

# Why Bulgaria is your new top investment destination

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## Political and business stability

Bulgaria is a member of the European Union and NATO and in 2022 started negotiations for joining OECD. Bulgaria is part of the EU single market of 500 million people and has trade agreements with over 80 countries in the world.

The stability of the currency is supported by the currency board, pegging the Bulgarian lev to the euro at the level of 1.96. Bulgaria has one of the lowest government debts in the European Union (18.9 % of GDP) and one of the lowest budget deficits (-1.5%) as of 2013. Bulgaria is working to join the Eurozone and the Schengen area.

## Low cost of doing business

Bulgaria has the most favorable tax regime in Europe. Corporate income tax rate is 10%, the lowest in the EU. Personal income tax is 10%, flat rate. Industries in high-unemployment areas are granted 0% tax rate. There is a 2-year VAT exemption for imports of equipment for investment projects over €5 million, creating at least 50 jobs, as well as 5% withholding tax on dividends and liquidation quotas (0% for EU tax residents). Bulgaria has one of the most competitive costs of labor in Central and Eastern Europe. The country provides favorable office rents and low cost of utilities.

## Strategic location

Located at the heart of the Balkans, Bulgaria is a strategic logistics hub. Ease of transportation of cargo is provided by:

- Five Pan-European corridors (IV, VII, VIII, IX, X) which pass through the country.

- Four major airports: Sofia, Plovdiv, Varna and Burgas
- Two main seaports: Varna and Burgas
- Numerous ports along the Danube River

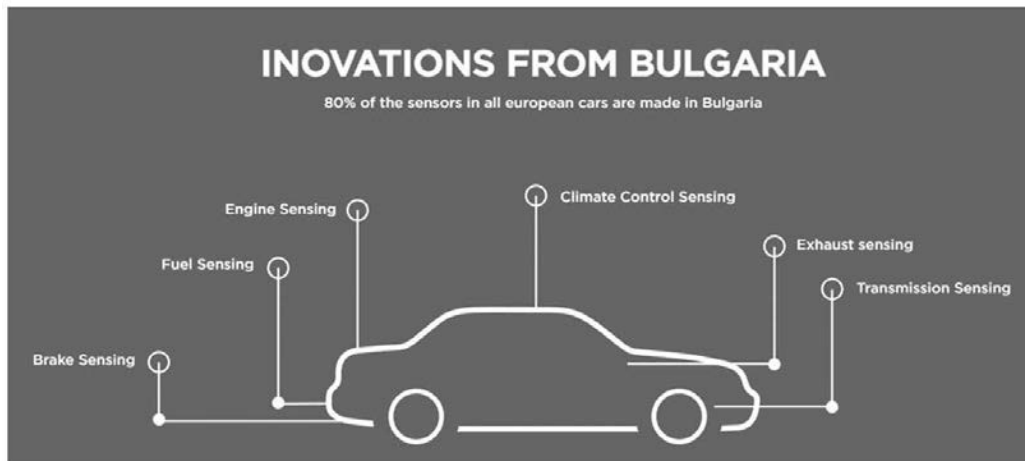
Bulgaria provides **an educated and skilled workforce**. 25% of the population hold university degree; 50% of the population speak at least one foreign language. 62.2% of the population is in working age (approx. 4.6 million). Bulgaria is among the leaders in the world rankings in mathematics and other scientific competitions.

The fastest growing sectors in Bulgaria are: automotive, mechanical engineering, health & life science, electronics, IT & BPO, robotics & mechatronics.

The **automotive and mechanical** industry accounts for 11% of Bulgaria's GDP with €4.3 Bn turnover. Nearly 300 companies operate in this sector and employ around 70,000 people. Bulgaria is among the biggest automotive parts producers in Europe.

80% of the sensors in all European cars are made in Bulgaria.

**Health and life science** industry is one of the strongest in Bulgaria accounting for 15% of the GDP and 7.7% annual growth. With more than 20,000 companies and organizations in the sector it generates turnover of €13.5 Bn. The market value of pharmaceutical products manufactured in Bulgaria amounts to €2 Bn. Bulgaria has 9 medical and healthcare universities and 128 medical centers engaged in research activities. 1/3 of the students enrolled in medical and healthcare studies in Bulgaria are foreigners, among whom a growing number of Japanese students.



Bulgaria is one of the 14 countries which participate in the initiative MEGA (The Million European Genomes Alliance) to give access to 1 million genomes in Europe by 2020.

Bulgaria also hosts the Institute for Computer Science, Artificial Intelligence, and Technology (INSAIT) which is set to become the research powerhouse of Eastern Europe and one of the world's leading research centers for computer science and AI. Leading international technology companies have already recognized the importance of INSAIT. The Institute is funded among others by Google, DeepMind and Amazon Web Services.

**The electronics sector** is No. 1 sector in Bulgaria per export and accounts for 11% of the total export of Bulgaria. The electronics sector enjoys 9% annual average growth with annual turnover of €3.7 Bn. There are 16 universities in the country with electrical engineering and electronics majors and each year around 20,000 students enroll in engineering.

Bulgaria is in the Top 10 countries in the world with the fastest mobile internet connection. **IT & BPO** is the fastest growing sector in Bulgaria with € 3.3 Bn turnover. The average annual growth of the sector is a staggering 19%. It employs more than 6,000 companies with nearly 80,000 employees. Bulgaria has excellent traditions in IT and experienced specialists in the field of computer science and software engineering. Today IT education is the most preferred major among Bulgarian students. Currently, 35 Bulgarian universities (18 with ICT majors) prepare students for jobs in the IT

& BPO sector.

Two outstanding examples in **IT & BPO** are Bulgaria's first Unicorn – Payhawk and the Bulgarian company EnduroSat.

Payhawk is a fintech company that develops smart cards and a platform that revolutionizes the processes of financial departments and allows cost statements to be eliminated altogether. The company serves businesses in 30 countries across a variety of industries, currencies, and payment methods.

EnduroSat creates a new generation of software-defined nanosatellites and provides space services to visionary companies, universities, and research teams around the world. Shared satellite service that allows launching and orbiting sensors (cameras, communication systems, and electronics). The company aims to accelerate space innovation by providing easy and fast access to space for entrepreneurs, scientists, and technologists.

In recent years Bulgaria has put an effort in developing its **robotics & mechatronics sectors** to support and increase the investments in machinery and automation. This development will implement additional tools, programs, and campaigns which will empower the modernization of the Bulgarian industry.

The Bulgarian **manufacturing industry** boasts 20.2% growth – the strongest growth within the EU. The main sub-sectors are food, textile, furniture, plastic and metal production, and manufacturing of vehicles and other transport equipment.

The **InvestBulgaria Agency (IBA)** is a governmental organization under the Ministry of Innovation and Growth of the Republic of Bulgaria established to attract investments to Bulgaria by applying various investment incentives. The Bulgarian Government has allocated more than **€20 Bn** till 2030 for business projects.

Under the Investment Promotion Act, IBA provides financial and non-financial incentives to the investors, such as financial support for training; social security cash back; construction of elements of the technical infrastructure; cash grants; shortcuts on administrative terms; individual administrative and information support; task force for institutional support; establishment of public-private partnerships with municipalities, universities, and other organizations; acquisition of land, which is owned by the Government or by Municipalities.

IBA supports the successful implementation of projects in various sectors, leading to the creation of new jobs, import and export, transfer of know-how to the Bulgarian economy, etc. A good dialogue between IBA and the business will facilitate more sustainable and effective policies for the development and support



IBA and JOI concluded a MOU to promote Japanese FDI towards Bulgaria in September 2023. Photo: from left to right, Mr. Kosugi (President of JOI), H.E. Mrs. Arabadjieva (Ambassador of Bulgaria to Japan) and Mr. Bogdanov (Executive Director of IBA).

of investments in these challenging and complex times.

IBA is your reliable, long-term and competent partner which will help you become familiar with the investment climate and business opportunities in Bulgaria and will support you at all stages of the investment process.



## YOUR SUCCESS IS OUR MISSION



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