

InvestBulgaria Agency



July 2014
issue 7 (10), year 2

Monthly
Electronic Publication

- InvestBulgaria Agency
- Economic News - Business, Investments, Trade
- Headlines from the European institutions
- Analysis of Sector
- Investment Opportunities of Municipality
- Chambers of Commerce in Bulgaria
- Macroeconomic Indicators
- Upcoming Events

INVESTBULGARIA AGENCY

TODAY WE PRESENT:

Ministry of culture



Peter Stoyanovich

Minister of culture

Minister Peter Stoyanovich was born on 25 July 1967 in Sofia. He graduated History and History of East and Southeast Europe in University of Vienna (1989-1995). At the same time he attended lectures of Germanology, Theology and Theathology. He has a Masters degree of Phylosophy from the University of Vienna (1995). He has an exellent PhD of Phylosophy from the University of Vienna (1998). He knows English, German and Russian languages. In the period February 1998 – March 2002 he was a secretary in the Ministry of Internal Affairs. He was Chief of Nadejda Mihailova's staff as vise president of the European National Party – 1999 – 2003. Chief of the Minister's of Foreign Affairs Cabinet from March 2000 to July 2001. International secretary and part of the National Board of SDS (2001-2003), secretary of NIS of SDS (2002-2003). Polotical (2003-2007) and international secretary (2005-2007) of PP "Gergiovden". Chairman of PP "Gergiovden" (april 2007 - september 2010). He left PP "Gergiovden" in April 2011. From 2009 – jurnalist and freelance analyse. Author of many articles and the scientific study "Between Dunabe and Neva. King Ferdinand from the view of the Austrian – Hungarian diplomation 1894-1899" (LIK, 1999). He is an author of the book "The Familiar Unknown. Ivan Stoianovich – Andjeleto 1862-1947" (Siela, 2012).

I am grateful to the whole team of the Ministry of Culture for the work well done in the past 14 months. The administration is a machine that always works with sensible sensors for aproval, pressure or trust which are part of the processes inside of her. Trust, effort for teamwork and standing for thought over and dynamic actions were among the main requirements of the style that I tried to force, if not to suggest the least in the cultural administration field.

The priorities of my mandate were creating conditions for sustainable development of the cultural industry, equality between the artists, increasing the access to culture, development of the rural cultural activities and conservation and popularization of cultural values that are important not only for the enrichment of nation's historical memory, but for the creation of preconditions for cultural tourism development.

In the regional policy field promotion of library activities, popularizing of festivals and activities in the field of tradition and immaterial cultural inheritance were a priority. For the first time ever since 2011 the state granted subsidy for development of library activities in total of 4 million levas. Thanks to that, 773 community centres all over the country will be supported for the accomplishment of partial repairs, development of artistically-creative activities and completion of library funds. Bulgarian traditions were popularized by organizing of multiple festivals and celebrations, for which was provided additional funding in total of 300 000 levas. Bulgaria was chosen for member of the UNESCO Intergovernmental Committee for the Safeguarding of the Intangible Cultural Heritage.

We restored and developed the theatre activity in Silistra, Kardzali, Razgrad and Dobrich and the shut down Rodopian theatre in Smolyan opened again.

In 2013 the archeological season didn't get enough funding, in heritage I received only 500 000 levas for field archeological research. This year we tripled the amount and the Government approved 1 500 000 levas for research activities and preservation of archeological heritage, including field preservation. These resources are still not enough, but are a positive progress in the right direction. Although Bulgaria is in third place in Europe after Italy and Germany in cultural heritage, we don't manage to utilize this potential for development of cultural tourism.

The young talents of Bulgaria were assisted by the "Debut" and "Mobility" programs of the National Culture fund, and in the film industry field 34 of all the accepted projects are young authors', from which 16 are debut projects.

One of the biggest challenges for me, which, I confess, I couldn't handle, was the adequate change in the funding of cultural institutions in the field of scenic arts – in a few words, funding for theatres. The funding technique represents the only unforeseeable delegated budget in the country that is completely onerous for the budget although it leads to increasing of attendance. At the end of last year we managed to overcome the shortage with savings in the budget of the Ministry, but at the end of this and following years the difference in the planned budget will be bigger. The change, although positive, is unpopular among many and will be a result of tough negotiations. But I'm sure that a change will come, no matter who's in charge and much he wants to flirt with the guild at the budget's expense.

Generally speaking, culture in Bulgaria is permanently unfinanced field. The need of more serious financing for development of this sector is still unrealized. Despite the tough situation in which we work, my team and I managed to keep up the stability of culture in the past year. I think that the work we managed to do in this period is more than positive in this insufficient funding with this public pressure on our institutions and with so much, though often fair, pretensions of guilds and organizations. Is this level of real political support stays and with such amount of financing, the culture field in Bulgaria will always leave on the edge of survival without any chance of over jumping its stable insufficiency.

We walked a long way in the right direction and this tendency needs to stay solid in the behavior of the institution. The administration – she's not good, nor bad, she is at her place to do a job that we, as their leaders, are sent to supervise and to push up. "Do what you can, with what you have, where you are", as Theodore Roosevelt would say.



INITIATIVES OF INVESTBULGARIA AGENCY

Our latest initiative for promoting Bulgaria as an investment destination, realized with the participation and support of the National Company "Industrial Zones", is the compilation and printing of the brochure which will be distributed as an annex to the Inflight Magazine "Bulgaria Air" in August.

NATIONAL COMPANY INDUSTRIAL ZONES (NCIZ) is a 100 % state-owned company with a sole shareholder - the Ministry of Economy and Energy, specialized in:

- Development of industrial & economic zones in line with the latest standards
- Management of industrial zones and innovation centers
- Encouraging investments in sectors with high added value
- Fast-track administrative procedures and personal assistance for investors



A TOTAL OF 8 PROJECTS:

- 0 284 000 m² total area
- 73 000 m² built-up area
- 225 000 m² open warehouse



THREE FULLY DEVELOPED FREE TRADE ZONES:

- Free Zone Rousse
- Free Zone Varna
- Free Zone Varna - Vostok

FIVE ZONES UNDER DEVELOPMENT:

- Sofia - Boshurkova Economic Zone
- Industrial & Logistics Park - Burgas
- Industrial Zone Tulin (Plovdiv)
- Industrial Zone Varna - West
- Industrial Zone Karlovo

National Company Industrial Zones
1, Angel Kanchev Str.
Sofia 1000, Bulgaria
Tel: +359 2 680 23 02
Tel/Fax: +359 2 687 10 84
e-mail: office@nciz.bg
www.industrialzones.bg

National Company Industrial Zones PLC
InvestBulgaria Agency

INVEST
IN
BULGARIA

InvestBulgaria Agency
31 Aksakov Street
Sofia 1000, Bulgaria
Tel.: +359 2 985-5500
Fax: +359 2 980-1320
E-mail: iba@investbg.government.bg
www.investbg.government.bg

www.industrialzones.bg
www.investbg.government.bg

WHY BULGARIA?

Ensure your global business growth

For the period 1997 - 2013 nearly 1 billion BGN were invested in the plant and its affiliates, which resulted in production capacity expansion, modernization and upgrading of facilities and a substantial progress in environmental protection and occupational safety. In the next 2 years the company foresees important investments for the construction of a new distiller which will reduce significantly the production costs by consuming less steam and emitting less CO₂.

Mr. Spasen Nankov Executive Director

My personal impressions for investment climate in Bulgaria are exceptionally positive. I believe that this country has a big potential for growth and development not only in our sector but in others as well. As a whole, Bulgaria is distinguished with financial and political stability. It has key geographical location with its access to the Black sea. The country represents a peculiar crossroad between Europe and Asia, which is extremely important for our company.

Mr. Sergi Shumov CEO

"Bulgaria has a very good investment climate and well qualified specialists in all business areas and engineering."

Established Recruiters General Manager

ABB

WHY NATIONAL COMPANY INDUSTRIAL ZONES?

- Prime locations with all transport links in close proximity
- Well-developed infrastructure and facilities
- Additional incentives for investors
- Assistance and partnership
- Options for flexible planning, expansion and relocation upon request by investors
- Being a state-owned company, NCIZ can offer competitive prices and trustworthiness



Bulgaria: Your success story

MAKE THE STORY OF YOUR INVESTMENT A SUCCESS IN BULGARIA WITH ITS STRATEGIC LOCATION, ECONOMIC STABILITY AND LOW BUSINESS COSTS

FIGURES WHY:

0% corporate tax for investment in areas with high unemployment rate

10% corporate income tax

10% personal income tax

0,080 €/kWh electricity price for industrial users

9,89 €/GJ gas price for industrial users

€1092,4 FDI inflow for 2013

€39,940 billion GDP

€22,228 billion export

€414 average monthly salary

€25,844 billion import

18,9% government debt

0,4% HICP inflation rate

-1,5% budget deficit

20% VAT

0,9% real GDP growth

12,9% unemployment rate

53 universities, colleges and higher schools

45,5% of the population speaks at least one foreign language

7% of the population holds an engineering degree

3,37 million labour force

INVESTBULGARIA AGENCY (IBA)

Who we are

- IBA is the official organization that promotes the investment environment of Bulgaria and provides assistance to investors
- Part of the Ministry of Economy and Energy

What we do

- Attracting potential investors from all around the world
- Providing support to investors at the investment research stage
- Providing support to investors during implementing the investment project
- Providing support to investors after implementing the investment project during the day-to-day activities

How we work

- IBA provides its services through sector specialization
- Multilingual and dedicated professionals who ensure guidance for successful investment in Bulgaria



14 Reasons to invest in Bulgaria:

- Political and economic stability
- EU and NATO member
- Currency board
- Fiscal discipline: low budget deficit and government debt
- The most competitive business costs in the EU
- Low tax rates
- Low business costs
- One of the most competitive labour costs in the EU
- Strategic geographic location
- Offers direct access to global markets like EU and EFTA; Turkey and The Middle East; Russia and CIS
- 5 Pan-European transport corridors
- The only country whose credit rating has been increased by Moody's since the economic crisis of 2008
- Stable economic recovery
- Equal treatment of foreign and Bulgarian investors
- Developed and developing industrial zones
- Skilled and highly qualified workforce
- Bulgaria ranks 14th place for internet upload speed in the world according to the Speedtest survey



The summer academy of InvestBulgaria Agency has been completed, 2014

How the investment message of our country should look like? - This was of the topics discussed in one of the practical activities, organized by the Marketing head office of InvestBulgaria agency. The department experts were impressed by the interesting proposals given by the participants: 'Invest in Bulgaria, invest in the future', 'Bulgaria is an excellent place to start or expand your business', 'Bulgaria- find your growth opportunity'.

In the second workshop, members of the academy worked on the following topic: 'My design and vision of the agency's newsletter'. The newsletter, designed by the agency is electronic and it is issued once a month.



The last module of the summer academy IBA ended on 24 July. Our main goal was the 30 enrolled students to get acquainted with the activities of the Agency and the certification procedure of investment projects itself. Within the month of July 2014, every Thursday meetings were organized with representatives of foreign chambers of commerce, managers of leading foreign companies that have made significant investments in the country and commercial counselors of diplomatic missions in Bulgaria.

The academy started on 3rd of July. The executive director of the agency Mr. Svetoslav Mladenov introduced to attendees the capabilities of the country that attract foreign capital and changes in the Implementing Regulations of the Law on Investment Promotion, one of the main purposes of which is to reduce the administrative burden on investors, facilitate the overall process - from application to the receipt of an investment class certificate. Some of the participants were already familiar with the business climate in our country and what are the promising sectors for development.

During those four modules of the summer academy, members had the opportunity to meet counselors from the Italian Chamber of Commerce in Bulgaria, on whose initiative were organized a series of days for the submission of Bulgaria in different parts of Italy, which were aimed at strengthening bilateral trade - economic relations by providing trade and investment opportunities in our country. Commercial Counselor at the Hungarian Embassy in Bulgaria - Mr. Tibor Nemeth and chairman of the Bulgarian-Hungarian Chamber of Commerce - Ms. Liana Petrova pointed traditionally the good relations between the two countries and also presented some of the biggest Hungarian investors in Bulgaria. 20-year history of Nestle in Bulgaria was described by the company's CEO - Mr. Juan Carlos Paraleho, as well as the long-term plans for presence in the country. There were lectures organized for students by Mr. Daniel Berg - Director of the European Bank for Reconstruction and Development; the lecture of Mr. Michael Angerer - Commercial Counsellor at the Austrian Embassy. After the lecture, Dr. Mitko Vasilev - German President - Bulgarian Chamber, a visit to Bulgarian Chamber of Commerce was arranged, where Tsvetan Simeonov - President of BCCI held a lecture too. Mr. Nikolay Angelov, COO of IBM, a leader in the development and creation of information technologies familiarize the participants with the 100-year history of the company.



In the end of the IBA Summer Academy 2014, students met Mr. Atanas Nenov, an executive director of the National Company "Industrial Zones". After the presentation, all of the students that took part in the academy received their certificates of participation. Afterwards, a visit to the base of Lufthansa Technik Sofia was carried out for all the members. From the financial director of the company Mr. Stefan Yordanov, students learned more about the activities of the company, as well as the history and traditions of Lufthansa Technik. Spokespersons shared the same vision and concluded overall that Bulgaria is a good place for investment with many opportunities.

The desire of enrolled students is to conduct this type of IBA Summer Academy each year. Below are some of the comments and recommendations that we have received:

- "The idea is great and the Academy should be organized again."
- "I was fascinated by the presentation style and the guests themselves as a whole. Environment was conducive enough to relax, calm and easily ask your questions. "
- "The concept of the creation of such events must continue to develop."
- "I strongly recommend this initiative to continue in the near future. Let next year's Summer Academy IBA be a fact, so that other young people to embark on this challenge "
- "Next summer again ☺"

Impressions of the participants in "Summer Academy of IBA"

At the end of the fourth module, the participants completed a questionnaire to identify the impressions of the new initiative.

There were 27 participants in the survey that responded to 6 standard questions and were asked to make comments and give recommendations about the events that were organized. Participants were asked to evaluate the organizational aspect of the initiative on a scale between 1 and 3, with 1 being the maximum score, and 3 - the minimum. Four criteria under the assessment are: 1) start and end of the event; 2) program; 3) the place of the event; and 4) the duration of the event. Overall, there were more positive impressions of the organization of the different modules. Program evaluations and the venue of the academy vary between the highest and medium.

On the question 'What are the three most important things that I learned during this training workshop', most participants responded that that they discover more about the investment climate in Bulgaria, the country's role in attracting foreign investors, the structure and operation of the Ministry of economy and energy. Moreover, students found more information about the functions of InvestBulgaria Agency, activities of chambers of commerce, different marketing approaches, used when promoting Bulgaria as an investment destination, ect. Different answers have made a specific impression, stating that through presenting the process of implementation of an investment, a new idea is acquired about the employment situation of young people in the country.

Overall impressions of the respondents from the IBA Summer Academy are very positive, highlighting the choice of lecturers, the good organization and timing of the event conducive atmosphere and positive attitude of the employees of the Agency. Asked whether they thought the Summer Academy will be useful, respondents answer "strongly" and "- rather," which speaks to the high satisfaction of the participants of the event and the form of the general interest of young people in such initiatives. Being familiar with the work of state institutions can be used as useful experience that will contribute to the future development of the students.

Most - common recommendation by the respondents to the team of IBA Summer Academy is to become an annual event, and the duration of training to increase. Based on the assessments and recommendations of the



participants in the Academy, it can be concluded that there is a great interest in such events by young people in Bulgaria.

IBA MEDIA MEETING

07/07/2014

In the InvestBulgaria agency /IBA/, a board meeting of the agency was held with the Executive Director of IBA - Svetoslav Mladenov and Deputy Executive Director - Kostadin Djatev.

For the first six months of 2014, IBA has issued 12 investment class certificates, which amounted to a total of BGN 94.33 million, providing the disclosure of 3213 new jobs. The amount of investment projects in 2013 year reached BGN 100.33 million. The difference between the total investment projects throughout 2013 and the first six months of 2014 is BGN 6 million. Investment projects that are still in process of certification by June 2014 are 15, amounting to BGN 565.9 million and providing new 7851 job opportunities. InvestBulgaria Agency is actively working to attract 28 potential investment projects run up to BGN 1,409.7 million and to create more than 22,674 new jobs.

InvestBulgaria Agency started an initiative to hold regular meetings with foreign business representatives in Bulgaria as part of the intended active campaign to attract foreign investors. At the eighth annual awards "Investor of the Year", companies and investment projects in various sectors of the economy were honored. The country roundtables were held with potential and actual investors, representatives of central and local authorities, business organizations, financial institutions, universities and colleges. With the aid of Bulgarian and international companies successfully implemented in our country, through regular meetings with them, the awareness of the country among foreign investors were significantly increased.

Investment catalog of IBA, Legal Guide as well as e-newsletter, foster the positive image of Bulgaria as a stable and secure investment and business destination. From the publications in www.bulgariansabroad-iba.com page and from the users in Facebook, it can be said that our campaigns among Bulgarians abroad, aiming at promoting the investment climate, have increased the interest of the Bulgarian economic and educational active diaspora in building a positive image of Bulgaria. Especially for students, we organized IBA Summer academy and we also took part in the program for summer internships in public administration July-September 2014.

In the month of April 2014, the Council of Ministers accepted amendments, in accordance with the Regulations under the Act to promote investments, in order to reduce the administrative burden on investors applying for an investment class certificate or a priority project. It will facilitate the requirements for applicants, investment projects and applications.



MEDIA FOR INVESTBULGARIA AGENCY

IBA has given 12 certificates in total of more than 94 million BGN since the beginning of 2014

Sofia. The short survey of the work done for the first six months of 2014 from InvestBulgaria Agency (IBA) shows that for this period 12 certificates for investment class were given, which sum up to a total of a little more than 94 million BGN, said in an interview for "Focus" information agency the executive director of InvestBulgaria Agency (IBA) Svetoslav Mladenov. He explained that these are 11 certificates for investment class A and 1 for class B. According to him, these projects foresee the opening of about 3 200 jobs.

"In comparison, the amount of investment projects (11) for the same period of 2013 sums up to a total of a little more than 56 million BGN with provided 553 new jobs. Mladenov also said that the difference in the numbers is significant and on this basis a positive praise to the work of IBA can be given. According to him, the agency will proceed at the same speed in the next six months. "We have to pay attention to the investment projects in process of certification, which as from June are 15 with a total of nearly 566 million BGN and provide opening of about 7 900 new jobs," said Mladenov and added that IBA is actively working to attract 28 potential investment projects with an estimated value of 1 400 million BGN, providing for the creation of more than 22 500 new jobs. Based on the number of investment projects in process of certification at the moment and the number of potential projects that the Agency operates, it's reasonable to expect raise of the total amount of foreign direct investments in Bulgaria and the number of investment projects certified of IBA.

Source: www.focus-news.net

Photo: Information agency "Focus"

Svetoslav Mladenov: The largest by volume investments come from The Netherlands

Sofia. According to latest data from the Bulgarian National Bank, the largest by volume investments in the country come from the Netherlands - 6306, 2 million Euros, after that comes Austria 5750, 9 million Euros, Greece 3560, 1 million Euros and Germany 2745, 4 million Euros. That was said in an interview with "Focus" agency by the executive director of InvestBulgaria Agency (IBA) Svetoslav Mladenov. "Most investment inquiries and most of the projects we are working on in the Agency come from the sectors "Machine Building", " Electronics and Electrical Engineering ", " Information and computer technology ", he added. Mladenov said that overall the outsourcing of business processes and the activities in the "Machine Building" sector are one of the fastest growing

in the Bulgarian economy with high potential for development in the future. "Since the beginning of the year the certified by IBA investment projects in the outsourcing sector are 6, half of the total issued that provide up to 2,000 new jobs," said Mladenov. In his words, Bulgaria as an investment destination offers many advantages to

стр. 7 от 30

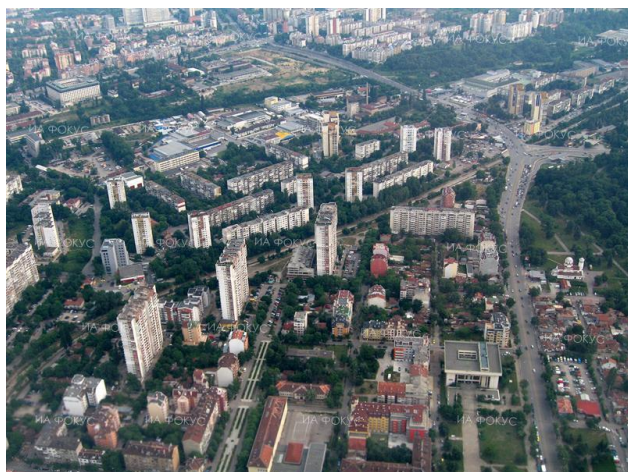


foreign investors. "The country is a member of NATO and the EU, to which must be added the currency board arrangement and low budget deficits and government debt," said Mladenov. According to him, these factors point to stable and predictable investment environment in the country. He highlighted the favorable geographical location of the country, which offers quick and easy access to markets in Europe, Russia, Turkey and the Middle East. "Bulgaria offers the most competitive business costs and in particular - 10% corporate tax, and investors in areas of high unemployment can benefit from 0% corporate tax. Income tax is also 10%," said Mladenov and added that the amount of wages is also one of the key factors of interest to the country.

Source: www.focus-news.net

Photo: AFP

Svetoslav Mladenov: The amendments to the Application of the Investment Promotion Act aim to reduce the administrative burden on investors



Sofia. The adopted amendments to the Application of the Investment Promotion Act aim to reduce the administrative burden on investors applying for an investment class certificate. That said in an interview with "Focus" agency the executive director of the Invest Bulgaria Agency (IBA) Svetoslav Mladenov. According to him the changes simultaneously reduce the requirements to applicants, investment projects and applications. "The changes foresee the introduction of a uniform application for an investment class certificate, which aims to facilitate the launch of the certification process and introduces the obligation for the immediate issuance of a certificate by the InvestBulgaria Agency, which serve to the executive authorities to assist the investor," he explained. Mladenov

said that the thresholds for investment projects in the manufacturing and construction and development of industrial zones and technology parks are reduced and added that the requirements for applicants to build industrial zones are lightened. "All the latest changes are intended solely to facilitate the certification process and reduce the time to obtain a certificate. From IBA expect this to have a positive impact on the investment environment in Bulgaria and to increase the interest of foreign companies to the country," said Svetoslav Mladenov.

Source: www.focus-news.net

Photo: Information agency "Focus"



Svetoslav Mladenov awarded the Commercial and Economic Section in Vietnam



On July 24 on an official ceremony of BCCT were awarded the most active Commercial and Economic Section (CES) for 2013.

The Grand prize - a bronze statue "HERMES" and a diploma received the Commercial and Economic Section in Federal Republic of Germany. CES Germany took first place in the rankings with indisputable results for 2013. The award is for growth of the Bulgarian export, positive changes in investments and attracted foreign tourists in Bulgaria, active work with the Bulgarian business and co-operation to achieve the goals and objectives of BCCT. The award was given by Prof. Daniela Bobeva - Deputy Prime Minister for Economic Development of Republic of Bulgaria in resignation.

Svetoslav Mladenov, the executive director of the Invest Bulgaria Agency presented the award for second place - Honorary Diploma for CES in Vietnam.

Krasin Dimitrov, Deputy Minister of Economy and Energy presented the Honorary Diploma for CES in Ukraine.

3 more CES, nominated in the ranking this year, were awarded by the Deputy Minister of Foreign Affairs in resignation Angel Velitchkov – CES in Belarus, CES in Greece, CES in Lebanon.

BCCT together with the Ministry of Economy and Energy established the approach for nominating and awarding of CES.

Criteria by which CES are nominated are the same for all and are as follows:

1. Exports, investment and tourists, including:
 - Share of Bulgarian exports to the country in total exports in CES countries for 2013.
 - Increase in exports in 2013 compared to 2012.
 - Increase in investments in 2013 compared to 2012.
 - Increase in tourists in 2013 compared to 2012.
2. Active work with the BCCT and the Bulgarian business (provision and dissemination of business information, assistance with business visits to the country, organization of business forums and meetings, assistance in recruiting participants in exhibitions in Bulgaria)
3. Weight in the ranking give the overall assessment of the activity of CES from MI.

Based on these criteria are 6 CES are nominated, which were awarded – Belarus, Vietnam, Germany, Greece, Lebanon, Ukraine.



Source: BCCT



ECONOMIC NEWS – BUSINESS, INVESTMENTS, TRADE

Trisa "Ltd. Bulgaria received a certificate Class "A"

"TRISA" Bulgaria Ltd. received a certificate Class "A" investment for building a new logistics center near Elin Pelin, Sofia. The amount of the investment is more than BGN 6 million and 30 jobs are expected to be created. A construction of a building complex is expected to be build with an initial area of 3000 m² on its own plot of 27,000 m². Through this investment, the company plans to begin expansion of markets in Eastern Europe, Russia and former Soviet republics. With the development of this project based near Elin Pelin, it is possible to be carried out various industrial activities in the future. By creating a logistics center near Elin Pelin, the corporate group from Switzerland TRISA HOLDING AG implemented a next step in the development of a long-term partnership in Bulgaria.

bacc.bg

Chinese invest 20 million euro in Karlovo

Chinese consortium plans to invest in Karlovo 20 million euros in the production of probiotics and synbiotics, announced for Darik Stoyo Karagenski, Chairman of the Municipal Council. In his words, a few months ago representatives of the consortium tested in Chinese hospitals probiotics produced by a private company in Bulgaria, and reported good results. So they decided to invest in production in Karlovo. The investment will be implemented on an area of 20.4 acres northwest of the city.

http://dariknews.bg/

New double-digit growth in bank profits

Bank earnings have increased for the sixth consecutive month of December 2013 onwards, after five consecutive years of declines. The growth rates of financial results continued to be double digits, according to the Bulgarian National Bank (BNB) to the banking system at the end of May. For the improving results contribute not only the increase of the net interest income of banks but also the declining costs of the sector for allowances of bad credits.

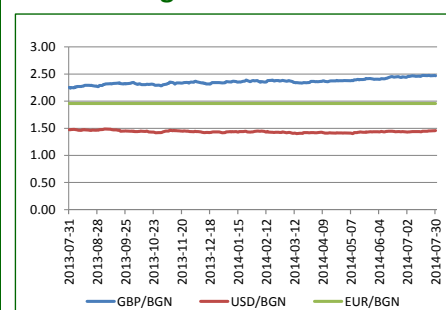
In May, the banks on the Bulgarian market have made a profit of 57.6 million lev, which is 5.51% more than the results reported in May last year. The accumulated YTD profit also increased and by the end of May reached 363.9 million lev, increasing by 37.1% annually. The rate of growth remains double-digit, but decreases compared to the reported growth in April of 45.3%.

capital.bg

ECONOMIC INDICATORS

Foreign Direct Investments

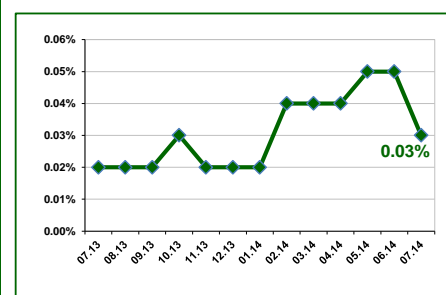
Source: BNB

BNB exchange rates

Source: BNB

Main Interest Rate

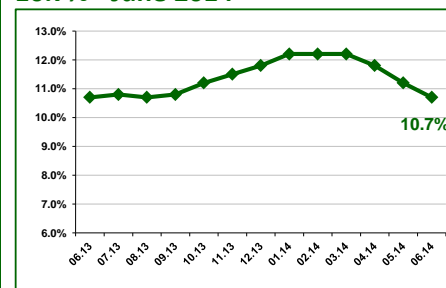
0.03% - 01.07.2014



Source: BNB

Unemployment Rate

10.7% - June 2014



Source: NSI



"Coca-Cola Hellenic BSO": We will continue to invest in Bulgaria

"Coca-Cola Hellenic will continue to invest by introducing additional processes in the near future. This will require additional investments in Bulgaria and expansion of the Center", revealed Simon Simion-Popescu, director of "Coca-Cola Hellenic Business Services Organization" in an interview for Economy.bg.

"Business Services Organization" (BSO) is one of the most important investment that the group of "Coca-Cola Hellenic" has made in Bulgaria in the last three years. The organization was established in 2011 to provide high quality services in the field of human resources and financial business of "Coca-Cola Hellenic" in 28 countries of the group. The aim is to standardize and centralize the processes in finance and human resources in order to be improved the productivity and efficiency as well as customer satisfaction.

"After the first two successful years, the group decided to add more processes that will be provided by our Shared Service Centre of the Group of Coca-Cola Hellenic. The project is carried out in the period June 2013 - August 2014. We are very proud to be awarded the certificate of investor class "A" for this investment", added Ms. Simion-Popescu.

economy.bg

Fitch affirms Bulgaria's ratings; outlook stable

The international credit rating agency Fitch Ratings Ltd. has affirmed Bulgaria's Long-term foreign currency Issuer Default Rating (IDR) at 'BBB-' and its Long-term local currency IDR at 'BBB'; outlook stable. The Country Ceiling has been affirmed at 'BBB+' and the Short-term foreign currency IDR at 'F3'.

This is the second for this year affirmation of the country's ratings by Fitch after the assessment in January. The Stable Outlook reflects Fitch's assessment that upside and downside risks to the rating are well balanced. According to the agency the main risk factors that, individually or collectively, could trigger a positive rating action include implementation of key structural reforms leading to stronger trend GDP growth and a further, substantial reduction in external indebtedness.

The main risk factors that could trigger a negative rating action are linked with a macroeconomic or geopolitical shock that damages the

small and open Bulgarian economy or a significant slippage relative to official fiscal targets, or the emergence of instability in the banking sector, eroding Bulgaria's key rating strengths.

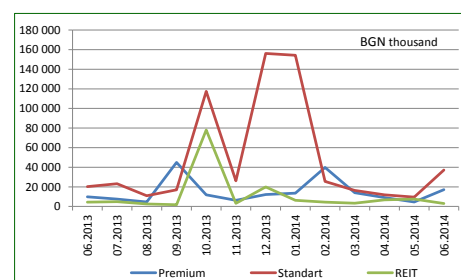
minfin.bg

Sutherland Global Services opens office in Burgas

The Global outsourcing company for business processes and operations Sutherland Global Services announced

ctp. 11 or 30

Bulgarian stock exchange-Sofia 06.2013-06.2014



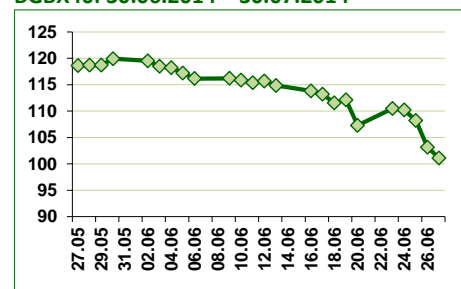
Source: BSE - Sofia

BGREIT: 30.06.2014 – 30.07.2014



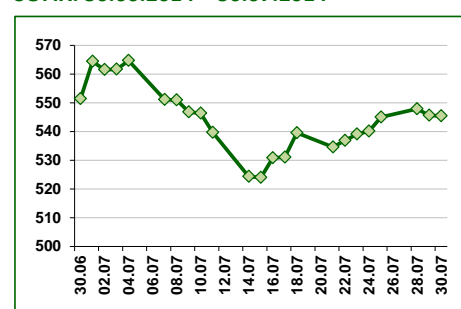
Source: Investor.bg

BGBX40: 30.06.2014 – 30.07.2014



Source: Investor.bg

SOFIX: 30.06.2014 – 30.07.2014



Source: Investor.bg



that it will open an office in Burgas. The company is in Bulgaria since 2008 and provides technical support, customer service via call centers and problem solving by phone, email and live chat. The company has employees in India, USA, Mexico, Colombia, Jamaica, Egypt, Dubai, Philippines and Canada. The Office in Burgas started with a logistics project and have already hired people who speak Russian and English.

economy.bg

Construction grows with 6.2 % in May

The construction sector grew by 6.2 per cent in May compared to the same month last year, shows the data of the National Statistical Institute (NSI). The Growth during the month was mainly due to engineering, which increased by 14.7 percent while the building fell by 0.1 per cent annually. Compared to April the growth in the sector is more modest - 1.7 per cent as it is almost identical to the one in engineering (1.8%) and building construction (1.6%).

dnevnik.bg

Greek energy giant PPC begins to operate in Bulgaria

The Greek energy company Public Power Corporation (PPC) announced the creation of a subsidiary in Sofia, Bulgaria, in cooperation with the Swiss company ALPIQ Group. PPC will own 85% of the share capital, and the remaining 15% will be owned by ALPIQ. The Joint venture will be engaged in trading of electricity. The establishment of this subsidiary is part of a strategy of PPC to expand its activity to other markets in Southeast Europe.

bnr.bg

"Stoyanstroi" will invest 6 million euro in fish farm

Project for industrial fish farming worth 6 million euro launched Stoyan Sariev, owner of "Stoyanstroi".

The farm project has been completed in 14 months, in which time four different teams of experts have visited the company from which is purchased know-how. The administrative and preparatory work will be completed in 6 months, and implementation of the project will take up to 2 years.

The funding will be done by 3 million euro from European program for aquaculture and 3 million euro own funds.

capital.bg

81% of retailers plan to open a new store to the end of the year

Companies engaged in retail business in the country, have positive expectations for the economy and 81% of them intend to open new stores to the end of the year, according to Colliers.

In the period from January to early July the shopping centers in the capital register employment over 97%, and the newly opened successfully maintain levels of over 85%. The analysis shows that the volume of purchased and leased commercial space only for the period in Sofia exceed 4500 sq.m.

Selected Decisions of the Government of the Republic of Bulgaria for the period 09.07.2014-23.07.2014 r.

23.07.2014 r.

AGREEMENT BETWEEN THE
GOVERNMENT OF THE REPUBLIC OF
BULGARIA AND THE REPUBLIC OF
KOSOVO WILL FILL LACK OF LEGAL
BASIS BETWEEN THE TWO
COUNTRIES IN THE FIELD OF
TRANSPORT

CHANGES TO RULES OF ENTRIES
CREATE PREREQUISITES FOR
GRADUAL DIGITALIZATION AND
AUTOMATION OF THE PROCESSES

16.07.2014 r.

BULGARIA WILL RATIFY
PARTNERSHIP AND COOPERATION
BETWEEN THE EU AND MONGOLIA

BULGARIA AND CHINA'S ANHUI
PROVINCE WILL SIGN MOU TO
EXPAND THE ECONOMIC
COOPERATION

IBA WILL CERTIFY THE INVESTMENTS
BY FOREIGNERS, APPLYING FOR
PERMANENT RESIDENCE PERMIT IN
BULGARIA



Projections indicate that the investment interest in the shopping center segment in the medium term is expected to be improved in two main directions - buying projects with financial difficulties to the already established malls with sustainable employment and commercial mix.

monitor.bg

Bulgaria tops lavender oil producers ranking

KAZANLAK, Bulgaria (AP) — Dozens of workers wade through a sea of purple, picking lavender blossoms in the sweltering heat. The 100-degree Fahrenheit temperatures give the blossoms their highest concentration of oil — a liquid treasure that is prized by perfume makers around the world.

Bags packed with lavender petals are taken to the nearby distillery where workers press them by foot before the precious oil is extracted in a steam distillation process.

Bulgaria has overtaken France in the past three years as the world's biggest producer of lavender oil. The Balkan country has doubled its production from 60 metric tons in 2011 to an expected 120 tons this year, as other Balkan countries cut production, according to one of the country's top producers.

"Bulgaria took advantage of this niche," said Filip Lissicharov, owner of Enio Bonchev lavender oil company in this central Bulgarian town.

Nikolay Ninov, an expert at the state-run laboratory for essential oils, said the lavender industry can be a boon for Bulgaria as it struggles to overcome poverty.

"Bulgaria, the EU's poorest country with its high unemployment rate, scores of skilled farmers, a favorable climate and unspoiled fields provides a promising blend for essential oil producers," Ninov said.

www.dailymail.co.uk

The new plant of "Devnia cement" will be ready in September

The complete reconstruction of the plant "Devnia cement" (part of "Italcementi Group Bulgaria"), which began in the summer of 2012, should be completed by the end of September. This became clear during the visit of the Minister of Economy and Energy Dragomir Stoynev in Devnia month ago. The commissioning of the new production line, which is in fact a new plant for cement and clinker, could be completed three months before the previously announced deadline.

According to the company "Devnia cement", the owner of the plant in Devnya, the investment will probably exceed 160 million euros and will be one of the biggest made in Bulgaria in the past 20 years. The expected annual capacity of the new line will reach 1.5 million tons of cement, which will make it the biggest, which "Italcementi Group" has in Europe.

09.07.2014 r.

GOVERNMENT WILL SUPPORT THE
FINANCIAL IMPLEMENTATION OF
TWO PROJECTS IN MACEDONIA

BULGARIA OPENS HONORARY
CONSULATE IN MUMBAI, INDIA



According to the Ministry of Economy and Energy during the construction of the new plant were created about 1000 jobs.

"Investments like this, which make innovative products, are supported entirely by the state," said Dragomir Stoynev during his last meeting with the "Italcementi Group Bulgaria". Until now, the Italian company has invested in its two plants in Bulgaria - "Vulcan" in Dimitrovgrad and "Devnia cement" over 400 million leva, which makes it one of the biggest investors in the country.

www.capital.bg

The caps manufacturer "Herti" raises its production capacity

The caps manufacturer "Herti" will increase its production capacity and its range with the launch of three new machines. Auctions are already underway and according to the schedule, their installation should be completed in the spring of next year. The new equipment will allow for the first time in Bulgaria to be produced aluminum caps with protective plastic ring. Such products are used primarily in glass bottles for mineral water and were previously imported from abroad. The modernization project for the plant is approximately 3.75 million leva, half of which are grants under the program "Development of the Competitiveness of the Bulgarian Economy" 2007-2013 and the other is provided by a loan from UniCredit Bulbank.

www.capital.bg

Bobeva: 60 million Euros more for small and medium-sized businesses

Small and medium-sized businesses in Bulgaria soon will be able to take advantage of a new financial instrument, announced Deputy Prime Minister for Economic Development Daniela Bobeva after the session of the Council of Ministers.

On the session the ministers accepted a project of mandate agreement between the Government, European investment fund and "Jeremie Bulgaria", which assigns the Minister of economy and energy to sign the agreement for Mezzanine Fund.

Funds for the fund will be 60 million Euros. Main part of the businesses who will be credited are with annual income between 5 and 50 million Euros. The fund will lend from 2 to 5 million levas for a project in all sectors of the economy eligible for funding.

24chasa.bg

Great Wall will export cars in Serbia

The car factory near Lovech began to export models made in Bulgaria for Serbia. The contract has already been signed, and the first cars will hit there in early September.

The factory near Lovech has produced over 2000 cars. Half of them are for the Macedonia and Italy, and the rest are sold successfully in our country, said the Director of the factory Ivan Dimitrov. He added that the interest in SUVs and pickups is big.

The Director said that this year will be produced 5000 vehicles of the two models and their modifications, and after the signing of new contracts the number will increase significantly. The capacity of the plant is 50,000 cars per year. At present are working 200 people, but with the increase production will be hired more workers.

bnr.bg

Ficosota will invest BGN 50 million

Ficosota will invest BGN 50 million in development of its manufacturing base in 2013-2015, said Krassen Kyurkchiev, manager of Ficosota. This happened during the opening of the new logistics center in Shumen. The investment in the new warehouse is for more than BGN 11 million. The logistics center is situated on 8500 square meters area and collect 20 000 pallets.

Ficosota is Bulgarian company producing FMCG, founded in 1994. It is a manufacturer of popular brands like Savex, Teo, Semana, Pufies, Maretti, Milde, Terter and many others. The company employs over 900 employees and exports the production in the Balkans, Eastern and Western Europe, Asia, Latin and North America.

economic.bg

BGN 24 million investments reported the Union of Brewers in Bulgaria

The Brewing industry in the country continues to develop and actively invest in manufacturing innovation, equipment and extending the range and brands of beer this year. This became clear during the press conference of the Union of Brewers in Bulgaria (UBB).

The investments in the sector for 2013 are BGN 57 million and for the past five years (2009-2013) the members of the UBB have invested a total of BGN 286 million in equipment, production capacity, new



production lines, logistics centers and other material assets.

Only for the first half of 2014, brewers, members of the UBB, have invested BGN 24 million in business development and have expanded their portfolio with 9 new product offerings and over 18 new packaging design have been introduced.

pivovari.com

Telecom companies are ready to invest BGN 624 million

Less income and more investment - these are the two most common trends of the telecommunication market in Bulgaria in 2014, noted by the annual report on the sector for 2013, prepared by the Communications Regulation Commission (CRC).

According to the analysis published on the website of the regulator, the total investment of telecom companies in Bulgaria for 2014 will be BGN 624 million. This is the first increase in the amount of three years - in 2013 it was BG 524 million, which is 4% below that of the previous year.

The biggest investment in the industry is expected to be made by "Globul" whose new owner, Telenor, undertook complete replacement of the network. Although the total cost of the project is approximately BGN 300 million, it is not clear in practice how much of it will be implemented this year. About BGN 200 million are the planned investments of "Mobiltel" for 2014. Operators invest mainly in adoption of new technologies in their networks.

capital.bg

\$ 150 million will invest Chinese company in Dobrich region

Large investment in agriculture is preparing the Chinese guests of "Klas Olio" Ltd. \$ 150 million will invest BBKA Group China in the processing of corn and sunflower. The guests of Anhui Province and the

management of "Klas Olio" Ltd., the Executive director Erhan Fikret and owner of the company Mr. Mert Yilmaz sought support from the state and the regional governor of Dobrich Nedko Marchev, Deputy Minister of Agriculture and Food Yavor Getchev and Kostadin Djatev, Deputy Executive director of InvestBulgaria Agency (IBA).

IBA familiarized the investor with the economic climate in Bulgaria and the benefits for the realization of foreign investment projects in the country, and committed to contribute for the realization of the investment. The initiative envisage the establishment of joint enterprises for processing of agricultural products. The general manager of the Chinese company Mr. Hiway He said that will buy agricultural production for the Chinese market. At first, milk powder, chicken, veal and oil.

The purpose of the visit in Dobrich region is to be created long-term business relationship with "Klas Olio" Ltd. and to explore the investment opportunities in Bulgaria, including the construction of new processing plants for corn, sunflower seeds and other agricultural products. BBKA Group China is a holding with an annual revenues - \$ 6 billion and has production facilities and factories on three continents. The company develops production in the field of pharmacy, biofuels, food industry.

Recent investments of the holding are:

- Brazil 2013 - Processing plant corn and port terminal worth \$ 320 million;
- Hungary 2014 - Plant for production of citric acid and organic products - \$ 150 million.

The meeting was also attended by the Deputy Minister Yavor Getchev and Kostadin Djatev – Deputy Executive Director of IBA, the Deputy Mayor of Dobrich - Ildaz Yusun and the mayor of Tervel Zhivko Georgiev.

Radio "Dobrudja"



INVESTMENT PROJECTS IN A PROCESS OF REALIZATION**"Litex Motors"**

"Litex Motors" - Bulgarian car manufacturer of the Chinese brand "Great Wall", will invest in its plant in Lovech about 70 million euros in new halls for welding, metalworking and painting. The entire production process should be completed in 4 years period in the village Bahovitsa, near Lovech. At present, the enterprise mainly assembled vehicles, chassis and other components are supplied from China. Construction of the new plants should begin in late 2015, and the annual capacity of each of the halls will be 50 thousand cars. So is the maximum capacity of the whole plant at the moment which can be increased to 70 thousand cars.

Source: www.capital.bg

"Coca-Cola Hellenic Business Services Organization" Ltd.

The investment of "Coca-Cola Hellenic Business Services Organization" Ltd. includes expansion and scope of services provided to the countries in the group of "Coca-Cola Hellenic" in finance, human resources and data processing. The expansion of the Bulgarian center is part of a strategic initiative of the "Coca-Cola Hellenic", for optimizing the costs of the companies in the group. The investment is undertaken within the period June 2013 - August 2014 and includes the acquisition of new equipment worth BGN 1.7 million and another nearly BGN 20 million operational costs. For the project were purchased: computer and information systems; software worth BGN 1.4 million, and office equipment for BGN 300 thousand. The Bulgarian Center provides services in the areas of finance and human resources. Clients for these services are business units of the Coca-Cola Hellenic group. As a result of the project are created 196 jobs in various departments such as finance, data processing, human resources.

Source: www.mi.government.bg

"PPD Bulgaria" Ltd.

The investment is worth BGN 1 million, and the funds shall be used for acquiring technical means to ensure the work of the staff. The project will be implemented in three years - until September 2016, and the total expenditure will be expected to have reached BGN 21.2 million. During the period of implementation of the project, 250 workplaces will be created. The company "PPD Bulgaria" Ltd. provides services for creating, developing and managing the entire innovation cycle of new drugs and laboratory services. The investment project "Expansion and development of administrative and financial complex and units in the field of research", for which "PPD Bulgaria" Ltd. received a certificate class "A", predicts the expansion of its activities on the territory of Sofia.

Source: www.mi.government.bg



HEADLINES FROM THE EUROPEAN INSTITUTIONS

Higher recycling targets to drive transition to a Circular Economy with new jobs and sustainable growth

[See more](#)

EU spending on renewable energy needs improvements to enhance its contribution to policy goals, say EU Auditors

[See more](#)

Single European Sky: Commission urges eighteen Member States to make a decisive move towards common airspace management

[See more](#)

EU-industry partnerships seek innovation boost with first €1 billion for projects

[See more](#)

Call for local, regional and national leaders to take advantage of new EU broadband funding and support

[See more](#)

COSME: the European Commission and the European Investment Fund sign agreement which will boost funding opportunities for SMEs

[See more](#)



ANALYSIS OF SECTOR**Organic farming**

Bulgaria is a suitable destination for organic farming because of the many preserved ecofriendly areas, that are unaffected by industrial pollution. Almost all of the farm land is suitable for organic farming. Mainly small family farms with small agricultural land work in the sector. The factors hindering the development of organic production in Bulgaria are several – lack of co-ordination of the producers, lack of association, lack of distribution, etc. The most suitable areas for organic farming in relation to climate and soil are as follows: for vegetables and fruit-trees is Upper Thracian Plain; for cereal – Danubian Plain.

From an economic point of view, the development of organic farming in Bulgaria has several advantages – firstly, lasting benefits to the people of the mountainous and hilly areas can be provided, it can help develop successful agriculture on smaller areas, that are prevailing in Bulgaria, it may to operate without the need for large upfront investments.

Organic farming is as an alternative means of living in hilly, mountainous and highland areas. Organic production requires a lot of manpower and is able to generate employment. Prerequisite for development is the expansion of the market for organic food.

In the Bulgarian economy agriculture is with decreasing share in national income. At the same time, the amount of subsidies for organic farming continues to grow.

In Bulgaria trading with organic agricultural products and foods is in stage of growth, but the tendencies are for a growing sector. For the last ten years with each year the industry has roughly doubled. The produced at the moment certified bio production in Bulgaria is mainly exported to Western European countries, while the share of realized Bulgarian production on the Bulgarian market is below 5%.

Selling of Bulgarian organic products is currently being carried out in three ways: from farmers' organizations, from different manufacturers, and companies that buy products and resell them.

In the EU, the market for organic products is well established in Germany, Denmark and Luxembourg; it is largest in Austria - almost 5% of the total food market. Among the Member States, the largest share of organic farms compared to the total number of farms is observed in Austria, Czech Republic and Sweden.

On a worldwide scale much in demand is the bio-honey and the essential oil crops, including rose oil. These are the bio-products our country is the most popular with. Production of bio-roses is focused in the Kazanluk and Karlovo areas. Rose oil occupies 0.5% of the total production of essential oils. However, it forms over 50% of all essential oils value. Bulgaria shares almost equally with Turkey the world market rose oil. The biggest market is in the countries with developed economies. In Europe such are Germany, France and England. USA is also a huge consumer, as well as Japan, Australia and China.

According to experts, bio-apiculture emerges as the most perspective niche for export of Bulgarian bio-products, Bulgaria being in 4th place in Europe for export of bio-honey.

Except relying on investors bio-producers can apply for funding from Rural development programme on one of the following measures: "Agro-ecological payments", "Modernization of agriculture", "Support of semi-market holdings undergoing restructuring" and "Creating holdings for young farmers". Foreign investors that invest in organic farming in Bulgaria at the moment are mainly from the Near East.

As each sector and this one has strengths, weaknesses, opportunities and threats, measures being taken regarding weaknesses in order to reduce their number. Under strengths fall Bulgarian legislation, climate and soil, the unique Bulgarian products and subsidy programs. Weaknesses express in the small number of producers, lack of interest in organic farming, limited range of products and a lack of priority for support. Opportunities are given



by the Ministry of Labor and Social Policy as business support schemes, as well as high demand for export. Threats include competition, introduction of GMO, aging population and low purchasing power.

2014 doesn't promise to become strong year for the organic farming sector due to the legal framework. The project for amendment of the regulation for execution of the "Agro-ecological payments" measure of the Rural development programme 2007-2013, made public at the last minute, deprives organic farmers the opportunity to apply for assistance under the sub-measure "Organic Farming". According to it, this year applications will not be accepted for assistance of bio producers, but only agro-environmental commitments made in previous years. This means losing the majority of manufacturers, they are forced to seek other means of financing. This means losing the majority of manufacturers, as they are forced to seek other means of financing.

The analysis of the market shows that attracting investments in bio fruits and vegetables production is more difficult to realize due to the high competition worldwide. The unique country products are those that can be supported in the sector.



INVESTMENT OPPORTUNITIES OF MUNICIPALITY

**Municipality Velinograd**

Area: 124.955 км²
Mayor: Ivan Georgiev Lebanov
Tel: + 359 (0) 359 /52115; 0359/52117;
0359/ 52019
Fax: +359 (0) 359 /54341
e-mail: velinograd@mbox.contact.bg
Web site: <http://m.velinograd.bg/>

Ivan Lebanov: European projects – investments of Municipality Velinograd

For a small municipality like Velinograd and the all the adjoining settlements with problematic areas, the budget is insufficient for major infrastructure changes, solutions and repairs. New pipelines and roads that have never existed before need to be build. On this occasion, the administration formed a great team of professionals who worked hard, in order to absorb funds from the European Union. From 2013, Municipality Velinograd works on projects with more than 20 signed contracts, amounting to 23mln lev, where the co-funding from the municipality itself is utterly minimal.

We have managed to cope with many uncertain areas and we hope this year and the next programming period to continue to be engaged with the European projects and programs, because for a small municipality as ours, these projects cannot be achieved without the euro funds. At this moment, we are focused more on designing projects that await the ready-made programs 'opening.

Despite the heavy public procurement procedures, we managed to finalize a number of different deals. One of the hardest projects and luckily won are those about infrastructure renovations.

For example, the water supply program of village Birkova, which is at the final phase, as well as one for plumbing of village Grashevo whose execution, is now imminent after numerous appeals and procedures around VAS. The two projects worth more than 8 and a half mln lev in total. Healthcare is among the priorities of the municipality of Velinograd and on this occasion we are proud of the MBAL Velinograd project. Through this project, the health facility was renovated, accessible and updated with new equipment worth 3 and a half mln lev, in order to improve the health system in the municipality. Another essential project is the one for energy efficiency, where 8 schools and kindergartens were renovated, in the value of 2 mln lev.

Finalized is also the project that aims to improve the social infrastructure, as a result of small homes and sheltered houses were build that will give shelter to 22 disadvantaged children and youths. The social service is now available.

It is also important to notice that at this moment, the projects are implemented on time and for now everything goes as planned. We did not left behind the culture of course, we've won MIG project that concerns the preservation of cultural heritage and provide revenue for archaeological excavations in the area Ostrets, as well as the repair of the radon bath Chepino, whose building is a unique architecture that attracts tourists. Not only in our municipality and in many others, the infrastructure is expensive and impossible for making a decision with own revenue problem. Hence, we hope we will be able to fully re-asphalting small streets in the periphery of downtown and the city. We developed a program, addressed to improve the energy effectiveness of Velinograd municipality, in particular street lighting. Another major infrastructural project is about the renovation of the outcome of the city to the street "Yundolska", which is a main road and it was fully serviced with new water mains.



According to another project this year, the central boulevard "Unification" is going to be fully repaired, where sidewalks and adjacent squares in the centers of Chepino Kamenica will be refurbished and a number of improvements and bikeway along will be build. Again, based on a different project, many parks in Velingrad were repaired, and worth 7mln lev. The policy of Velingrad Municipality has always worked in the service of the citizens and among our priorities is making new projects for infrastructural changes, social, educational, cultural and other activities. Therefore, we bet money as our capacity for each area and must have such and additional financing from European projects, in order to have opportunity in the new programming period to realize more of them. In our region, the biggest problem is the high unemployment rate in rural areas of the municipality. Again, thanks to European programs, there are over 2,000 people hired in the last two years.

The administration of the city aims at improving infrastructure design, better and accessible urban environment, creating new job places, improving the education and social infrastructure of Velingrad Municipality.

Municipality Velingrad

| Population | Total for Velingrad Municipality | 2010 | 2011 | 2012 |
|--|--|--------|--------|--------|
| | Population (number) | 41,366 | 40,595 | 40,390 |
| | Birth rate, (number) | -13 | -16 | -35 |
| | Mechanical growth - total (number) | -234 | -119 | -170 |
| | Working-age population, number | 26,177 | 25,394 | 25,362 |
| Leading companies by sales income (BGN thousand) | Company | 2010 | 2011 | 2012 |
| | Celev EOOD - Velingrad | 7,139 | 10,735 | 13,197 |
| | Ruven OOD - Draginovo | 1,333 | 1,611 | 10,358 |
| | Transmetal EOOD - Velingrad | 6,717 | 8,230 | 9,609 |
| | Bread and Confectionery Velingrad EOOD - Velingrad | 5,244 | 7,160 | 6,665 |
| | Veli Avto OOD - Velingrad | 3,649 | 3,759 | 5,432 |
| Leading companies by profit (BGN thousand) | Company | 2010 | 2011 | 2012 |
| | Feizal EOOD - Sarnica | 417 | 665 | 945 |
| | Elbrus Holidays EOOD - Velingrad | 215 | 344 | 570 |
| | Dvoretza OOD - Velingrad | 353 | -4 | 440 |
| | Transmetal EOOD - Velingrad | 138 | 137 | 359 |
| | Celev EOOD - Velingrad | 447 | 406 | 328 |

Pazardjik Province

| Area | 4 458 sq. km. | | | |
|--------------------------------------|--|---------|---------|---------|
| Population | Total for Pazardjik Province | 2010 | 2011 | 2012 |
| | Population (number) | 287 910 | 273 803 | 271 721 |
| | Natural increase - from 1000, % | -3 | -5 | -5 |
| Economic indicators and labor market | Total for Pazardjik Province | 2010 | 2011 | 2012 |
| | Employees under labor contracts (number) | 61 272 | 61 892 | 60 231 |
| | Average annual salary of employees under labor contracts (BGN) | 6 087 | 6 368 | 6 862 |



| | | | |
|--|-----------|-----------|-----------|
| Economic activity rate - 15-64 years (%) | 69 | 66 | 64 |
| Employment rate - 15-64 years (%) | 58 | 54 | 52 |
| Unemployment rate (%) | 16 | 18 | 18 |
| Registered unemployed as to 31.12. (number) | 17 786 | 17 377 | 19 251 |
| GDP (BGN thousand) | 1,799.0 | 1,830.4 | NA |
| GDP per capita (BGN) | 6,219.0 | 6,661.0 | NA |
| Foreign direct investment in non-financial enterprises, as to 31.12. (USD thousand to 2006 - incl./ EUR thousand - after 2007) | 335 732.5 | 397 258.9 | 431 090.9 |
| Cost of acquisition of long-term tangible assets (BGN thousand) ¹⁾ | 263 158 | 339 604 | 345 055 |
| Turnover (BGN thousand) * | 3 238 922 | 3 415 402 | 3 681 988 |
| Produced output (BGN thousand) * | 2 407 192 | 2 541 361 | 2 802 795 |
| Value added at factor cost (BGN thousand) * | 957 686 | 961 985 | 1 036 071 |

¹⁾ Incl. purchase of land

* Data are calculated by the methodology of Structural Business Statistics

PRIORITIES AND MEASURES FOR RURAL DEVELOPMENT PROGRAMME OF REPUBLIC OF BULGARIA 2014 - 2020

The program for rural development for the period 2014 -2020 has three main objectives.

The first one is to increase the competitiveness and balanced development of agriculture and food industry. It aims to ensure sustainable and balanced production growth and processing of agricultural products through the successful development of tenable agricultural structure and by promoting the quality and innovation in manufacturing.

The second is to protect the ecosystems and viable management, the use of natural agricultural resources, forestry and food industry, prevention of climate changes and adaptation. Within this goal, there are several interventions programmed, in order to protect biodiversity: reduce water pollution caused by agriculture; adapt to climate changes; increase energy efficiency; reduce gas emissions and incent conservation and carbon sequestration.

The third one predicts socio-economic development of rural areas, which leads to the creation of new jobs, poverty reduction and improvement in the quality of life. There are also conditions that simplify the economic diversification of rural areas and strengthen the territorial competitiveness of these areas.

Measures are divided in three priority areas. The first group addresses the necessities needed to improve the quality of basic services, technical, industrial and touristic infrastructure by promoting investments, improving the quality of living and access to services. The second group of measures aims at developing and utilizing socio-economic potential of rural areas through encouraging community-led local development under the LEADER approach. Third goal supports the development of non-agricultural activities. In the RDP 2014-2020, there are various measures and sub-measures proposed, which include justification, eligible activities, beneficiaries and financial conditions.



Measure 1 refers to transfer of knowledge and action information and includes 3 sub-measures: Professional education and skills; demonstration actions and media activities included in the management of agricultural and forestry holdings and visits to farmers and foresters. The first sub-measure supports the organization and training courses in agriculture and forestry fields. The second sub-measure encourages the organization of training courses and workshops in agriculture and forestry fields. The third sub-measure supports the organization and visits the farms.

Measure 2 examines consultancy farm management and replacement services in the economy. It includes the following sub-measures: support in advisory services to farmers, foresters and small farmers as well. The goal of the other sub-measure is to create consultancy services.

Measure 4 foresees investments in physical assets and its main purpose is to uphold the investments undertaken by farmers and processing enterprises, enhancing the competitiveness of all types of agriculture and increasing the viability of agricultural economics and enterprises.

Measure 6 aims at developing of farms and enterprises. The purpose of this measure is to facilitate the process of creation of farms by young farmers, to promote the employment and to create new jobs, to retain the existing jobs and reduce seasonal fluctuations in employment.

Measure 7 improves basic services and modernizes villages in rural areas by providing support measure, in order to stimulate growth and improve the ecological and social-economic sustainability of rural areas through the development of a small local infrastructure and basic services in rural areas. The subsidy received will improve: the construction, reconstructions and/ or rehabilitation of new and existing municipal roads and streets, construction and reconstruction of water supply systems and equipment

Measure 8 is about investing in forest districts, as well as the development and improvement of forest's vitality. Sub-measures include afforestation and maintenance; damage prevention of forest fires, natural disasters and catastrophic events; investments, boosting sustainability and environmental value of forest ecosystems; investments in forestry technologies, processing, mobilization and trade of forest products.

Measure 9 carries out the establishment of groups and producer's organizations in agricultural production and forestry fields.

Measure 10 covers up agro-ecology and climate, where measures are being designed to promote the economic growth and development of rural areas, as well as to improve the sustainable use of natural resources, resource efficiency and environmental performance of farms.

Measure 11 is about Organic farming, which deals with organic crops, organic beekeeping and organic livestock.

Measure 12 foresees payments in kind 2000 and Water Framework Directive.

Measure 13 predicts region payments with natural or other specific restrictions. Eligible activities are payments for agricultural land in mountain areas, other less-favored areas and areas with specific restrictions.

Measure 14 anticipates the welfare of the animals.

Measure 15 includes environmental services and assistance with climate-related forestry.

Measure 16 is about collaboration. Sub-measures involved are support in establishment and the function of the operational groups within the EIP for agricultural productivity and sustainability; support in pilot projects and development of new products, practices, processes and technologies; support in local activities, in accordance with promotions of the development of the short supply chains and local markets.

Measure 19 analyzes the community-led local development (CLLD) Leader. One of the main CLLD goals is promoting the territorial unity. RDP creates conditions, in order to stimulate the cooperation of municipalities within the Action groups (LAGs) without restricting the availability of funding and groups functioning in the



municipality territory. There are 4 sub-measures included that help preparatory activities: implementation of the operations within the strategies for community-led local development; preparation and the execution of co-operational activities of local action groups; as well as the running costs and encouraging the strategy of community-led local development.

Measure 20 includes Technical support, ensuring the resources needed for constructing the administrative capacity, the effective type of management and the right execution of the program.

The last chapter of the program consists of thematically based sub-program for the small farms development. The main reason for the development of such small farm programs in PRSR between 2014 and 2020 is due to the significant decrease in the number of farms in Bulgaria, compared to previous years. Some advantages of the use of the program are the improvement in competitiveness and sustainability of the lands for agriculture; opportunity to develop and implement targeted actions, beneficial to the knowledge and skills of those who run the farms; enhancement of personal capital together with the material-technical base; and also simplifying the access of the market that propose reasonable price for their manufacture. The aim and priorities of the program included are the direction of interventions and the warranty of the developing resources; provision of higher support intensity, required in order to stimulate the demand and compensate for larger structural problems that these farms have; stimulating the growth of specialized services for small farms- information and education, advisory services and transfer of innovation and technology; reducing the administrative authority by developing a simple business plan/application, suitable for small farms and decentralization of implementation.



Technical university - Sofia



Technical university of Sofia is the largest technical university in Bulgaria, preserved in itself the best traditions in the field of higher education set by its founders. It has 14 main faculties, few departments and also branches located in Plovdiv and Sliven, where students are educated and scientific researches are carried out.

The university has been preparing technical specialists for more than 69 years. During this period thousands of engineers have graduated from the university and found its career path not only in Bulgaria, but all over the world as well.



Over 1000 highly qualified lecturers lead courses in the four major educational degrees, as "professional bachelor", "bachelor", "master" and "doctor". The primary goal in activities of the Technical university- Sofia is high-quality training in accordance with the modern requirements, which confirms the status of the University as a leading educational center at the national and European level. All courses are accredited and participate in the accreditation cycle of the National Evaluation and Accreditation. Along with the modules taught in Bulgarian, the university also offers a variety of programs in German, English and French. Other than Bulgarian students, there are more than 1400 international students studying at the university. Students also take advantage of opportunities for mobility within the EU by the large number of agreements between the universities.



Technical University of Sofia has modern material base with well-equipped laboratory, coaches and workshops, ensuring a high quality of education for students and doctorates.

To improve the level of teaching, scientific and applied work at the Technical University of Sofia, an important role plays the cooperation with major transactional companies.



There are conditions for a highly effective social and friendly environment. The University has modern campuses, libraries, student dormitories, university refectories, sports facilities, indoor swimming pool with Olympic-size tennis courts and sports halls and outdoor recreational facilities on the sea and mountains.

Technical University of Sofia maintains intensive relations with more than 50 universities in Europe, Asia, North America and Africa. The University is a member of renowned European and international organizations and participates in numerous projects under the programs of European Union, UNESCO and NATO.

With the quality and diversity of training and research, Technical University - Sofia aims to be among the leading universities in the research space of the United Europe.

8 St. Kliment Ohridski Boulevard
Sofia 1000
www.tu-sofia.bg

CHAMBERS OF COMMERCE IN BULGARIA



Bilateral Chamber of Commerce Bulgaria – Romania /BCCBR/ is a non-governmental institution, non-profit, with an autonomous character that aims to support and promote trade between companies in Romania and Bulgaria. The Chamber has two offices - **in Sofia and in Bucharest** and offers to the Bulgarian and the Romanian companies a range of services and new business opportunities.

BCCBR is a member of the **Club of bilateral chambers of the Bulgarian Chamber of Commerce and Industry**, which makes it an important part of the system of intermediary business organizations at regional level.

To fulfill its purpose BCCBR organize its work in three main areas:

- Creating a **specialized information center** to provide updated information on the business environment in Romania and Bulgaria
- Develop **communication and B2B platform** for organizations that have business interests in both countries;
- Encourage and **support** companies that want to develop their business in Bulgaria or Romania.

BCCBR ensure the necessary support of existing organizations in the **both countries by encouraging and supporting regional cooperation, support for cross-border projects, organization of meetings**, forums, conferences and other events that impact positively on cooperation between the two countries. BCCBR does not limit their activities only in border areas, and there are national and European coverage. The Chamber's activity is aimed at attracting foreign investors, research new business niches and opportunities and consulting in the strategic planning of projects.

BCCBR is a starting point for a lot of European institutions, representing the region and attracting international expert networks and also business platforms under the **Danube Strategy, the Black Sea organization for cooperation** and other cross-border cooperation programs, partnering with countries such as Italy, Germany, Austria, England and etc. At regional level, **BCCBR is the partner for Bulgaria and**

Bilateral Chamber of Commerce Bulgaria – Romania /BCCBR/

Triaditsa Str.6, fl.3, Sofia 1000

+359 888 358 833

Arcului Str. 21, Bucharest 7000

+40731 137 729

info@bccbr.com

www.bccbr.com

Bilateral Chamber of Commerce Bulgaria – Romania /BCCBR/ este o institutie non-guvernamentala, non-profit, cu caracter autonom care are ca scop sustinerea si promovarea schimburilor economice intre companiile din Romania si Bulgaria. Camera Bilaterala are doua birouri - **in Sofia si in Bucuresti** – si ofera companiilor din cele doua tari, si nu numai, o serie larga de servicii si oportunitati de afaceri.

BCCBR este membra a Clubului Camerelor Bilaterale al Camerei Nationale de Comert si Industrie din Bulgaria (BCCI) ceea ce o face parte a importantului sistem cameral de intermediere de afaceri la nivel national si regional.

Pentru a-si indeplini obiectivele BCCBR si-a organizat activitatea in trei directii principale:

- Crearea unui **centru de informatii specializat** care sa puna la dispozitie informatii cu privire la mediul de afaceri din Romania si Bulgaria
- Dezvoltarea unei **platforme de comunicatii si relationare B2B** pentru companiile care au interese in ambele;
- **Incurajarea si sustinerea** companiile care doresc sa-si dezvolte afacerile in Bulgaria si Romania.

BCCBR asigura sustinerea companiilor in cele doua tari prin incurajare **cooperari regionale, sustinerea de proiecte transfrontaliere si identificarea partenerilor pentru acestea, organizarea de intalniri, forumuri si conferinte** cu impact pozitiv in ambele tari. BCCBR nu isi limiteaza activitatea doar in zona celor doua tari ci are o viziune regionala, Europeana. Activitatile Camerei sunt create pentru a atrage investitorii straini, cercetarea pietei pentru noi afaceri de nisa precum si consultanta si identificarea de oportunitati in cadrul planurilor pentru proiecte strategice.

BCCBR este un punct de plecare pentru multe institutii internationale, fiind reprezentantul regiunii si atragand o serie de retele de experti si platforme de afaceri in cadrul Strategiei Dunarii si al organizatiei pentru cooperare in Marea Neagra al carei parte integranta este, precum si a



official representative for Romania of Environmental Technology network Danube region – project of Environmental Ministry of Baden Württemberg. It is also member of different working groups in different Priority Axes of the EU strategy for the Danube region, actively involved in creation of opportunities for Bulgaria and Romania in finding project partners all over Europe and covering the most important areas like: Competitiveness and innovation, tourism and culture, people development.

At national level BCCBR offers to its members the opportunities for **B2B meetings by industries, market research, media positioning and involvement in important business communities and networks for business cooperation** in Bulgaria and Romania. Members of the BCCBR are small, medium and large companies - leaders in their industry that follow up the principles of sustainable business **development based** unity and mutual support.

BCCBR **principles** are trust, respect, efficiency and performance. BCCBR wants to offer an added value to its members and partners and together with this to promote the long-term partnerships between the both countries, disseminate best and successful business models and follows the innovative practices for effective business cooperation at international level.

altor programe de cooperare transfrontaliera si parteneriate cu diverse tari ca Italia, Germania, Austria, Anglia, etc.

La nivel regional, BCCBR este partener pentru Bulgaria si reprezentant oficial pentru Romania al ETNDR – proiect organizat de catre Ministerul Mediului din Baden-Wurtemberg. Este de asemenea membru in cadrul catorva working grupuri in 3 dintre Axele Prioritare ale SUERD – Strategia Uniunii Europene pentru Regiunea Dunarii astfel integranduse activ in crearea de oportunitati pentru Bulgaria si Romania, in gasirea de parteneri pentru proiecte si acoperind o serie larga de subiecte ca: competitivitate si inovatie, turism si cultura, dezvoltarea resursei umane. La nivel national BCCBR ofera membrilor sai oportunitati pentru intalniri **B2B in functie de industria din care provin, cercetari de piata, pozitionare media, integrare in cadrul comunitatilor de afaceri precum si a retelelor de cooperare in afaceri din Romania si Bulgaria.** Membrii BCCBR sunt IMM-uri companii mici, medii si multinationale, lideri in cadrul industriilor lor care urmeaza principiile de dezvoltare sustenabila in afaceri si dezvoltare bazata pe unitate si sustinere reciproca.

Principiile BCCBR sunt increderea, respectul, eficienta si performanta. BCCBR vrea sa ofere valoare adaugata membrilor si partenerilor sai si impreuna cu acestia sa promoveze un parteneriat pe termen lung intre cele doua tari, promovand modelele de success in afaceri si urmand practicile de lucru inovative pentru o cooperare eficienta la nivel international.



MACROECONOMIC INDICATORS

Foreign Direct Investments in Bulgaria

EUR mln

| Net cash flow - annual data | | | | | | | | | | | | |
|--------------------------------|---------|--------|--------|---------|--------|--------|---------|--------|--------|---------|--------|--------|
| Years | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| | 980 | 1850.5 | 2735.9 | 3152.1 | 6221.6 | 9051.8 | 6727.8 | 2436.9 | 1151.2 | 1330.2 | 1070.3 | 1092.4 |
| Net cash flow – quarterly data | | | | | | | | | | | | |
| 2013 | 2013'Q2 | | | 2013'Q3 | | | 2013'Q4 | | | 2014'Q1 | | |
| Quarters | 263.5 | | | 454.8 | | | 1.2 | | | 112.0 | | |
| Net cash flow – monthly data | | | | | | | | | | | | |
| | 2013 | | | | | | | 2014 | | | | |
| | VI | VII | VIII | IX | X | XI | XII | I | II | III | IV | V |
| Months | 179.5 | 298.2 | 119.4 | 37.2 | 41.2 | 256.3 | -296.3 | 109.2 | 5.1 | -2.3 | 182.0 | 8.6 |

* Data is updated (as to 30.07.2014 г.)

Source: BNB

Main economic indicators EU – Bulgaria - Romania

| | European Union | Bulgaria | Romania |
|--|------------------------|---------------------|---------------------|
| GDP (purchasing power parity) | | | |
| \$ mln | 15 850 000 [2013 est.] | 104 600 [2013 est.] | 288 500 [2013 est.] |
| GDP - real growth rate | | | |
| % | 0.1 [2013 est.] | 0.5 [2013 est.] | 3.5 [2013 est.] |
| GDP - per capita (PPP) | | | |
| \$ thousand | 34.5 [2013 est.] | 14.4 [2013 est.] | 14.4 [2013 est.] |
| Industrial production growth rate | | | |
| % | -0.3 [2013 est.] | 1 [2013 est.] | 8 [2013 est.] |
| Labor force | | | |
| Mln | 228.6 [2013 est.] | 2.551 [2013 est.] | 9.451 [2013 est.] |
| Unemployment rate | | | |
| % | 10.5 [2013 est.] | 11.6 [2013 est.] | 7.3 [2013 est.] |
| Budget surplus (+) or deficit (-) | | | |
| % of GDP | n.d. | -2.4 [2013 est.] | -2.5 [2013 est.] |
| Public debt | | | |
| % of GDP | n.d. | 18.4 [2013 est.] | 38.6 [2013 est.] |
| Inflation rate (consumer prices) | | | |
| % | 1.5 [2013 est.] | 1.5 [2013 est.] | 3.2 [2013 est.] |
| Current account balance | | | |
| \$ mln | -34 490 [2011 est.] | -182.3 [2013 est.] | -1 986 [2013 est.] |
| Export | | | |
| \$ mln | 2 173 000 [2012 est.] | 27 900 [2013 est.] | 65 840 [2013 est.] |
| Import | | | |
| \$ mln | 2 312 000 [2012 est.] | 32 880 [2013 est.] | 73 420 [2013 est.] |
| Reserves of foreign exchange and gold | | | |
| \$ mln | 863 800 [12m 2011] | 20 690 [12m 2013] | 48 780 [12m 2013] |
| Debt - external | | | |
| \$ mln | 15 950 000 [12m 2012] | 37 850 [12m 2013] | 31 600 [12m 2013] |
| Stock of direct foreign investment - at home | | | |
| \$ mln | n.d. | 54 210 [12m 2013] | 84 040 [12m 2013] |
| Stock of direct foreign investment - abroad | | | |
| \$ mln | n.d. | 1 939 [12m 2013] | 1 455 [12m 2013] |

Source: CIA /www.cia.gov



UPCOMING EVENTS



**2
August
2014**

**Jumeirah Himalayas
Hotel
Shanghai, China**

**China Investment Conference
Rise of the Hedge Fund Industry**



**11
September
2014**

**Amsterdam,
Holland**

**The Investment Agenda: Amsterdam
Strategic risk taking in the recovery**



**30
September
2014**

**Johannesburg,
Republic of South
Africa**

**The Investment Agenda: Johannesburg
Strategic Risk Taking in the Recovery
The Michelangelo Hotel, Johannesburg**



**8
October
2014**

**Crowne Plaza
Brussels - Le Palace,
Brussels, Belgium**

**European Energy 2014
Securing Europe's energy future**



**13-16
October
2014**

**Geneva,
Switzerland**

The World Investment Forum 2014



**16-17
October
2014**

**London,
United Kingdom**

**Seventh Annual European Investment
Conference
A Fresh Perspective: Checking Assumptions,
Challenging Mindsets
The Guoman Tower Hotel**

