

Aksedo



Kiril Tchokov

06/05/2008

Export and investment Opportunities in Bulgaria

Review of the Status of the Economy

Economy Overview

- Progressively improving business climate – lower income and corporate income tax - 10% since this year. Other tax incentives for investing in priority regions.
- 11.6% inflation for 2007 with strong 6.9% growth of the economy – expected 5.9% in 2008
- Untapped human resources – unemployment rate still high in some areas, above the nation's average 10.2% for 2007.

Economy Overview

Unemployment rate expected to hit the lowest point of 6.5% in 2008

Economy in Numbers

1. 7.6 million in population
2. Total GDP nears 30 billion EUR for 2007
3. Real GDP growth for 2007 at 6.2 per cent
4. The base interest rate stands at 4.58

Economy Overview

5. The budget surplus has increased to 3.8%
 6. Last year's productivity growth is 3.7%
 7. Services total 60% of the Gross Value Added of the economy
 8. ..with 31.4% left for the Industry and 8.4% for the agriculture.
-
- Strong performance in recent years combined with needed reforms led to more than double the foreign investments since the beginning of 2007
 - Bulgaria's economy has enjoyed steady growth cycle during the last several years

Economy Overview

1. Production of Mechanical engineering sector
2. Renewable energy sources
3. IT and communication
4. Electrical Engineering
5. Non-Metallic Mineral Production
6. Electronics Industry
7. Food an beverage Industry
8. Automotive Parts Manufacture

Operational Programs

Operational Programs

Transport

Regional Development

Environment

Administrative Capacity

Competitiveness of the Economy

Technical Assistance

Human Resources Development

Growth Sectors

- Financial Sector trippled its size since 2004

Mechanical engineering sector

- has enjoyed double digit growth since year 2002
- Long lasting traditions and expertise as well as low cost production
- The sector employs more than 120 000 people and the export of it was for more than 850 million EUR for 2007.

Growth Sectors

Production of Mechanical engineering sector

Renewable energy sources

IT and communication

Electrical Engineering

Non-Metallic Mineral Production

Electronics Industry

Food and beverage Industry

Automotive Parts Manufacture

Information and Communication Technology

- from 1,275 million EUR in 2004 to what is expected to top 1,840 million EUR this year.
- The main characteristics include strong traditions with more than 5000 information and communication technology companies.
- 32 000 jobs created by the top 100 companies of the sector.

Information and Communication Technology

- 3 new brands has entered Bulgaria's IT market in 2007
- Nearly 80 % growth of the PC sales since 2006.
- Reliable telecom infrastructure.
- Experienced and multilingual workforce.

Renewable Energy Sources[←]

Renewable energy sources

- Production of 4500 (Gwh) for 2006 only, several thousand of GW more in coming 5 to 10 years
- 12 year obligatory purchase of energy produced by renewable energy sources
- Bulgaria has the advantage of potential 1500 kW/h per year/ sq. meter production from solar energy

Electronics Production

Electronics production

- Over 75% export of the production of custom electronic networks - nearly tripled in the last 6 years.
- More 180 million USD have been invested in the industry in the last 4 years.
- Highly qualified workforce currently of around 12,000 people.
- The markets served are the automotive, telecommunications, military equipment and consumer electronics.

Electrical Engineering

Electrical Engineering

- Relentless improvement cycle that gave it more than 80% growth in production only since 2004.
- Exports doubling the total of year 2002 with more than 160 million EUR.
- The direct foreign investments surpassed 130 million EUR in 2007 compared to only 59 million in 2004.

Food and Beverage industry

Food and Beverage industry

- favourable climate and natural conditions
 - Highly fertile soil
 - more than 46 % of the territory is agricultural land
 - established local manufacturers and strong traditions
 - skilled labour force at competitive cost
 - strong marketing channels in the former Eastern block
 - EU food legislation integrated in the Bulgarian laws
-
- The export of the sector doubled in the period 2003-2007 mounting to 625 million EUR.
 - The direct foreign investments reached 41 mil. EUR in 2007

The foreign business process operations

The foreign business process operations

- The membership in the EU
- 10% corporate income tax
- 10% personal income tax – flat rate
- Talent pool and multilingual workforce
- Friendly business regulatory framework
- Very high percentage of university graduates

Automotive Parts Manufacture

Automotive Parts Manufacture

- flexibility of predominantly small and mid-size producers
- combination of excellent engineering skills and low-cost production
- production for both machinery and equipment and transport equipment increased with more than 130% since 2002
- export levels of machinery and transport equipment reached 1.2 billion EUR in 2007
- foreign direct investments in metallurgy, metal products and machinery building from 67 million in 2003 to more than 450 mil. USD in 2007

Non-metallic mineral production

Non-metallic mineral production

- The segment has attracted nearly 180 million EUR in direct foreign investments since 2005.

Companies such as:

- Holcim
- Drujba Glass
- Trakia Glass
- Devnya Cement
- Ideal Standard Bulgaria

have more than 45 million EUR each in net annual sales during the last 3 years.

Export and Investments

Export and Investments

- Business environment
- Possible models of business cooperation
- Perspective fields in the country and specially attractive fields for Latvian exporters
- Supporting organizations
- Retail modes
- Exhibitions
- How to enter Bulgarian market

Export and Investments

Export and Investments

- Internet connection and communication through Internet.
- Telecommunications
- I.T.

- Developing tourism
- Textile industry

- Food industry
- Main business language in Bulgaria

Thank you for the attention!

Kiril Tchokov
Analyst

Aksedo Business Consulting
Address: 62/B, Vitosha Blvd., Fl.4
Sofia, Bulgaria
Phone: +359 2 981 69 52
E-mail: kiril.tchokov@aksedo.bg

