2, or 02, Plovdiv-32, Varna-52, Bourgas-56, Stara Zagora-42, and, Veliko Tarnovo-62.

Voltage and plugs used are for 220 volts. Unless your computer or appliance is dual voltage or designed for 220-230 volts (type F; three cylindrical prongs) you will need a converter or transformer. The cycles (Hz) are 50 per second.

## Transportation

- Rental cars, buses, subways, taxis and trains are available at various levels of convenience in some Bulgaria cities

### Taxis

- Taxis are prevalent throughout Bulgaria. Travelers are recommended to use taxis with meters and clearly marked rates displayed on a sticker on the passenger side of the windshield. The standard rates normally range between BGL 0.80 and 1.00 (approximately 50 U.S. cents at current exchange rates as of July 2019) per kilometer. You will be expected to pay the amount posted, so it is advisable to check the rates before entering the taxi and to have small bills on hand as taxi drivers will often state they do not have change for larger bills.
- At the airport, there is a clearly marked exit within the arrival terminal that leads travelers to metered taxis at a fair rate and a booth to assist with obtaining taxi services. Travelers should inquire about the fare before entering a taxi and always account for all luggage, packages, and hand-carried items before paying and releasing a tax. A 10-12 percent tip is recommended.
- Presently, there are no ride-sharing taxis in Bulgaria.
- Sofia Airport is approximately 20-30 minutes from downtown Sofia and can cost approximately 15-25 BGN (leva).
- Sofia's highly congested rush hours are from 8 AM to 9 AM and 5 PM to 8 PM

### Subway:

- Sofia's subway system is new and has three two lines.. An electronic ticket for 10 trips costs 12 BGN.

See <http://www.metropolitan.bg/en>

## Car Rentals

Hertz, Avis, Budget and Europcar are available and can be rented at the Sofia Airport or at most of the larger hotels. Consistent with other EU member states, most car rental companies in Bulgaria require a valid international drivers license. A license issued by a U.S. state may not be sufficient and visitors are encouraged to check with the rental company in advance.

## Airports

- Sofia (SOF), Burgas (BOJ), Varna (VAR), Plovdiv (PDV) and Gorna Oryahovitsa (GOZ) constitute Bulgaria's major airports
- The country is served by major European airlines including: Aeroflot, Aegean Airlines, Air Malta, Air France, Alitalia, Austrian Airlines, British Airways, Cyprus airlines, El Al, LOT, Lufthansa, TAROM, Turkish Airlines and co-sharing with Iberia, Finnair, KLM, TAP and SAS, and Air Serbia.
- LCC (low-cost carriers) like Easyjet, Ryanair, Wizzair, Germanwings, Norwegian, Climber, and S7 connect Bulgaria's airports with the rest of Europe.
- Many American carriers, like United/Continental airlines, Delta and American Airlines operate code shared flights to Sofia. Bulgaria Air is also operating international flights as well as domestic service between Sofia, Varna and Burgas.
- Qatar airways offers good connections to the Middle and Far East.

## Low cost airlines in Bulgaria

Airline companies in Bulgaria offer the second cheapest flights in the world from Sofia to other European and Middle East locations. Among the low-cost airlines in the country are: Wizz Air, Ryanair, Blue Air, easyJet, Germanwings and Pegasus airlines.

## Language

Bulgaria is a Slavic language that uses the Cyrillic alphabet. However, English is widely used when conducting business as most young Bulgarians speak and understand English extremely well. Many Bulgarians also have some comprehension of the Russian language. German and French are also spoken.

## Health

The U.S. Department of State strongly urges Americans to consult with their medical insurance company prior to traveling abroad so that they can 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. 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.

Americans should consider that many foreign doctors and hospitals require payment in cash prior to providing service, and that a medical evacuation to the U.S. may cost more than USD 50,000. Uninsured travelers who require medical care overseas often face extreme difficulties, whereas travelers who have purchased overseas medical insurance have found it to be lifesaving 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.

- Dial 112 for Emergency. ‘112’ is the common emergency telephone number that can be dialed free of charge from most mobile telephones for police, ambulance, or fire
- Pharmacies (аптека – with a green cross) supply simple medications, such as aspirin, vitamins, band-aids, ointments and cold medications. For other medications you will need a prescription from a doctor
- List of Local Doctors/Hospitals: <https://bg.usembassy.gov/u-s-citizen-services/doctors/> MK
- Recommended Vaccinations: [www.cdc.gov](http://www.cdc.gov)

#### Local Time, Business Hours and Holidays

Local Time is EET (UTC+2-3 hours; Eastern Europe Time and Eastern Europe Summer Time) + 7 or 8 hours. Daylight savings time starts in late March and ends in late October.

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.

Bulgarians work a 40-hour week, Monday thru Friday. Businesses open at 8:30/9:00 AM and close between 5:00/6:00 PM. It may be difficult to schedule meetings on Friday afternoon during the summer months as Bulgarians leave early for weekend getaways.

#### General business Hours:

- Offices and Organizations – 08:30 AM – 05:00 PM
- Banks – 08:30 AM – 05:00 PM
- Department Stores – 10:00 AM – 10:00 PM
- Supermarkets – 07:00 AM – 10:00 PM
- There are many 24/7 stores in Bulgaria, especially in the larger cities like Sofia, Plovdiv, Bourgas, and Varna.

The U.S. Embassy is closed on both U.S and Bulgarian holidays.

#### 2020 Holidays

January 1	New Year’s Day
January 20	Martin Luther King Day
February 17	Presidents’ day
March 3	National Day Celebrating the Liberation from the Ottoman Empire.
April 17	Good Friday
April 20	Orthodox Easter Monday
May 1	Labor Day (Bulgaria)
May 6	St. George’s Day, Day of Valor and the Bulgarian Army
May 25	Memorial Day, Saint Cyril & Methodios Day (Bulgaria)
July 3	Independence Day
September 7	Labor Day, Bulgarian Unification Day (observed)

September 22	Independence Day
October 12	Columbus Day
November 11	Veterans' day
November 26	Thanksgiving Day
December 24	Christmas Eve
December 25	Christmas Day
December 28	Day After Christmas (observed)

#### Temporary Entry of Materials or Personal Belongings

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.

Bulgarian law requires all travelers entering or leaving the EU through Bulgaria with EUR 10,000 (currently around USD 11,396.01) or more, in cash, to declare the sum to Bulgarian customs. This EU initiative assists efforts to tackle crime and improve security by cracking down on money laundering, terrorism and criminality. Travelers 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 Bulgaria with the equivalent of BGN 25,000 or more must complete a customs declaration stating: the origin of the money, and a certificate from the Bulgarian regional internal revenue service proving that they do not owe taxes, unless the sum is less than the amount originally reported when initially brought into the country. Contact the Embassy of Bulgaria in Washington, D.C. or a Bulgarian consulate for specific information regarding customs regulations (See: <http://www.bulgaria-embassy.org>).

If traveling with a pet, a certificate of a veterinarian examination within one week before departure is required; a rabies certificate within six months of departure: <http://www.state.gov/m/fsi/tc/c10442.htm> and <http://www.state.gov/m/fsi/tc/34594.htm> Check with your airline on any other specific requirements.

#### Travel Related Web Resources

<https://travel.state.gov/content/passports/en/country/bulgaria.html>

<https://step.state.gov/step/>

<http://www.bulgaria-embassy.org>

<http://bulgariatravel.org/en/>

<https://www.youtube.com/watch?v=5hBp0DJfyI> <https://www.youtube.com/watch?v=PBVQsEMx1Ng>

<http://travel.state.gov>

<http://www.bulgaria-embassy.org/WebPage/Consular%20Information/procedur.htm>

<http://www.bnb.bg/?toLang= EN>

<http://www.metropolitan.bg/en>

<https://bg.usembassy.gov/u-s-citizen-services/doctors/>

[www.cdc.gov](http://www.cdc.gov)

<http://www.parliament.bg/en/24>

## **Investment Climate Statement**

The U.S. Department of State Investment Climate Statements provide information on the business climates of more than 170 economies and are prepared by economic officers stationed in embassies and posts around the world. They analyze a variety of economies that are or could be markets for U.S. businesses.

Topics include Openness to Investment, Legal and Regulatory systems, Dispute Resolution, Intellectual Property Rights, Transparency, Performance Requirements, State-Owned Enterprises, Responsible Business Conduct, and Corruption.

These statements highlight persistent barriers to further U.S. investment. Addressing these barriers would expand high-quality, private sector-led investment in infrastructure, further women's economic empowerment, and facilitate a healthy business environment for the digital economy. To access the ICS, visit the U.S. Department of State [Investment Climate Statement](#) website.

## **Political Environment**

For background information on the political and economic environment of the country, please click on the link to the U.S. Department of State [Countries & Areas](#) website.