

# InvestBulgaria Agency



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INVESTBULGARIA AGENCY

TODAY WE PRESENT:

## Bulgarian Small and Medium Enterprises Promotion Agency

**Evgeni Ivanov**

**Executive Director of the Bulgarian Small and Medium Enterprises Promotion Agency (BSMEPA)**

*He graduated from the Technical University of Sofia, Electrical machines and apparatus. He has two Master's degrees - Economics, organization and management of patent law and licensing activity and Complex social and economic development of the urban economy. He is fluent in English and Russian. In his professional career he held the posts of Executive Director of Astera Jsc, Astera Holding Jsc, Sinel Jsc, Chairman of the Board of Directors of Aroma Jsc, member of the Management Board and the Supervisory Board of Aroma Jsc, member of the Commission for Protection of Competition.*

*He was a Member of the 40th National Assembly, where he was a member of the Budget and Finance committee and Economic Policy committee.*

*Until him taking the seat as CEO of BSMEPA, Evgeni Ivanov was Chairman of BNAEOPC (Bulgarian National Association Essential Oils, Perfumery and Cosmetics), board member of EcoBulpack and board member of the Union Made in Bulgaria.*

Small and Medium Enterprises Promotion Agency is an administrative structure of the Ministry of Economy and Energy and as such it implements the state policy to promote entrepreneurship development and internationalization of SMEs.

The Agency is transmission between the state and small and medium-sized companies. In this sense, we first capture the moods and attitudes of the business. The main directions of our activities are dictated by the condition and needs of Bulgarian SMEs. Leading among them are: improving and enhancing information services, promotion of foreign trade relations and support to exporters, increased competitiveness in international markets, promoting entrepreneurship and investment in technology and innovative industries. For their implementation it applies a set of concrete measures financed by the state budget and the Operational Programme "Development of the Competitiveness of the Bulgarian Economy".

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Provided by BSMEPA information services are intended for the Bulgarian SMEs, industry organizations, NGOs, business support, foreign companies and business associations seeking partners in Bulgaria, as well as foreign investors. Among these services are: access to legal, statistical, financial and business information, market research and analysis; information about upcoming promotional events in Bulgaria and abroad; database with contact information of export-oriented companies in the country. BSMEPA experts provide advice on specific requests from the business. Through the National Export Portal ([www.export.government.bg](http://www.export.government.bg)), developed by BSMEPA as a tool to support the introduction and successful positioning of Bulgarian enterprises in foreign markets, provides access to a rich resource containing useful business information.

Trainings organized by BSMEPA are intended for export-oriented Bulgarian SMEs with different levels of development. The introductory sessions are held for companies that have export experience, but are seeking to acquire foreign skills and build capacity for their own foreign trade out of the European and other markets. During the information seminars are presented the tools for export promotion offered by public and private institutions. Specialized workshops are geared for representatives of Bulgarian SMEs in specific sectors, who are informed on issues related to finding foreign markets for their products.

Support for national participation of Bulgarian companies in the international specialized exhibitions and fairs is among the leading activities of BSMEPA in the complex of measures to promote the export potential of SMEs. Participation in them is a very good opportunity to present the Bulgarian production to attract partners to find new market niches for a short time at a specific place. With its operations to organize participation of companies in major international exhibitions, the Agency seeks to meet the needs of Bulgarian SMEs to actively promote their export potential by presenting their products and services to prestigious European and world events.

By organizing international forums, trade missions and delegations accompanying officials during their visits abroad, the Agency provides opportunities for business cooperation between Bulgarian SMEs and their potential partners abroad. This kind of promotional events provide an opportunity for direct contact between Bulgarian and foreign companies, promoting production cooperation and signing contracts. Participation in them leads to increased export culture of entrepreneurs by introducing site-specific requirements for individual commodity groups, adaptation of Bulgarian products to the market, implementation of good manufacturing and commercial practices. Creating business partnerships, knowledge of specific ways to promote Bulgarian goods lead to increased volume of Bulgarian exports for priority foreign markets.

Among the priority activities in BSMEPA is the administration of the National Innovation Fund - the most successful scheme to finance market-oriented applied researches for industry, according to the Innovation Strategy of the Republic of Bulgaria. The Fund fully fits within the guidelines and recommendations of the European Commission for the new programming period. Also, the Agency is a national financier of international innovative projects with Bulgarian participation in the EUREKA initiative and joint program Eurostars.

I believe there are a number of positive trends in the assessment of business environment and expectations. Specific examples are the reduction of inter-company debt, easing and the elimination of certain licensing and regulatory regimes. But these are only first steps here they should continue. Business wants to see predictable partner in the face of state, it wants to plan timely its activities during normal socio-economic environment calls for simplified rules, low bureaucracy, anti-corruption and anti-trust legislation, effective judicial system.



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## INITIATIVES OF INVESTBULGARIA AGENCY

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For the first six months of 2014 the InvestBulgaria Agency has issued 12 investment class certificates, which amounted to a total of BGN 94.33 million. In 2013 certificates issued by IBA are a total of 15. Amount of the investment projects in the same year amounted to BGN 100.34 million. The difference between the total investment projects throughout 2013 and the first six months of 2014 is BGN 6.01 million. InvestBulgaria Agency does not expect a reversal in the trend of increasing interest in Bulgaria as an investment destination and a correspondingly large amount of foreign direct investment in the country.

Preliminary data of the Bulgarian National Bank for the month of April 2014 show that foreign direct investments in Bulgaria amounted to EUR 106.6 million, while those for the month of April 2013 amounted to EUR 43.1 million, so the total investments increased by BGN 63.5 million. This is a positive trend, but IBA notes that the preliminary data and conclusions based on provisional data is incorrect.

Bulgaria enjoys a high-rated business environment and investment climate. Ranking of the Economist Intelligence Unit shows that Bulgaria takes 46th place in the world in business environment for the period 2014-2018. The data show that Bulgaria has moved one position up from the period 2009-2013. We are ahead of Romania and Italy in favorable business environment. For comparison, Bulgaria's neighboring countries in the list are Turkey - 44th, Romania - 47th; Greece - 62nd and Serbia - 65th.

According to a study by Daniel Altman, published in the American Journal of Policy and Finance Foreign Policy, Bulgaria ranks 28th among the most appropriate countries for foreign investment. So-called Baseline Profitability Index methodology is based on eight factors: economic growth, financial stability, physical security, corruption, independence from government, cooperation with local partners, capital controls and exchange rates. The purpose of the index is to track how a factor will affect foreign direct investment for a period of 5 years.

Again, according to the data of this study, Bulgaria and Macedonia are pointed out as the best country for investment in the Balkans. In comparison, neighboring Greece is ranked 101st and is described as one of the worst case locations for investment in the region. Romania is 48th, and Serbia - 55th. Bosnia and Herzegovina is ranked 82nd place. Turkey fell to 79th place.

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## MEDIA FOR INVESTBULGARIA AGENCY

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### Svetoslav Mladenov presented Bulgaria during the Japanese business forum



On June 9, in Tokyo was held a seminar for Japanese SMEs, organized by the Embassy of Bulgaria in Tokyo, jointly with the Japanese Agency for SMEs and the Japan External Trade Organization /Jethro/. During the Forum, Mr. Svetoslav Mladenov - IBA Executive Director, made a presentation on investment opportunities in Bulgaria for Japanese companies, focusing on the basic incentives in the law to promote investment and the support by IBA for investment projects in Bulgaria.

The strong interest of Japanese companies in Bulgaria was pictured by the presence of over 90 Japanese companies in the event. Most companies were from trade, business services, electronics, financial services, transport and logistics, chemical industry, food industry, etc. Special statement about the positive business climate in our country was made by Mr. Hiroshi Kiyokawa, General Manager of Sumimoto Electric Bordnettse Bulgaria. He explained to participants why they chose Bulgaria



to make their second plant for cabling components for the automotive industry, encouraging them to be more decisive in implementing their business plans in Bulgaria. Specific investment interest was stated in the processing of wastewater, assembly of components for the automotive industry and development projects in the field of agriculture.

Presentations at the forum were made by Evgeni Ivanov, Executive Director of the Bulgarian Agency for Small and Medium Enterprises, Atanas Nenov, CEO of National Company Industrial Zones and Georgi Stoev, Deputy Chairman of the Bulgarian Chamber of Commerce and Industry. Particularly impressive was the statement of Mr. Tomiyasu Nakamura - Executive Vice President of Jethro. He presented their study, which showed that over 75% of Japanese SMEs have a positive attitude to expand business cooperation with Bulgaria. He added that now is the time to exploit the potential of Japanese companies that have plans to expand business or reallocate production lines.

### **Svetoslav Mladenov presented Bulgaria at the first annual outsourcing conference**

Executive Director of the InvestBulgaria Agency participated in a panel discussion on "Can Bulgaria become a leading destination for outsourcing and what is the significance of the sector to the economy" - part of the First Annual Outsourcing Conference "How Bulgaria can become a leading outsourcing destination." It was held today (June 3) in Sheraton Sofia Hotel Balkan. Among the attendants were Mrs. Carrie Halard, CEO of the National Outsourcing Association, UK, Mr. Krasin Dimitrov - Vice-Minister of Economy and Energy and Mr. Stefan Bumov - Chairman of the Bulgarian Outsourcing Association.

Apart from the measures of institutions to promote business development was also presented the current state of the industry in Bulgaria to the representatives of leading companies in the sector, Bulgarian and foreign companies. Outsourcing industry is one of the most dynamic in Bulgaria over the past 5 years and it is expected to increase by about 22% this and next years. Bulgaria is 3rd in Europe and occupies the 10th position in the world by number of certified software engineers in the ICT industry and 1st place in terms of IT certified specialists per capita. Our country is 2nd in Europe and 5th in the world as the most attractive destination for conducting outsourcing of business processes. Besides one of the fastest growing sectors, it is also the most attractive to young people in terms of salary and mobility - 40 thousand are employed in the ICT sector, half of whom are employed in "Outsourcing".



### **Svetoslav Mladenov presented business opportunities in Bulgaria at the conference "Italy and Bulgaria: Let's build together"**

Today 05.06. was held the first day of the conference "Italy and Bulgaria: Let's build together" in Sheraton Sofia Hotel Balkan. InvestBulgaria Agency's executive director Svetoslav Mladenov presented the investment climate in our country, the opportunities for business creation and measures to promote investment activities in Bulgaria. The event is held under the patronage of the Italian Embassy in Bulgaria and is organized by Confindustria Bulgaria, the Association of Italian Entrepreneurship in Bulgaria, Sofia ICE (Agency for the promotion and internationalization of Italian companies abroad), Anche (Association of Builders in Italy and Construction Chamber in Bulgaria).







The conference was opened by the Ambassador of Italy in Bulgaria Mr. Marco Konticheli and Mrs. Daniela Bobeva - Deputy Prime Minister for economic development. The event involved a business delegation with representatives of leading companies in the field of infrastructure, environment, energy and construction aimed at establishing effective contacts between the two countries for cooperation and collaboration.

Mr. Mladenov shared with the audience that there is increasing interest among the Italian entrepreneurs to invest in Bulgaria and expressed willingness to cooperate with the Agency in the implementation of their investment projects.

## **Regional Business Forum In Bulgaria Black Sea Trade & Development Bank (BSTDB)**

Today, 20 June, on the occasion of the annual meeting of the Board of Governors and the 15th anniversary of the launch of the Black Sea Trade & Development Bank (BSTDB), the bank will host a regional business forum in the Hilton Hotel in Sofia.

Politicians, business leaders, and representatives of financial institutions will exchange views on the challenges and opportunities of cross-border investments in the Black Sea region. The forum will offer excellent opportunities for Bulgarian and regional business and investment communities to discuss business proposals of BSTDB and participating financial institutions.

The forum is organized in collaboration with the Government of Bulgaria and the local business community.

InvestBulgaria Agency will be represented by Mr. Svetoslav Mladenov - executive director, who will present the investment climate and business opportunities to the participants.



## ECONOMIC NEWS - BUSINESS, INVESTMENTS, TRADE

## Daniela Bobeva: Bulgaria remains one of the best places for investment

Bulgaria remains one of the best places for investment – it is lead prudent fiscal policy and taxes are among the lowest, said Deputy Prime Minister Daniela Bobeva during the parliamentary control today. There are several steps to attract investors, which the government has taken - reducing the administrative burden on businesses, accelerated return of value added tax and duties to the company, she added.

"In implementation of the efforts to attract investment has been changed the work of the InvestBulgaria Agency. It is no longer a structure that allows only administrative certificates of investment projects, and working with investors", said Bobeva. For big projects are being created separate working groups that assist their realization.

*investor.bg*

## Bulgaria among the best investment destinations

Site Selection presented its sixth annual "Best to Invest rankings of nations" and metro areas for investment-attraction activity in 2013. The national Investment Promotion Agencies and metro areas recognized here were particularly successful in 2013 at attracting capital investment projects — both expansions of existing facilities and new projects — from investors at home and abroad.

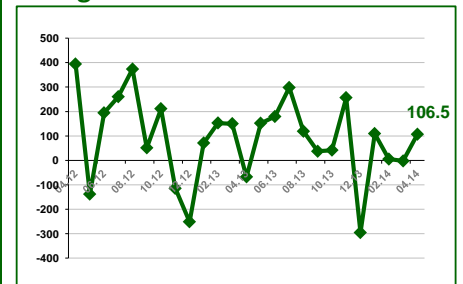
Eastern Europe certainly falls in the list of attractive investment destinations. Bulgaria as one of the most attractive ones, ranks fifth behind Slovakia, Czech Republic, Hungary and Romania. The main advantages for our country are: attractive tax burden, low labor costs and membership in organizations such as the EU and NATO. Furthermore, the labor that is available in the labor market in Bulgaria is highly skilled using multiple languages. These facts turn our country into the top destination worldwide.

Site Selection's proprietary New Plant Database is the foundation of several rankings of area economic development performance each year, including The Governors Cups, Top Competitive States and Top Business Climates. Measured solely by the number of qualified projects resident in the database, China ranks first globally (excluding the United States), with 235, followed by Germany (196) and the United Kingdom (187).

Fifty percent of the national Best to Invest rankings were based on growth in new facilities, capital investment and job creation using data from Conway Data's New Plant database and from IBM-PLI's database of new projects for calendar years 2012 and 2013. Each country was ranked on the total number of projects, investment and jobs created both as raw value and as a per capita value. The other 50 percent of the ranking was based on the Location Rank and Competitiveness Score resident in LocationSelector.com's proprietary database using these factors: business costs, economic strength, infrastructure; regulatory burden; and tax rates. Additional bonus points were given to those countries that were ranked among the top 50 destination countries by

## ECONOMIC INDICATORS

### Foreign Direct Investments



jobs created as identified in IBM's Global Locations Trends Report. Site Selection congratulates the countries, national investment promotion agencies and metros recognized here for their success in attracting foreign direct investment in a global economy that remains lukewarm.

Capital investors only invest where they are confident they will earn a meaningful return, and these locations deliver that confidence.

[www.siteselection.com](http://www.siteselection.com)

## Foreign Policy Magazine: Bulgaria is the best Balkan country to invest in

Bulgaria ranks 28th in the Foreign Policy Magazine's "Baseline Profitability Index", measuring countries' attractiveness for foreign investors. Among the countries of the Balkan peninsula, Bulgaria is the highest ranked. Right behind, in 29th place, is ranked Macedonia. Romania is 43rd, Albania 53rd, Serbia 55th, Slovenia 74th, Turkey 79th, Croatia 90th, and Greece 101st.

Bulgaria keeps its position unchanged compared to 2013. The BPI measures countries based on rates of return, political stability, corruption, investor protection, and exchange rates. The top 3 countries in the ranking remain unchanged from last year (Botswana, Hong Kong, Taiwan). The highest-ranked EU country is Poland, in 14th place.

[kmeta.bg](http://kmeta.bg)

## Minister Stoynev handed investment certificate class "A"

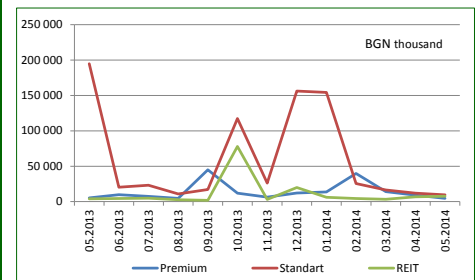
The Minister of Economy and Energy Dragomir Stoynev gave an investment certificate class "A" to "PPD Bulgaria" Ltd. for the project "Expansion and development of administrative and financial units and complex field of research." The investment is worth BGN 1 million, and the funds shall be used for acquiring 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. The management of "PPD Bulgaria" Ltd. expressed its gratitude for the given support and successful partnership with the team at the Ministry of Economy and Energy.

[mi.government.bg](http://mi.government.bg)

## 17 thousand new job positions announced in May

16,912 new jobs in the primary labor market are announced in the Bulgarian Employment Agency in May 2014. One year ago - in May 2013, the available positions are 3894 less, which is evidence of apparent recovery in the labor market.

### BSE-Sofia 05.2013-05.2014



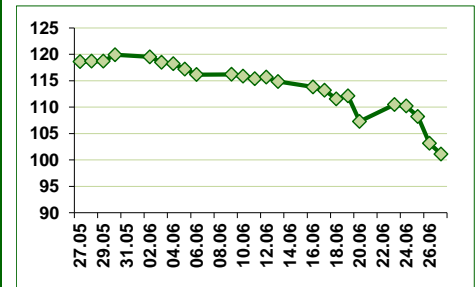
Source: BSE-Sofia

### BGREIT: 27.05.2014 – 27.06.2014



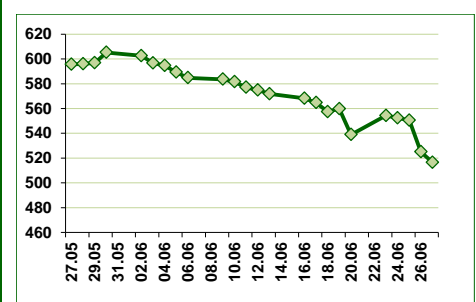
Source: Investor.bg

### BGBX40: 27.05.2014 – 27.06.2014



Source Investor.bg

### SOFIX: 27.05.2014 – 27.06.2014



Source Investor.bg



Most of the jobs are in the following sectors: manufacturing - 4616; trade - 2592; hotels and restaurants 2214; agriculture, forestry and fisheries - 1318; transport - 1160; real estate - 965; building - 828 and others.

In May 2014 the unemployment rate continues to decline significantly. The number of unemployed, registered in labor offices has decreased with over 31 thousand in the last two months - April and May. The unemployment rate is 11.2%, decreasing by 0.6 percentage points compared to April. In the labor offices are registered 367,499 unemployed. The number of unemployed has decreased by 19,126 people compared to April.

*az.government.bg*

## Bulgaria and Romania with growth of foreign investment in 2013

Bulgaria and Romania are the only countries in the new EU member states with growth in the foreign direct investment (FDI) in 2013. It became clear from the analysis of the International Institute for Economic Research in Vienna.

Romania recorded growth of foreign investment by 27.4% or 2.7 billion euro. The FDI growth in Bulgaria in the last year has increased with 2.1%, which makes 1.09 billion euro.

According to the institute, in all other countries that joined the EU after 2004 was registered a reduction in foreign investment. The largest decrease is in Poland and Slovakia - 92.6% and 79.8%.

The Institute in Vienna expects growth of foreign investment in "all new members in the EU" in 2014. In Bulgaria and the Baltic countries are expected the same level from the last year.

*standartnews.com*

## Coca-Cola Hellenic opens 200 new jobs in Bulgaria

"Investors who comply with the Bulgarian laws feel good in the country", said the Minister of Economy and Energy Dragomir Stoynev at the official ceremony of handing with investment certificate class "A" "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.

*mi.government.bg*

### Selected Decisions of the Government of the Republic of Bulgaria for the period 30.05.2014-18.06.2014

18.06.2014

- [The Government provided additional properties for the realization of the whole project for the construction of the first science and technology park in Bulgaria](#)
- [Approved Bulgarian-Romanian agreement on cooperation in the field of Information Technology and Communications](#)
- [Bulgaria approves Association agreements of Georgia and Moldova with the EU](#)
- [Allocated Budget funding for tourism advertising](#)
- [The state will support 13 investment projects, which will open nearly 4,000 new jobs and investments will reach over BGN 66 million](#)

11.06.2014

- [Started the creation of new services for trade and economic issues](#)
- [Bulgaria joined the European Space Agency](#)
- [New opportunities for Bulgarian business in Morocco](#)
- [Investments of over BGN 44 million will be made in concession for extraction of natural gas and condensate](#)

04.06.2014

- [Bulgaria is among the top destinations in Central and Eastern Europe, it provides a strategy for tourism development](#)
- [Nearly BGN 186 million from concession operations have been received by MEE in 2012, revenues to municipalities increased by over 44%](#)
- [The government approved measures to improve the business environment in Bulgaria](#)





## "Litex Motors" will invest 70 million euros in its plant

"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.

[www.capital.bg](http://www.capital.bg)

## 1 billion euros has been invested in the spa industry in the country

For the past 10 years in the spa industry in our country has been invested more than 1 billion euros, said the chairman of the Bulgarian Union of Balneology and SPA Tourism Stefan Sharlopov. He took part in the first congress of the Bulgarian Union of Balneology and Spa, which opened on Wednesday at Hissar.

The Vice President of the European Spas Association (ESPA) Yurgita Kazlauskienes, announced during the congress that four out of six of this year's awards (ESPA) are for Bulgaria. The awards were presented at a ceremony in Denmark.

[www.standartnews.com](http://www.standartnews.com)

## Bulgarian GDP up by 1.2%

The National Statistical Institute (NSI) has revised its estimates for the gross domestic product (GDP) growth in the first quarter of 2014. Data show that from January to March this year the GDP grew by 1.2%. Earlier data showed an increase of 1.1 percent.

The GDP in the period was 16.097 billion leva or 8.23 billion euros, coming to € 1,136 (2222 leva) per capita.

The Bulgarian economy registered growth of 0.1 percentage points on a quarterly basis. The increase in the GDP in the first quarter of this year was 0.3% compared to the last quarter of last year.

The gross added value at the end of March 2014 was 13.77 billion leva. The share of the agricultural sector dropped by 0.9 percentage points to 2.9 percent, while the share of the industrial sector declined by 0.2 percentage points to 32.7% of the total gross added value. The service sector accounts for 64.4% compared to 63.3 percent a year ago.

[bnr.bg](http://bnr.bg), 08.04.2014

## The state has refunded almost BGN 439 million of VAT to the business in April 2014

For April 2014 the VAT refunded to businesses (without setting-off) amounts to BGN 438.7 million. This is evident from the information of the National Revenue Agency. In April this year 8,724 companies have received the tax due, 8,237 companies, or 95% of them, have received sums under VAT to the amount of below BGN 100,000.

30.05.2014

➤ [Over BGN 657 million for Bulgaria for OP Good Governance](#)

➤ [High and quality employment, poverty reduction and modernization of public policies in the field of labor market and health care are the highlights of the OP Human Resources Development](#)

➤ [National Council on population policy created](#)



This is a continuation of the practice established since 1 July 2013 the refunding of the tax to be done under strict rules consistent with normal economic logic by priority rating of the VAT returns for refunding. The observance of the 30-day period for VAT refund is monitored on a monthly basis so as no interest for delay to be paid from the budget.

*minfin.bg*

### **Megaport opened a new processing plant for plastic waste for over BGN 3.6 mln**

Veliko Turnovo-based company Megaport opened a new processing plant for plastic waste, investing over BGN 3.6 million. Currently the company raises more than 30 workers, informed the co-owner of the company Miroslav Angelov. They will serve the most advanced machine for recycling in the country. The facility is worth EUR 1.5 million and has no analogue in Bulgaria. The machine can take up to 1800 kg of waste per hour and turn it into a 1200 kg of granules that can be used again. Raw materials come primarily from plants processing waste in Sofia and Varna. New plant of Megaport is located close to the main base of the company in the western industrial area of Veliko Turnovo. It was implemented under the Operational Programme Development of the Competitiveness of the Bulgarian Economy, measure Investments in green industry.

*borbabg.com*

### **"Elekta 03" invests BGN 1.5 mln. in a processing factory for rapans**

Varna-based company "Elekta 03" turned the first sod of a processing factory for rapans in Kavarna. The total investment is BGN 1.5 million, as BGN 440 thousand are co-financed from project approved by the Local Fisheries Action Group Shabla-Kavarna-Balchik under Operational Programme for Fisheries Development. The factory will be located in an area of 576 square meters and is implemented in the neighborhood - Hadzhi Dimitar in Kavarna, the main workforce will be hired from the employment office and the free market, which will significantly reduce unemployment in the municipality of Kavarna. The investor plans to fully launch the plant within three months. This is the largest project under the Operational Programme in the fisheries sector taking into account the indicator 'new jobs opening'.

*<http://daily.bia-bg.com/>*

### **20 % growth in Bulgarian export to China over the last months**

With an increasing interest in the Bulgarian stand, the 13th Central and Eastern European Countries' Products Expo 2014 in the city of Ningbo, China was opened. Minister Stoynev saw the stand and stressed that he will continue to work for more tangible presence of Bulgarian goods on the Chinese market. "Bulgarian export to China has been increased by 20 % over the recent months", said Stoynev.

During the exhibition, Minister Dragomir Stoynev presented the traditional Bulgarian products to the Minister of Commerce of China, Mr. Gao. Minister Stoynev expressed his thanks to his Chinese counterpart for the free exhibition area provided for the Bulgarian stand. More than 20 Bulgarian companies - wineproducers, food producers, manufacturers of cosmetics and essential oils, electronics manufacturers have been presenting their products in China until 11 June.

*mi.government.bg*

### **Dubleks Glass plans to open a glass factory in Bulgaria**

New factory for production of bus and automotive glass should soon begin its work in the Bulgarian city Svilengrad, announced for "Capital Daily" Sebahtin Ismail, representative of the Turkish company Dupleks Glass in Bulgaria.

The initial investment in the company in Svilengrad will amount approximately 9 million euro, of which 4 million euro will be invested in machinery and equipment, 2.5 million euro for repairs and renovation of the buildings, 2 million euro are provided for working capital, and with the remaining 300 thousand euro will be paid trainings, quality certificates and other related costs. Almost the entire production of the Bulgarian plant will be exported, mainly for Germany, Belgium, France and Great Britain.

*capital.bg*

### **New opportunities for Bulgarian business in Morocco**

The government approved a draft Protocol for cooperation between the Bulgarian Ministry of investment planning and the Ministry of housing and urban development of the Kingdom of Morocco. The document defines the construction and housing policy as areas of interaction between the two departments.

*page 10 of 34*



Morocco is an important partner for Bulgaria in Western and Central Africa. The signing of the Protocol will help the Bulgarian business in the region.

*government.bg*

### "Metro Bulgaria" opened warehouse base for companies in Sunny Beach

"Metro Bulgaria" opened a new warehouse in the northern part of Sunny Beach, which will serve professional customers - hotels, restaurants and nightclubs, as well as in the region of the resort and in Nessebar, Aheloi, Ravda, Elenite and Sveti Vlas. The investment ensures delivery of over 350 most used product for the professional kitchen.

"Metro Bulgaria" opened its first warehouse in November 2011 - in the winter resort of Bansko. It has a sales area of 550 square meters and offers a direct purchase of more than 450 food products and basic non-food items. According to the company, during the tourist season business customers of this warehouse will reach 300.

*capital.bg*

### Provectus IT opens office in Bulgaria

According to official information from the company, the decision to open the office in Bulgaria is related with the intensive growth of the company. The team of the software developer in Bulgaria will consist both locally recruited IT specialists and those who will move from other offices of Provectus IT. According to representatives of the company, the number of employees in the new office will increase to 20 people during the year. The company plans to cooperate actively with the local IT companies and the educational institutions, to participate and conduct IT activities, to support corporate culture and to contribute for the professional development of its employees in Bulgaria, pointed out from the company.

*pcworld.bg*

### Branimir Botev: We expect an even better year in tourism

We are expecting even better performance in tourism during the summer season and the entire 2014. It has been already concluded by the Bulgarian statistics and the data provided by the World Tourism Organization to the United Nations. For the first quarter this year, we have reached a total growth of 4.1% in the sector, and just for April, the NSI indicates over 20,8% growth

of the hotel accommodation in Bulgaria, which is an excessive achievement. This was stated by Deputy Minister of Economy in charge for Tourism Department Branimir Botev on TV news<sup>7</sup>. He pointed out that during the first four months of 2014, the growth of Ukrainian tourists in Bulgaria has been of 14% in comparison with the same period of 2013, as per the information submitted by the NSI.

Generally, Bulgarian tourism is in an upward trend and it is important to increase that speed by parallel diversification of the proposed services and products, it became clear from Botev's words. Our country has a huge potential - sunny sea, high mountains, plenty of thermal mineral water, rich cultural heritage, varied and preserved nature. All this should be promoted on the international markets in the best manner, which, on the other hands, requires comprehensive efforts by the administration and business.

Botev stressed that the strategy adopted by the Government until 2030 considers the tourism as a structural industry for Bulgaria with the highest and sustainable growth. He said that the document will be the basis for consolidating the views of all stakeholders because it has been prepared with the participation of academics, universities and industry. The primary emphasis is place on its diversification. The sea saturation has reached its maximum, we have a huge potential in the mineral waters, cultural heritage, year-round mountain tourism, ecotourism, etc. The strategy, however, should be followed by its action plan – the National Master Plan. We have received an official confirmation by the Secretary-General of the World Tourism Organization His Excellency Taleb Rifai on their readiness to elaborate this Master Plan for Bulgaria. This is the highest possible quality seal for its achievements, said the Deputy Minister.

*mi.government.bg*

### Ideal Standard-Vidima plans to invest 2.1 mln euro in 2014

Bulgarian producer of bathroom sanitary ware Ideal Standard-Vidima, a unit of Brussels-based Ideal Standard International, plans to invest a total of BGN 4.0 million in 2014, focusing on innovations, Ideal Standard-Vidima's CEO Krasimir Kopchev announced. The company will spend some BGN 2.0 million on product development and innovations this year. A series of new products under the Vidima brand are to be launched by the end of the year, Mr. Kopchev said and added that the remainder of the planned



investments will go to projects aiming to improve productivity, competitiveness and working conditions, as well as for environment protection.

[seenews.com](http://seenews.com)

### Students will learn crafts in companies

29 pilot projects for dual training will start in the upcoming school year. The students will learn a new professional skills in real working environment, said Minister Aneliya Klisarova at discussion, organized by the newspapers "Standard" and "Struma" and the Ministry of Education, Youth and Science. Companies in the sectors of transport, mechanics, electronics, construction and architecture are interested in participating in this program. Most of the companies have declared that they have allocated funds for scholarships. The dual training starts in Varna, Plovdiv, Gabrovo, Asenovgrad Pirdop and Sofia.

<http://paper.standartnews.com/>

### Bulgaria's business environment ranks 46th worldwide

Bulgaria ranks 46th in the world in terms of business environment for the period 2014-2018, surpassing Romania and Italy, according to the Economist Intelligence Unit. Bulgaria has moved one spot ahead compared to the previous ranking for the period 2009-2013. Turkey ranks 44th, Romania, Greece and Serbia lag behind Bulgaria, at the 47th, 62nd and 65th place, respectively. Singapore remains the best country for investment in the world, Switzerland and Hong Kong also keep respectively the second and the third place. Canada, Australia, Sweden, New Zealand, Finland, Denmark and Norway round out the top 10 ranking.

[novinite.bg](http://novinite.bg)

### Warehouses in Plovdiv attract investor's interest

Big interest in warehouses in Plovdiv region was reported by "Galaxy Property Group". Near Trakia highway, the industrial zones have become the center of attraction of many companies in the field of mechanical engineering, automation, logistics and production.

In turn, the development of industry increases the demand for suitable storage facilities. To meet the full requirements and demand in this segment, Galaxy Property Group leases warehouses in villages Benkovski and Stryama.

The warehouse Stryama is located 8 km from the Trakia highway and 15 meters from Plovdiv. The area of the warehouse Stryama is 33 000 square meters and 14 000 square meters of warehouses. There are a total of 30 built warehouses capable of merging.

The warehouse in Benkovski is located next to the Trakia Motorway and 7 km from Plovdiv. The plot area is 18,000 square meters and 8500 square meters warehouses with the possibility of merging. There are a total of 20 built warehouse.

The key location of bases makes them preferable for companies in the region. Plovdiv has emerged as the most attractive place in Bulgaria for the development of industrial parks and concentration of production of industry leading export companies. There are the largest in the country logistics centers and industrial parks. Global companies are choosing to invest in the region of Plovdiv, because there are optimal combination of quality infrastructure, lower operating costs and better skilled workforce.

[www.profit.bg](http://www.profit.bg)

### Over 90% of the outsourcing services in the country are export-oriented

Currently 6% of the gross domestic product of Bulgaria is generated by IT and telecommunications, as 3% of them are in the business processes outsourcing. It is expected 20% growth in the sector this year. This became clear during the first annual outsourcing conference "How Bulgaria to become the leading outsourcing destination".

Deputy Minister of Economy and Energy Krasin Dimitrov, explained that the government regards the bpo as a priority sector for the country's exports. He said that the state will support the sector in the field of education. According to him, the sector can resolve the major problem of youth unemployment and can provide jobs, for doubling or tripling the specialists in this field.

[www.economy.bg](http://www.economy.bg)





**INVESTMENT PROJECTS IN A PROCESS OF REALIZATION****Walltopia Ltd.**

On 27.07.2013 the global leader in the development of artificial climbing walls - Walltopia Ltd., received a certificate for class A investor in high technology and innovation to build a research and development center - part of the Collider Activity Center within the Science and Technology Park. The R&D center is planned to be constructed for BGN 4 million and the investment totaling BGN 15 million. The joint project is expected to open about 100 new jobs.

Source: [www.sofiatech.bg](http://www.sofiatech.bg)

**Thermal Engineering Ltd.**

The company will invest a total of BGN 2.5 million in a project for a new manufacturing and warehouse facilities, and will open 55 new jobs in the new industrial park in Burgas. Future building complies with all European requirements. Showroom hall, workshop, service parts and warehouse are planned. The main activity of the investor is associated with the design, supply, installation and service of heating, air conditioning, ventilation, solar and gas installations, trade in materials for heating, air conditioning, ventilation, solar and gas installations, inspection and certification of buildings and building systems for EE (energy efficiency).

Source: [www.burgasinfo.com](http://www.burgasinfo.com)

**SoftServe**

Ukrainian software company SoftServe opens development unit in Bulgaria. It will deal with the development of various programs and tools, which should support the development of vertical strategy.

SoftServe is a leading company in the extended development of software products and applications, covering industries such as healthcare, financial sector, retail, manufacturing, logistics, infrastructure, etc.

Source: [www.capital.bg](http://www.capital.bg)



**HEADLINES FROM THE EUROPEAN INSTITUTIONS****Energy security: European Commission puts forward comprehensive strategy to strengthen security of supply**

The European Commission reacts on the current geopolitical environment and the EU's import dependence: It advocates a new European Energy Security Strategy. Diversifying external energy supplies, upgrading energy infrastructure, completing the EU internal energy market and saving energy are among its main points. The strategy also highlights the need to coordinate national energy policy decisions and the importance of speaking with one voice when negotiating with external partners. It builds on the progress already achieved since the gas crisis in 2009. The proposals of the Commission, including actions to ensure uninterrupted supplies this winter, will be discussed by EU Heads of State or Government at the European Council on 26-27 June.

To ensure uninterrupted supplies this winter, the Commission proposes comprehensive risk assessments (stress tests). These would be conducted on the regional or EU level by simulating a disruption of the gas supply. The aim is to check how the energy system can cope with security of supply risks and based on that develop emergency plans and create back-up mechanisms. Such mechanisms could include increasing gas stocks, decreasing gas demand via fuel-switching (in particular for heating), developing emergency infrastructure like, for example, completing reverse flow possibilities and pooling parts of the existing energy security stocks.

To address the medium- and long-term security of supply challenges, the Commission proposes actions in several key areas:

- Completing the internal energy market and building missing infrastructure links is essential to quickly respond to possible supply disruptions by directing energy flows across the EU as and where needed. The Commission has identified 33 infrastructure projects which are critical for the EU's energy security. Apart from that, the Commission proposes to extend the target as regards interconnection of installed electricity capacity to 15% by 2030 while taking into account the cost aspects and the potential of commercial exchanges in the relevant regions. (Member States have already committed to ensure interconnectivity of 10% by 2020.)
- Diversifying supplier countries and routes. In 2013, 39% of EU gas imports by volume came from Russia, 33% from Norway and 22% from North Africa (Algeria, Libya). While the EU will maintain its relationship with reliable partners, it will seek ties to new partner countries and supply routes, e.g. in the Caspian Basin region by further expanding the Southern Gas Corridor; by developing the Mediterranean Gas Hub and by increasing LNG supplies.
- Strengthening emergency and solidarity mechanisms and protecting critical infrastructure. In this respect the Commission will for example review the provisions and implementation of the Security of Gas Supply Regulation.
- Increasing indigenous energy production: This includes further deployment of renewables, and sustainable production of fossil fuels.
- Improving coordination of national energy policies and speaking with one voice in external energy policy. The Commission aims to be involved at an early stage in envisaged intergovernmental agreements with third countries that could have a possible impact on security of supply. Moreover, the Commission will ensure that all such agreements and all infrastructure projects on EU territory fully comply with the relevant EU legislation.
- Further developing energy technologies.
- Increasing energy efficiency. As buildings are responsible for 40% of our energy consumption and a third of natural gas use, this sector plays a crucial role.

Recent events have raised EU-wide concerns about ensuring uninterrupted energy flows as well as stable energy prices. At the European Council of March 2014 the Commission committed to conduct an in-depth study on



European energy security and to present a comprehensive plan on how to reduce EU energy dependence. The findings and the proposals will be discussed at the European Council on 26-27 June.

On the one hand global energy demand is growing and is expected to increase by 27% by 2030. On the other hand EU domestic energy production has decreased by almost one-fifth between 1995 and 2012. Today more than 50% of the EU's energy needs are covered by external suppliers: in 2012 almost 90% of oil, 66% of gas and 42% of solid fuels consumed in the EU were imported, representing a bill of more than €1 billion per day.

### European Commission points to innovation reforms to sustain economic recovery

On June 10 The European Commission has highlighted the importance of research and innovation (R&I) investments and reforms for economic recovery in the European Union, and made proposals to help EU Member States maximise the impact of their budgets at a time when many countries still face spending constraints. Increasing R&I investment is a proven driver of growth, while improving the efficiency and quality of public R&I spending is also critical if Europe is to maintain or achieve a leading position in many fields of knowledge and key technologies. The Commission has pledged support to Member States in pursuing R&I reforms best suited to their needs, including by providing policy support, world-class data and examples of best practice.

The Communication published highlights three key areas of reform:

- Improving the quality of strategy development and the policy-making process, bringing together both research and innovation activities, and underpinned by a stable multi-annual budget that strategically focuses resources;
- Improving the quality of R&I programmes, including through reductions of administrative burdens and more competitive allocating of funding;
- Improving the quality of public institutions performing research and innovation, including through new partnerships with industry.

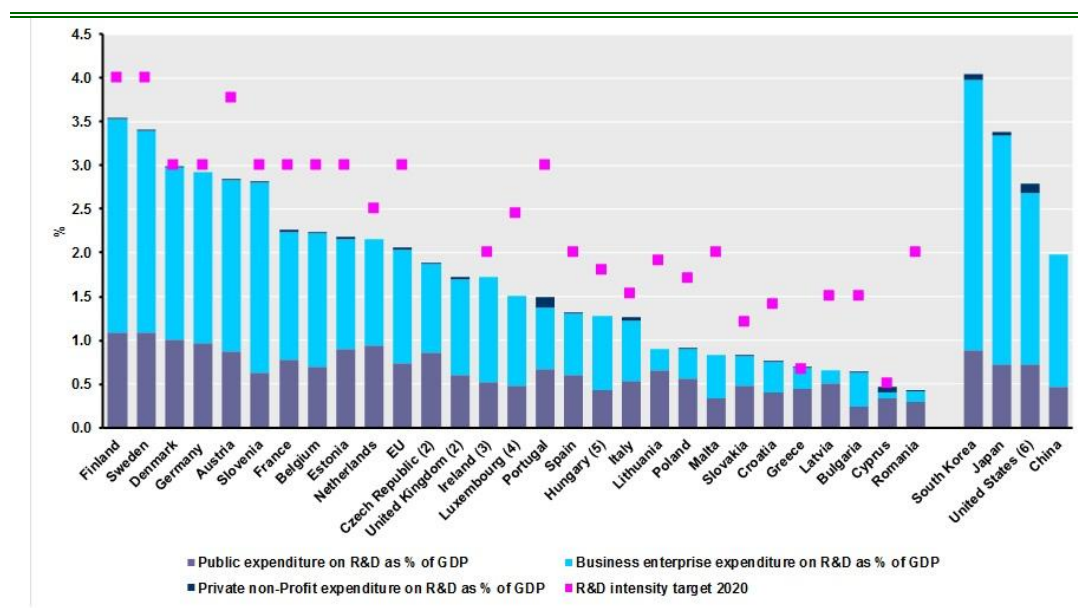
The Commission has also called on Member States to prioritise R&I, as public authorities regain margins for growth-enhancing investment. With current R&I spending across the public and private sector worth just over 2% of GDP, the EU remains well behind international competitors like the United States, Japan and South Korea, with China also now very close to overtaking the EU (see graph). Increasing R&I spending to 3% of GDP therefore remains a key target for the EU, but the Communication today shows that improving the quality of public spending in this area is also essential in order to increase the economic impact of investment. The Communication points equally to the need for the EU needs to put in place the right framework conditions to encourage European companies to innovate further.

Innovation is central to economic growth and business competitiveness, and is at the heart of the EU's Europe 2020 strategy. Today's proposals follow those of the 2014 Country Specific Recommendations where a number of Member States received recommendations to reform their research and innovation policies. The Commission has also issued today a State of the Innovation Union report demonstrating progress against the 34 commitments made and highlighting the need for further efforts.

The EU budget for 2014-20 marks a decisive shift towards R&I and other growth enhancing items, with a 30 % real terms increase in the budget for Horizon 2020, the new EU programme for research and innovation. A further EUR 83 billion is expected to be invested in R&I as well as SMEs through the new European Structural and Investment Funds.



## Public and private R&D intensity in 2012 in the EU and some third countries



## 2015 EU draft budget to help Europe's economic growth despite financial constraints

"Combining the legacy of the past with helping Europe recover from the crisis, and this with scarcer resources". This is how EU budget Commissioner Janusz Lewandowski describes the EU's 2015 draft budget as adopted by the Commission on June 11 (commitments: €145.6 billion; payments: €142.1 billion). The bulk of the commitments is for future projects that make Europe stronger economically whereas some 40% of the payments still cover EU funded projects from the 2007-2013 financial period. Also the Commission is proposing a further 1% reduction in its staff numbers, the third such cut in three years.

"The EU budget is 28 countries pooling together a small part of their resources to the greatest benefit of more than 500 million Europeans, adds Janusz Lewandowski. It helps avoid duplications of efforts at the national level and makes each of our member states stronger as combined efforts bring better results than fragmented action. The 2015 draft budget amounts to 1% of combined GNI of all Member States and manages to take into account present and future major issues such as the Ukrainian crisis or the need to strengthen the EU's energy security by refocusing its scarce resources."

The proposed increase of 2.1% in commitments and 1.4% in payments is virtually absorbed by the estimated inflation rate for 2015.

Commitment appropriations focus on the new programmes (2014-2020 MFF) and almost 60% of the proposed amount is dedicated to programmes that support Europe's research and innovation, youth and businesses.

The lion's share of payment appropriations goes to areas that boost Europe's economic growth and jobs (+29.5% compared to 2014) such as research (Horizon 2020), trans-European networks for energy, transport and ICT (Connecting Europe Facility) or the Youth Employment Initiative.

Other areas that see an increase in payments are the asylum, migration and integration fund (+140%) and protecting Europeans' health and consumers (+20%).

The functioning cost of the EU remains stable at around 4.8% of the total budget. Its increase (+1.6%) is around the expected rate of inflation, therefore it does not increase in real terms. The draft budget also includes the third 1% staff reduction in three years. Finally, the Commission cut the expenditure and staffing requests of other EU institutions to better align them with the staff reduction target of 5% over 5 years and apply restraint to other administrative costs.

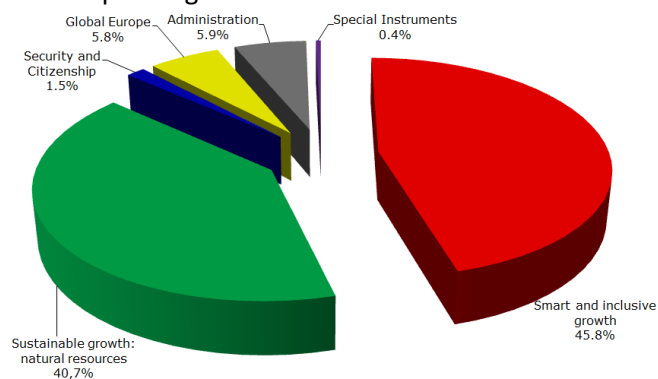




Following the adoption by the Commission of the 2015 draft budget, the Council (Member States) will adopt its position on it, followed by the European Parliament. This will be followed by a 21-day conciliation period to find a compromise agreement between the Council and the Parliament.

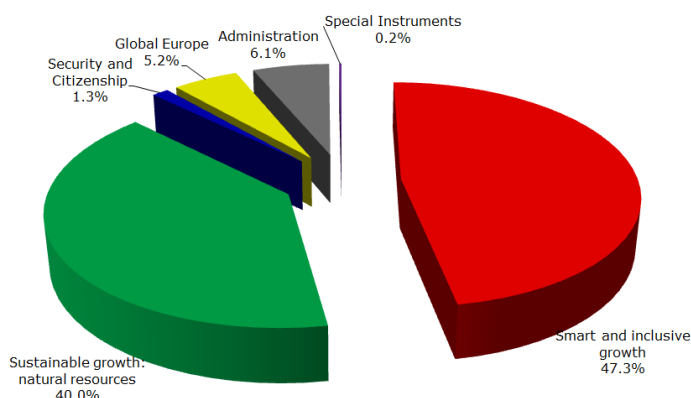
Special instruments include the 'Emergency Aid Reserve (EAR)', the 'European Globalisation Adjustment Fund (EGF)' and the 'European Union Solidarity Fund (EUSF)'. The corresponding appropriations are considered outside the MFF for the purpose of the calculation of the margins under the ceilings for appropriations. The same applies to the appropriations related to the Flexibility Instrument.

Share of spending:



Commitments €145.6 billion

Payments €142.1 billion



DRAFT BUDGET 2015	in EUR million rounded figures (Δ 2014 in %)	
	Commitments	Payments
1. Smart and inclusive growth: Competitiveness for growth and jobs Economic, social and territorial cohesion	1 881.2879.4 (+12.2)	2 130.7128.6 (-1.9)
2. Sustainable Growth: natural resources	59 253,7 (+0,0)	56 907,3 (+0,6)
Market related expenditure and direct aids	43 903,8 (+0,3)	43 897,0 (+0,3)
Rural development, environment and fisheries	15 349,9 (-0,9)	13 010,3 (+0,2)
3. Security and Citizenship	2 130,7 (-1.9)	1 881,2 (+12.2)
4. Global Europe	8 413,1 (+1,1)	7 327,0 (+7,1)
5. Administration	8 612,2 (+2,5)	8 612,4 (+2,5)
Of which Commission	3 297.2 (+1.1)	3 297,2 (+1,1)
Of which other institutions	3 595,9 (+2,1)	3 595,9 (+2,1)
Special Instruments (Outside the MFF)	515,4 (+13,0)	225,0 (-35,7)



Total appropriations	145 599,3 (+2,1)	142 137,3 (+1,4)
% of EU-28 GNI	1,04	1,02

## EU and EIB Group join forces to support up to €48 billion in R&I investment

On June 12, The European Commission and the European Investment Bank Group (EIB) launched a new generation of EU financial instruments and advisory services to help innovative firms access finance more easily. Over the next seven years, it is expected that the "InnovFin – EU Finance for Innovators" products will make available more than €24 billion of financing for research and innovation (R&I) by small, medium and large companies and the promoters of research infrastructures. This finance is expected to support up to €48 billion of final R&I investments.

"InnovFin – EU Finance for Innovators" will consist of a range of tailored products – from guarantees for intermediaries that lend to SMEs to direct loans to enterprises - helping support the smallest to the largest R&I projects in the EU and countries associated to Horizon 2020, the new EU research programme for 2014-20. InnovFin builds on the success of the Risk-Sharing Finance Facility, developed under the seventh EU framework programme for research and technological development (FP7), which helped provide over €11 billion of finance to 114 R&I projects worth more than €30 billion.

The EIB Group consists of the European Investment Bank and the European Investment Fund (EIF). The European Investment Bank will provide loans to medium to larger companies, or guarantees to banks lending to them. The EIF will provide guarantees to banks lending to small and medium-sized firms and – at a later stage – invest in venture capital funds providing startups and fast-growing firms with equity.

The launch took place at a two-day conference, organised by the Greek Presidency of the EU, to discuss how to improve access to finance for research and innovation.

InnovFin guarantees and loans will be backed by funds set aside under Horizon 2020 and by the EIB Group for the purpose of supporting R&I investment, which by nature is riskier and harder to appraise than tangible investments. All are demand-driven instruments, with no prior allocations between sectors, countries or regions. These debt instruments will be complemented in the near future by a suite of equity instruments managed by the EIF. In total, some €2.7 billion of Horizon 2020's near €80 billion budget will support these financial instruments.

Background on InnovFin products:

- InnovFin Large Projects aims to improve access to risk finance for R&I projects emanating from large firms and medium and large midcaps; universities and research institutes; R&I infrastructures (including innovation-enabling infrastructures); public-private partnerships; and special-purpose vehicles or projects (including those promoting first-of-a-kind, commercial-scale industrial demonstration projects). Loans from €7.5 million to €300 million will be delivered directly by the European Investment Bank.
- InnovFin MidCap Growth Finance offers senior and subordinated loans or guarantees (including mezzanine and quasi equity financing), in order to improve access to finance mainly for innovative larger midcaps (up to 3,000 employees), but also SMEs and small midcaps. Loans from €7.5 million to €25 million will be delivered directly by the European Investment Bank to eligible beneficiaries in EU Member States and Associated Countries.
- InnovFin MidCap Guarantee offers guarantees or contingent loans of between €7.5 million and €25 million, in order to improve access to finance for innovative larger midcaps (up to 3000 employees) in particular. This facility is implemented by the European Investment Bank, and is to be delivered through financial intermediaries – banks and financial institutions – in EU Member States and Associated Countries. Under this facility, financial intermediaries will be guaranteed against a portion of their potential losses by the EIB, which will also offer counter-guarantees to guarantee institutions.



- InnovFin SME Guarantee provides guarantees and counter-guarantees on debt financing of between €25,000 and €7.5 million, in order to improve access to loan finance for innovative small and medium-sized enterprises and small midcaps (up to 499 employees). This facility is implemented by the European Investment Fund, and will be rolled out through financial intermediaries – banks and other financial institutions – in EU Member States and Associated Countries. Under this facility, financial intermediaries will be guaranteed by the EIF against a proportion of their losses incurred on the debt financing covered under the facility.
- InnovFin Advisory services, provided by EIB on the basis of up to €28 million from the Horizon 2020 budget, aim to improve the 'bankability' and investment-readiness of large projects that need substantial, long-term investments. It will also provide advice to improve the conditions for access to risk finance for R&I. The main clients foreseen are promoters of large R&I projects that meet Horizon 2020's Societal Challenges. The advisory services are expected to accelerate the development of projects with an investment value of some €20 billion.

## Huge cuts in mobile data roaming price caps from 1 July – a drop of over 50% from last summer

From 1 July 2014, the EU will cut the price caps for data downloads by more than half: down from 45 cents per megabyte to 20c/MB. It will become even cheaper to use maps, watch videos, check mails and update social networks while travelling across the EU.

To put it into context: football fans traveling in the EU during this World Cup season will pay 25 times less for data roaming as compared to during 2010 World Cup.

Since the EU introduced caps on data roaming, data consumption has risen dramatically.

Phone calls and text messages will become cheaper as well. All this is good news, as you can travel around Europe and stay in touch with family and friends at home.

Type of mobile activity in the EU	2013 caps (before VAT)	2014 caps (before VAT)	Decrease
Making a call	24 cents per min	19 cents per min	21 %
Receiving a call	7 cents per min	5 cents per min	28,5 %
Sending a text message	8 cents	6 cents	25 %
Downloading data / browsing	45 cents per MB	20 cents per MB	55,5 %

What's more, from 1 July 2014 mobile providers in Europe can offer you a specific roaming deal before you travel and, where available, allow you to choose a local mobile provider for data services such as emailing, reading the news online, uploading photos and watching videos online, in the country you are visiting. So you can compare roaming offers, and benefit from more attractive offers and prices while you're away.

But that's not the end of the story: the EU is working on new rules to eliminate roaming charges altogether. The Commission's Connected Continent regulation would see the end of roaming charges, as well as a guaranteed open and neutral internet, and better consumer protection for mobile and broadband users.

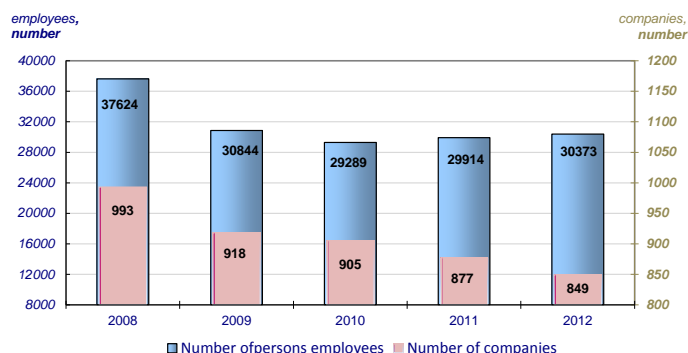
Roaming charges were at their peak years ago when EU started to take action in 2007. The results are a 80-90% drop across roaming services in 2014 compared to 2007.



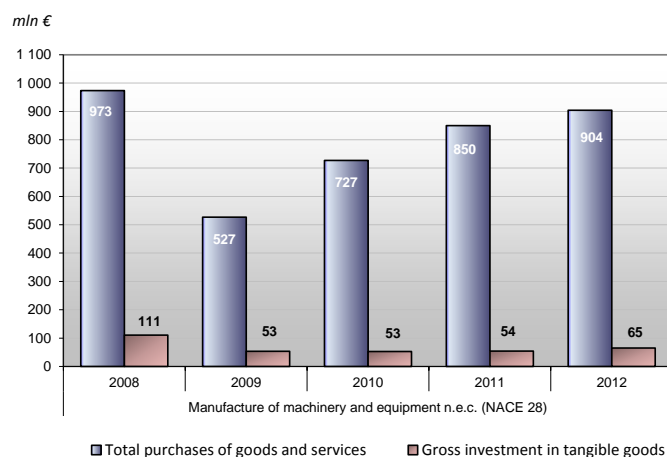
## ANALYSIS OF SECTOR

## Sector Machine Building

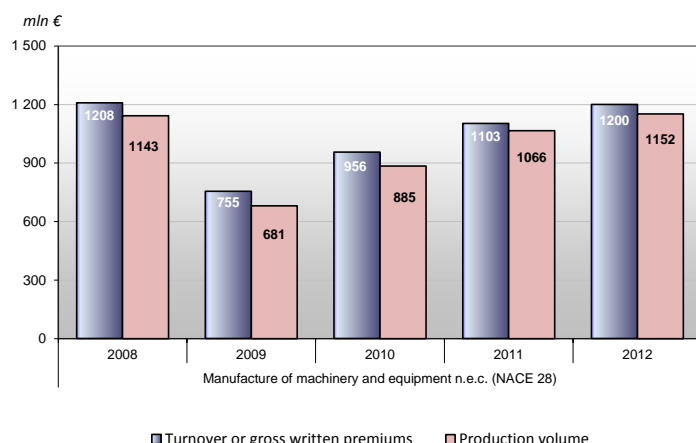
Number of companies, number of employees in the sector  
„Manufacture of machinery and equipment.“ (NACE 28)



Total purchases of goods and services and Gross investment in tangible goods 2008-2011, EUR mln



Turnover or gross written premiums and Production volume 2008-2011, EUR mln



Top companies in the sector by number of employees

Company	Number of employees		
	2010	2011	2012
<b>Sector Manufacture of machinery and equipment (NACE 28)</b>			
Ideal Standart Vidima JSC - Sevlievo	1 918	3 313	3 201
SKF Bearings Bulgaria SPJSC - Sofia	1 535	1 503	1 408
M+S Hydraulic JSC - Kazanluk	920	1 067	1 010
Sparky-Eltos JSC - Lovetch	784	910	939
Palfinger Produktionstechnik Bulgarien SPLTD - Tchernven bryag	785	884	852
Remotex Radnevo SPJSC - Radnevo	786	896	844
Caproni JSC - Kazanluk	754	796	811
Balkan echo SPLTD - Kravenik	535	632	696
Hraninvest Hranmachcomplect JSC - Stara Zagora	467	510	544
Hydraulic Elements & Systems Pic (HES) JSC - Yambol	522	573	522

Top companies in the sector by sales income

Company	Sales (BGN mln)		
	2010	2011	2012
<b>Sector Manufacture of machinery and equipment (NACE 28)</b>			
Ideal Standart Vidima JSC - Sevlievo	304.6	335.5	377.4
Magna Powertrain Plovdiv SPLTD - Stryama	29.7	122.3	114.7
SKF Bearings Bulgaria SPJSC - Sofia	119.5	127.7	113.2
Ataro Clima SPLTD - Plovdiv	42.9	45.1	104.8
Datecs LTD - Sofia	81.2	105.4	97.3
Palfinger Produktionstechnik Bulgarien SPLTD - Tchernven bryag	79.4	97.9	99.7
M+S Hydraulic JSC - Kazanluk	62.8	91.9	79.9
Atlas Kopko Lifton SPLTD - Rousse	9.8	30.9	68.4
Balkan echo SPLTD - Kravenik	22.0	38.4	51.0
Hydraulic Elements & Systems Pic (HES) JSC - Yambol	29.5	40.1	36.1

Company data is of those reporting balance sheets from Sector Manufacture of machinery and equipment (NACE 28) – Machine building.  
Data in graphics are taken from Eurostat and include the following: Sector Manufacture of machinery and equipment (NACE 28).





## Overview of the Bulgarian Machine Building

*Eng. Ilia Keleshev - Chairman*

*Of the Bulgarian Branch Chamber - Machine Building*

Bulgarian Branch Chamber - Machine Building is a non-profit organization to support, promote, represent and protect the interests of its members. The Chamber is a voluntary organization, a separate legal entity. It was established in the fall of 1991. Its members includes over 260 companies, major manufacturers from all sectors of machine building - production of machine tools, woodworking machinery, hydraulics, car building, machinery and equipment for food processing, refrigeration equipment, agricultural machinery, heavy engineering, automotive, shipbuilding, manufacturers of metal products, etc. The Chamber includes member companies from casting production, which are traditionally associated with machine building in Bulgaria. Member companies of Chamber produce about 70% of the machine-building production in the country.

Companies of all economic activities of machine-building - manufacturing of machinery, metal products except machinery and equipment, automotive trailers without the manufacture of automobiles without cars, in 2013 reached, and according to some data exceeded, the level of 2008 . According to preliminary data, the turnover of the sector in 2013 exceeded BGN 8 billion (EUR 4 billion). Export is EUR 2.74 billion. The largest volume of export is in economic activity "Manufacture of machinery and equipment." The highest growth rates is in the production of automobile trailers, which includes auxiliary equipment and parts for cars. Increases comes not only from the foreign investors which have opened plants in Bulgaria, but also from a number of Bulgarian producers, including Litex Motors Jsc of cars and Madara Jsc with a wide range of driving axles for KAMAZ.

There is a significant decline in 2013 in the manufacture of vehicles, without cars, which includes shipbuilding, due to reduced orders.

The data for April this year are encouraging for companies of all sub-sectors of machine building. Compared to March there is a growth in turnover both as a whole and on the international market, but export to Russia from the beginning of March decreased by 50%.

More and more difficult is the European market, which holds more than 70% of the Bulgarian production of machines. Competitive pressure on the market is constantly growing, constantly price reduction, postponement of payments.

In recent years, development of the Machine Building sector went through many hardships - the liquidation of about 10% of the companies, mainly in the crisis year 2009, significant staff cuts - about 25 percent. In an ever increasing competition in the international market and the inability of companies to repay loans taken from banks, a number of important in the past companies have stopped operations.

There are three main factors for the development of the sector - investments, markets, qualified staff.

Overall, investments in companies in the sector are not enough. Main sources currently are foreign investors and OP Competitiveness. Positive thing about investments in machine building is that they are not targeted on the construction of office buildings and shopping malls, but in capacity, organization and expansion. Foreign investors in the machine building come with a ready market. Certainly the situation in the country is favorable for them and not by accident, although their decline as a whole, especially in the production of car parts, they can be found at the moment.

Companies from machine building sector actively participate in procedures under OP Competitiveness. Several companies, including M + S Hydraulic Kazanlak, Optix Panagjurishte, AMET Sofia, Nakmash Botevgrad, IZ-Dynamika Kentavar Drianovo, Rais Pazardzhik, Badeshtnost Chirpan, Chugunena Armatura Popovo, Red Steel Pernik, Milko Asenovgrad regularly participate, win and implement projects for the delivery of advanced equipment and introduction of new technologies, improve working conditions.



There is no significant changes in the number of employees in the sector in recent years. They are about 100 thousand people. The reason is that many companies have invested in the supply of new, advanced equipment, implemented new technologies, have increased productivity without signing new people. Where there is a need for appointments, serious difficulties arise. The main reason for this is the lack of young people on the labor market, graduates of vocational high schools. 7-8 years ago, after the approval by the Ministry of virtually unlimited admission in language and specialized high schools began mass closure of courses and classes in old technical schools, depersonalization and eradication of vocational education impending personnel in engineering majors. With the definition of protected professions and the introduction of dual training, spoken in years, things will improve to some degree.

Dual training, however, should not be seen as a panacea for solving problems. Reform is needed in vocational education in order and management of the schools themselves are interested to develop it. For now it is missing. They are interested only in the larger number of students, even though trained in a fictional subjects which are not demanded on the labor market.

Issues related to the need for further restructuring of the ownership of individual companies and the optimization of production continues to be relevant to their owners and managers. In their current form, they would hardly be competitive and look for opportunities to get rid of the large unused land and buildings, to restructure production and expand their markets. Despite favorable conditions - good location and infrastructure of most companies, the availability of staff with experience in production, etc., most foreign investors seem to prefer building capacity on "green." The Chamber could be much more useful to IBA in its position as a bridge to connect the Bulgarian manufacturing companies to potential foreign investors.



## INVESTMENT OPPORTUNITIES OF MUNICIPALITY



## Pleven Municipality

**Area:** 809.7 sq. km.

**Mayor:** Prof. Dimitar Stoykov, MD

**Tel:** +35964/ c. 881 200

**Fax:** +35964/ 844 230

**e-mail:** [mayor@pleven.bg](mailto:mayor@pleven.bg)

**Web site:** <http://www.pleven.bg>

## Pleven Municipality

Population	Total for Pleven Municipality	2010	2011	2012
	Population (number)	136 949	129 768	128 328
	Birth rate, (number)	-562	-630	-714
	Mechanical growth - total (number)	-584	-919	-726
	Working-age population, number	87 307	80 016	79 006
Leading companies by sales income (BGN thousand)	Company	2010	2011	2012
	Agricola Bulgaria JSC - Pleven	64 615	90 701	111 165
	Toplofikacia Pleven SPJSC - Pleven	81 197	77 824	95 612
	Ema LTD - Pleven	44 237	50 426	48 559
	Sarten Bulgaria LTD - Pleven	28 702	35 041	42 883
	Pleven-Bulgartabac SPJSC - Yasen (PI)	16 594	22 414	33 124
Leading companies by profit (BGN thousand)	Company	2010	2011	2012
	Toplofikacia Pleven SPJSC - Pleven	5 915	-188	9 246
	Pleven-Bulgartabac SPJSC - Yasen - PI	13	-1 071	3 526
	Agrotrade commerce LTD - Pleven	3 079	3 941	3 306
	Horizont Ivanov SPLTD - Pleven	101	126	2 205
	Narmag LTD - Pleven	1 639	1 445	1 388

## Projects of Pleven Municipality

As of June 1 of 2014 Pleven Municipality implemented 23 projects, of which 17 its own.

The total value of international funding amounted to BGN 117.5 million.

Eighteen of the projects are implemented by EU funds.

The largest investment is worth BGN 37,341,275 and has been provided by the Operational Programme "Environment", project "Implementation of measures to improve the quality of life in Burgas, Varna, Stara Zagora and Pleven" aimed at buying 40 trolley replacing the rolling stock fleet in Pleven.

Twenty of them of the Czech brand "Skoda" already serve passengers comfortably.

Another BGN 23,322,246 under the OP "Regional Development" in the same direction helps the implementation of a project "Integrated Urban Transport of Pleven".

A new trolley bus depot in the Druzhba district with 70 places for vehicles is to be constructed.

Repair works started at the existing trolley lines as well as an expansion of 4 new routes with a total length of 6681 meters, with four main streets "Stoyan Zaimov", "Hadji Dimitar", "Gen. Vladimir Vazov", "Raiski kat", "Ilyo



Voyvoda", "Hristo Botev", between "Third of March" and "San Stefano", "Europe" and "St. Kliment Ohridski" to "Bulgaria".

Planned improvement of public transport and construction of 6 new bus stops along the new trolley lines.

Envisaged construction of bicycle line network consisting of eight new routes with a total length of 9429 meters, to connect the districts Voden, Druzhba, Storgozia and Ninth with the existing bikeway.

Currently a program is prepared as a package of measures for sustainable development and implementation of innovative solutions in the field of integrated urban transport.

The third major project "Establishment of a regional system of waste management in the region of Pleven" amounted to BGN 27,795,953.

It covers six municipalities of Pleven District: Pleven, Dolna Metropolia, Dolni Dubnik, Gulyantsi, Pordim and Iskar.

The project envisages construction of a regional landfill with a period of operation at least 15 years separating line and composting plant, which will optimize the organization of the process of collection, transportation and disposal, guaranteeing to reduce pollution and improve environmental parameters.

Additionally, Pleven Municipality develops a projects for construction of treatment plant for waste waters and closure and cultivation of the existing municipal landfill for municipal solid waste.

A project "Construction of Multipurpose sports hall in the town of Pleven" in place of the former racecourse approved by the Public Investment Program "Growth and Sustainable Development" is worth BGN 12,809,284.

About BGN 4,911,841 provided by the Operational Program "Regional Development" run project "Renovation and modernization of the physical environment through the reconstruction of the pedestrian zone of the city of Pleven", where the objects are the central town square, part of the pedestrian street "Vasil Levski" and the main town fountain.

Planned measures for replacement of pavement, construction of access routes, energy efficient street lighting, reconstruction of the hydro facility, construction of irrigation system and park development activities.

There are six centers for family-type accommodation for 84 children and young people drawn from institutions in the project "Expanding the network of resident community based services for children and youth at risk", funded by the Operational Program "Regional Development" worth BGN 4,173,703.

Last year was completed the implementation of the "Integrated project for sustainable tourism development in Pleven region."



BGN 5,047,345 provided by the Operational Program "Regional Development" helped repair the memorial complex Panorama "Pleven Epic 1877" and the development of adjacent spaces "Skobelev Park Museum." Activities also included the restoration and conservation of the historical stone bridge and the monument of the victory at the Vit River near the village of Yassen from the time of the Russo-Turkish War 1877-1878, of late antique fortress Storgozia - part of the Roman road of Emperor Trajan and socialization of the protected area Kaylaka.

By Social Inclusion Project, the World Bank provided BGN 1,644,753 for the project



"Today we invest in the future of children" that expanded capacity of Kindergarten "Snezhanka" by 50 garden seats and opened Regional Centre for early intervention of disabilities.

Project "Establishment of project readiness for participation under the OP Regions of growth in the 2014-2020 programming period, OP "Regional Development" granted BGN 1,348,384 to perform detailed design of 45 priority sites in the three areas of active influence of an integrated plan for urban regeneration and development of Pleven (2013-2020).

Besides the Central Park, water cascade and square "Stefan Stambolov", documentation will be prepared for five new playgrounds with facilities, twelve buildings mostly childcare, eighteen linear objects - roads, including an intersection, and seven other elements of the transport infrastructure - two flyover bridges and five bridges on the river Tuchenitsa passing through the city.

Pleven municipality builds its first kindergarten for 25 years with 100 places. Thus corresponds to the wishes of parents for their children to attend kindergarten in the center, near to their jobs.

With own funds Pleven Municipality builds a sports complex including an indoor swimming pool, gym, solarium and more.

Pleven Municipality builds a new road section linking Sofia Str. and Boulevard G. Kochev putting the traffic of heavy vehicles away from the city.

## New private investments in Pleven Municipality

In April 2014 in Pleven opened new shopping complex Panorama Mall. Second Mall in Pleven is one of the largest in northern Bulgaria, situated in an area of over 17,000 square meters. About 100 shops at three levels of retail space. It has a separate multiplex with four halls and own car park for over 400 automobiles.

Bulgarian Property Developments, owner and operator of several logistics parks in Bulgaria, specialized in the development and management of commercial, industrial and warehouse and logistics spaces, started building the factory of Nexans Autoelectric on an area of 5300 sq. m within its own site in Pleven's district Storgozia. Nexans Autoelectric develops and manufactures cabling systems and electromechanical components for leading automotive manufacturers. Among its main clients are global automotive brands such as BMW, Mercedes Benz, Volkswagen-Audi, GM/Opel.

Production is set to start by the end of the year. After the construction, the German investor enters into operation under a 10-year lease contract with an option for extension. The factory will provide 600 jobs step by step.

French company Malteri Souffle Bulgaria purchased a part of the former brewery in Pleven, where started the production of malt. Pleven-based company buys and processes barley from throughout northern Bulgaria. Daily production is 45 tons of malt. Workplaces are 23. The company has a modern laboratory in which only for a minute is establishes the quality of the received barley in each delivery, it becomes clear during the last lap in industrial premises. The finished malt is intended for the whole country, which will allow reducing the imports.

The plans of the company include the development of new varieties of malting barley with high genetic potential (non GM), first vintage of which will happen this year, technical improvements to the plant and increased production capacity for malt.

Municipal Council - Pleven, gave green light to Maritza Oil Jsc to buy 11,789 square meters of uncultivated natural land in the Yasen village and to build a plant for the production of vegetable oils. The capacity of the future plant will be 1000 tons of oil a day and it will also produce biodiesel, gas and cogeneration to generate power of about 4 MW. New jobs will be 100.



## Pleven Province

<b>Area</b>	<b>4653.3 sq. km.</b>			
<b>Population</b>	<b>Total for Pleven Province</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
	Population (number)	286 496	266 865	262 969
	Natural increase - from 1000, ‰	-9	-10	-10
<b>Economic indicators and labor market</b>	<b>Total for Pleven Province</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
	Employees under labor contracts (number)	61 022	62 256	61 042
	Average annual salary of employees under labor contracts (BGN)	6 093	6 308	6 646
	Economic activity rate - 15-64 years (%)	60	62	62
	Employment rate - 15-64 years (%)	52	54	56
	Unemployment rate (%)	13	12	10
	Registered unemployed as to 31.12. (number)	15 978	15 374	18 030
	GDP (BGN thousand)	1 457.6	1 559.4	NA
	GDP per capita (BGN)	5 051.0	5 808.0	NA
	Foreign direct investment in non-financial enterprises, as to 31.12. (USD thousand to 2006 - incl./ EUR thousand - after 2007)	153 363	174 928	194 965
	Cost of acquisition of long-term tangible assets (BGN thousand) <sup>1)</sup>	304 732	289 685	485 622
	Turnover (BGN thousand) *	2 879 997	3 261 499	3 469 555
	Produced output (BGN thousand) *	1 840 032	2 114 880	2 099 934
	Value added at factor cost (BGN thousand) *	650 239	760 952	676 423

<sup>1)</sup> Incl. purchase of land

\* Data are calculated by the methodology of Structural Business Statistics



## Medical University - Pleven



Medical University - Pleven (MU-Pleven) stands out for its modern appearance of a leading educational and research center with a priority in the development of telemedicine and robotic surgery, attracting more and more Bulgarian and foreign students.

MU-Pleven is known as the first university in the country, which in 1997 introduced medical training for foreign students in English. Currently there are 10 graduates of foreign alumni doctors who have found successful careers in the world - USA, Europe, India and Australia.



For its 40-year history, MU-Pleven has developed and strengthened. Currently the university has three faculties - Faculty of 'Medicine', Faculty 'Public Health' and Faculty 'Health care'. Medical College and the Department of language learning are also included in the structure of the university. Training is on the 11 subjects in three professional fields - medicine, health care and public health. With its highly qualified faculty, with its impressive facilities, sports complex, two student dormitories, a modern university library, its own publishing center, the University meets all the requirements for independent medical university.





Today, Medical University - Pleven combines a large complex of educational units, modern preclinical basis using hospital with over 1,100 beds, with a large number of specialized clinics and research units with modern equipment. The clinical basis for the training of students and post-graduate doctors is University Hospital Dr. Georgi Stranski - Pleven. The Oncology Center has installed robotic system da Vinci S for robotic surgery and surgery from a distance. In March 2014 was installed a second robotic system of the latest generation da Vinci Si with a training simulator. Besides the two gynecological and urological team, the first in the country general surgery team was formed and has successfully launched operations carried out with the robotic

system.

MU-Pleven has opened the only for Eastern Europe and the Balkans Telecommunication endoscopy center for experimental operating room in June 2007. The center is equipped with high-tech equipment, which is the most advanced in the field of endoscopic surgery. There are two school amphitheater conference rooms with audiovisual network connection abroad. The system allows constant communication between the operator at the time of surgery, the conference and experimental operating theaters and centers for diagnosis and therapy in Bulgaria and abroad. This provides a unique opportunity for students and post-graduates for training with advanced equipment. The first in Eastern Europe virtual endotrainer - training system for endoscopic surgery in real time, has also been installed.



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## INTERVIEW

**Juan Carlos Peralejo*****CEO of Nestlé Bulgaria***

**For 20 years the quality food of Nestlé Bulgaria satisfies the needs of the users. When can you, as a company, say that you have achieved your goals at 100% in the long run?**

Nestlé Bulgaria is part of the largest food and beverages company in the world and our motto is "Good Food, Good Life". Nestlé celebrates its 20th anniversary of in Bulgaria this year, and in 2016, the company will celebrate 150 years since its establishment. When at the end of XIX century Henri Nestlé created the first milk-based food for babies and saved the life of a child in his neighborhood, he put the beginning of our mission - to enhance people's lives every day and everywhere. Therefore, our goals as a company are related to satisfying the needs of our consumers. Our success and the consumers' confidence in us show that we achieve our goals, but the needs and expectations continue to evolve and we are constantly improving together with

them.

**What is the value of your overall investment in Bulgaria since the company entered the Bulgarian market?**

The company is a strategic investor in the development of the Bulgarian economy, only in last ten years we have invested over BGN 146 million.

**Given the principle that Nestlé factories contribute to rural development and to the establishment of new environmental standards, do you plan future investments besides the two production centers - in Sofia and Varna?**

Nestlé has long-term plans for its presence in Bulgaria and we continually invest in new production lines in our factories in Sofia and Varna. We invest heavily in advanced technology, improving the quality of our products, training of our employees, in the selection of the best raw materials and suppliers, as well as in caring for the health of our consumers.

One of the focuses of our two production centers in Bulgaria is export to countries around the world - more than 70% of the production of our confectionery and biscuits factory in Sofia and over 30% of the production of our ice cream factory in Varna are for export.

Example of our investments is the inauguration of the renovated production line for the chocolate dessert KIT KAT® on 26 June 2014.

**Internship program of Nestlé Bulgaria was established 17 years ago as an opportunity for the young people. What is your conclusion for that period, in which trainees have been prepared for a successful career?**

Nestlé has a long tradition of supporting youth employment and development. Our internship program enjoys great interest because it allows a smooth entry into the real working environment. Through it, young people have access to a stable working environment and an opportunity for development. An interesting fact is that many of our colleagues in senior positions in the company have begun their careers as trainees and we are very proud that this program works so well for us and for the young people, for whom it was designed. Our company is strongly





committed to socially significant initiatives to support young people and a concrete example of this is the launch of a European initiative for youth employment Nestlé needs YOUTh in 2013. As a part of the initiative, Nestlé Bulgaria pledged to offer job and internship opportunities to 330 young people under the age of 29 by 2016.

**The total number of employees in Bulgaria is over 1500 people. What motivates them to realize their potential and what do you invest in them so that your company can achieve long-term success?**

At Nestlé we believe that people are our most valuable resource, and they are the ones who make the company successful. We highly appreciate our people and strive to offer them the best conditions and opportunities to develop their potential. We provide our employees with a work environment that encourages open communication and initiative of each employee, training in the country and abroad, we engage them to participate in all of our initiatives, we offer constant opportunities for development and implementation. We are proud that among us there are so many colleagues, who celebrate together with the company 20 years of experience in Nestlé Bulgaria this year.

**Which of your social initiatives would you put forward?**

For 20 years now Nestlé Bulgaria has been a socially responsible company supporting many important societal causes. Our initiative Live Actively! promotes balanced nutrition and an active lifestyle and for the ninth consecutive year it gathered thousands of fans of movement on June 22 in Sofia. With each passing year the initiative grows and more than 170 000 people have taken part in it already.

Nestlé Bulgaria is a traditional general sponsor for 11 years of the National Career Days - Good Career, Good Life as part of our commitment to the development of young people.

**As a world leader in the field of balanced diet and active lifestyle, which of your partners would you point out?**

We work with a number of organizations, whose activities and mission we find close and therefore it is difficult to distinguish some among them. I would like to thank Sofia Municipality, for the constant support they provide to our social initiatives, the athletes of Bulgaria in the face of Yordan Yovchev, Alexandra Zhekova, Titi Papazov, Tereza Marinova, Tervel Pulev, Maria Grozdeva and many others who share our cause - balanced nutrition and an active lifestyle.



## CHAMBERS OF COMMERCE IN BULGARIA



### Bulgarian-Hungarian Chamber of Commerce in service to their partners

Our self-esteem depends on three things: the contact with nature, the contact with ourselves and the contact with others. The contact with others becomes the basis for building partnerships, for signing deals, exchange of experience and information.

Unfortunately, right in the era of information technology, we lose ties, feel detached, sometimes disoriented and confused. The new fear of failure makes us idle but life goes on, people do business and travel in spite of everything.

Bulgarian-Hungarian Chamber of Commerce (BHCC) was established on 02.03.2006 by the largest Hungarian investors in Bulgaria (DSK-OTP Group, DZU Stara Zagora-Videoton, Gedeon Richter, Fornetti, Balkankarpodem, etc.) With the assistance of the Embassy of the Republic of Hungary. The Chamber is a non-profit organization, which has set a goal to help in overcoming various fears, to gather people, to restore old ties and to direct them to a new level. Its primary mission is to provide and maintain a favorable business climate for the development and promotion of the Bulgarian-Hungarian trade and economic relations and investment activities of companies from both countries. In its relations with the state and its institutions, the organization is defined as a mediator, advocate and regulator in respect of matters that may negatively affect the business. Chamber membership is voluntary and is supported primarily by membership dues. Currently

### Bulgarian-Hungarian Chamber of Commerce

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In various statements we hear that a priority for both countries is to increase exports. But in the years of transition Bulgaria lost a lot of contacts and positions because it looked in another direction. In recent years, the bilateral trade volume exceeded one billion EUR. Unfortunately, it is exclusively due to the import of goods with high added value from Hungary. Recently some change has been observed and trade deficit is expected to be reduced.

Since 2009 number of tourists from Hungary began to decline and there are almost negligible number of Bulgarians who visit Hungary and not just because of the crisis. Yet the Bulgarian Black Sea remains a favorite place for summer holidays of about 100,000 Hungarian citizens.

Fortunately, in 2014 at the Embassy of the Republic of Bulgaria in Budapest will once again have its Office of Trade and Economic Affairs operational. This will correct a mistake that can be considered as a result of the example of Hungary - in the midst of crisis it saved funds to maintain its commercial agent in Sofia, it became partner country at the International Technical Fair Plovdiv in 2009 and supports funds and projects to support the entrance of Hungarian firms in foreign markets. We want together with our sales advisor, with colleagues from Hungary-Bulgarian Chamber of Commerce, the Bulgarian-Hungarian Chamber of Commerce to be the initiator and mediator in the restoration of old and new working relations with Hungary.

Rapidly changing business conditions in both countries are no smaller difficulty - new laws, new tax and customs regulations, new tolls and method of payment thereof in force in Hungary from July 1, 2013, directly affecting Bulgarian carriers. Bulgarian-



its members are about 20 companies and individuals.

Economic success needs not only certain intellectual level. Information is needed, as well as emotional charge. Being a point of information, the Chamber provides contacts and information, which every company needs to ensure long-term business success. Moreover, it provides some certainty by using its instruments to ensure lighting and potential partners. With the power of the collective voice, BHCC can lobby to protect the interests of its members. By participating in various events as well as organizing programs, the Chamber aims to spin those threads and provide those opportunities to connect Bulgarian companies with business from Hungary and to create comfort in the not-so-easy contacts with Hungarian partners.

For this purpose, the Chamber can offer professional business advice and support in resolving the current difficulties and to provide a fruitful dialogue with the public administration. BHCC initiates, conducts and assists in the organization of business forums, exhibitions, fairs, roundtables, where other players may be acquaintances, peripheral players, teammates, temporary or long-term partners, but it is certain that empathy during these programs may become a creative soaring and inspiring success.

Special note should be made on the sincere sympathy and support of the Embassy of Hungary, Ambassador Mr. Andrew Klein and commercial counselor Tibor Nemeth.

Why business contacts with Hungary are not easy?

Probably many people would agree that the Hungarian language is not easy. For some the thought of it brings uncertainty and a little bit of fear. With the Chamber's and Translation Agency Translingua's help as a member, companies can rely on interpreters to overcome this fear and they do a good job.

Hungarian Chamber of Commerce aims to monitor such changes.

In the era of globalization and advanced technology, we lose the opportunity to become better acquainted with our partner, which would help us protect it from unfair trade relations. And our confidence comes precisely from direct contact with others. Exchange of ideas in meetings and discussions, even during a holiday, form common priorities and opportunities for investment.

Hungary permanently remains in the top ten of the biggest investors with nearly one billion two million EUR. Large companies establishing production in Central Europe and look towards the Balkans. There are things that are beyond the strength of a single country, so we want to be a link between the right partners for joint projects. In the EU, Chambers are those which unite about 20 million SMEs helping them to find partners, on the other hand they help governments by communicating emerged needs to decision-makers. Inform the Chambers about your problems and together with the Embassy of Hungary we will try to find possible solution.

There is no need to go far because we can find relaxing holiday in the wonderful places that Hungary can offer.

**The soul creates and mind reacts! You choose the events and create the experiences, which can be turned in your creative development to achieve your goals. Thank you, if you choose Hungary, if you become part of that empathy and join our future programs!**

**Liana Petrova**

***Chairman of the Bulgarian-Hungarian Chamber of Commerce***



## 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			
	V	VI	VII	VIII	IX	X	XI	XII	I	II	III	IV
Months	456.9	179.5	298.2	119.4	37.2	41.2	256.3	-296.3	109.2	5.1	-2.3	106.5

\* Data is updated (as to 27.06.2014)

Source: BNB

## Main economic indicators EU – Bulgaria – Hungary

	European Union	Bulgaria	Hungary
GDP (purchasing power parity)			
\$ mln	15 840 000 [2013 est.]	104 600 [2013 est.]	196 600 [2013 est.]
GDP - real growth rate			
%	0.1 [2013 est.]	0.5 [2013 est.]	0.2 [2013 est.]
GDP - per capita (PPP)			
\$ thousand	34.5 [2013 est.]	14.4 [2013 est.]	19.8 [2013 est.]
Industrial production growth rate			
%	-0.3 [2013 est.]	1 [2013 est.]	1.8 [2013 est.]
Labor force			
Mln	228.5 [2013 est.]	2.551 [2013 est.]	4.263 [2013 est.]
Unemployment rate			
%	10.5 [2013 est.]	11.6 [2013 est.]	10.5 [2013 est.]
Budget surplus (+) or deficit (-)			
% of GDP	n.d.	-2.4 [2013 est.]	-2.9 [2013 est.]
Public debt			
% of GDP	n.d.	18.4 [2013 est.]	79.8 [2013 est.]
Inflation rate (consumer prices)			
%	1.5 [2013 est.]	1.5 [2013 est.]	1.9 [2013 est.]
Current account balance			
\$ mln	-34 490 [2011 est.]	-182.3 [2013 est.]	1 722 [2013 est.]
Export			
\$ mln	2 173 000 [2012 est.]	27 900 [2013 est.]	92 980 [2013 est.]
Import			
\$ mln	2 312 000 [2012 est.]	32 880 [2013 est.]	89 520 [2013 est.]
Reserves of foreign exchange and gold			
\$ mln	863 800 [12m 2011]	20 690 [12m 2013]	38 490 [12m 2013]
Debt - external			
\$ mln	15 950 000 [12m 2012]	37 850 [12m 2013]	170 300 [12m 2013]
Stock of direct foreign investment - at home			
\$ mln	n.d.	54 210 [12m 2013]	112 000 [12m 2013]
Stock of direct foreign investment - abroad			
\$ mln	n.d.	1 939 [12m 2013]	45 950 [12m 2013]

Source: CIA /www.cia.gov



## UPCOMING EVENTS



2  
July  
2014

Zagreb, Croatia

Seventh session of the joint Bulgarian-Croatian  
Commission for Economic Cooperation



2  
July  
2014

Sankei Hall  
Tokyo, Japan

Japan Investment Conference  
Resuscitating Japan: Rethink, Refocus,  
Restrategize



10  
July  
2014

Cádiz, Spain

Day of trade and investment opportunities



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



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

