

Bulgaria: Market Profile

Major Economic Indicators

	2015	2016	2017**
Population (000)	7,154	7,114	7,074
GDP (US\$ bn)	50.199	52.418	52.291
Real growth (%)	3.6	3.4	2.9
GDP per capita (US\$)	7,017	7,369	7,392
Inflation – CPI index	-1.1%	-1.3%	1.0%
Unemployment rate	9.2%	7.7%	7.1%
Exports (US\$ bn)	25.383	25.978	N.A.
YoY growth (%)	-13.3	2.3	N.A.
Imports (US\$ bn)	29.232	28.846	N.A.
YoY growth (%)	-15.8	-1.3	N.A.
Average exchange rate (Lev per US\$)	1.764	1.768	1.792 ^{##}

Note: ## Jan-Jul 2017, ** forecast

Source: IMF, WTO, Bulgarian National Bank

- Bulgaria has a strategic location at the centre of the Balkans and Southeast Europe, and the main roads of Europe to the Middle East and Asia pass through it. Ease of transportation is provided by five Pan-European corridors (IV, VII, VIII, IX and X), four major airports (Sofia, Plovdiv, Bourgas and Varna), two of the largest ports on the Black Sea (Varna and Bourgas) and numerous other ports along the Danube River.
- An EU member since January 2007, Bulgaria offers some of the most attractive incentives for doing business in Europe. These include a favourable tax regime such as a corporate income tax rate of 10%, a flat personal income tax of 10%, tax exemption for industries in high-unemployment areas and a two-year VAT exemption for imports of equipment for investment projects above €5 million and creating at least 50 jobs.
- Bulgaria appeared on the global outsourcing map about 10 years ago but has already managed to become one of the world's leading outsourcing hotspots. Thanks to its competitive costs of labour, rent and utilities in Central and Eastern Europe, Bulgaria has been named one of the best, pioneering outsourcing destinations in Europe by Cushman & Wakefield's rating for 2016. In terms of sectors, IT and the Internet, followed by tourism, telecommunications and retail, tend to generate the biggest interest in Bulgaria's outsourcing services.
- Producing parts for eight of every 10 cars in Europe, Bulgaria is fast expanding its industrial base. Leading industrial sectors include: machine building, IT, business process outsourcing, chemistry, electrical engineering and electronics, food and



agriculture, healthcare and medical tourism, and logistics.

- Under the Investment Promotion Act (IPA), Bulgaria offers a wealth of incentives ranging from VAT exemption, the possibility for R&D expenditure write-off to accelerated depreciation of two years for computers and new manufacturing equipment. More information on the investment environment and the relevant regulations can be found at the [InvestBulgaria Agency \(IBA\)](#).
- The inflows of foreign direct investment (FDI) to Bulgaria amounted to US\$2.8 billion in 2015, with China contributing US\$59 million. As of the end of 2015, China's total stock of FDI to Bulgaria exceeded US\$235 million, up from US\$5 million in 2006. Hong Kong's investment in Bulgaria, however, is far from significant.

Hong Kong's Trade with Bulgaria

(US\$ million)	2015		2016		Jan-Jun 2017	
	Value	Growth	Value	Growth	Value	Growth
Total Exports	63.735	-1.9	86.677	+36.0	53.552	+39.0
Domestic exports	0.156	-8.6	0.125	-19.9	0.069	-9.1
Re-exports	63.580	-1.9	86.552	+36.1	53.482	+39.1
Imports	48.610	-5.1	51.653	+6.3	27.149	+22.7
Total Trade	112.346	-3.3	138.330	+23.1	80.700	+33.1

Source: Hong Kong Trade Statistics, Census & Statistics Department

More Information

More information on the Belt and Road countries' economic and investment environment, tax and other subjects that are important in considering investment and doing business are available in [The Belt and Road Initiative: Country Business Guides](#).

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