

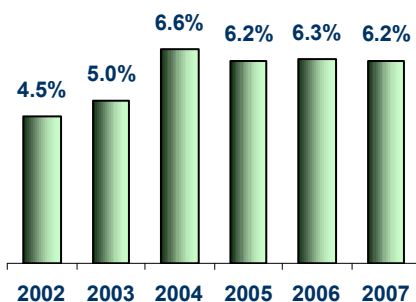
BULGARIA: ECONOMY, INVESTMENT, BUSINESS AND INDUSTRY

InvestBulgaria Agency – March 2008

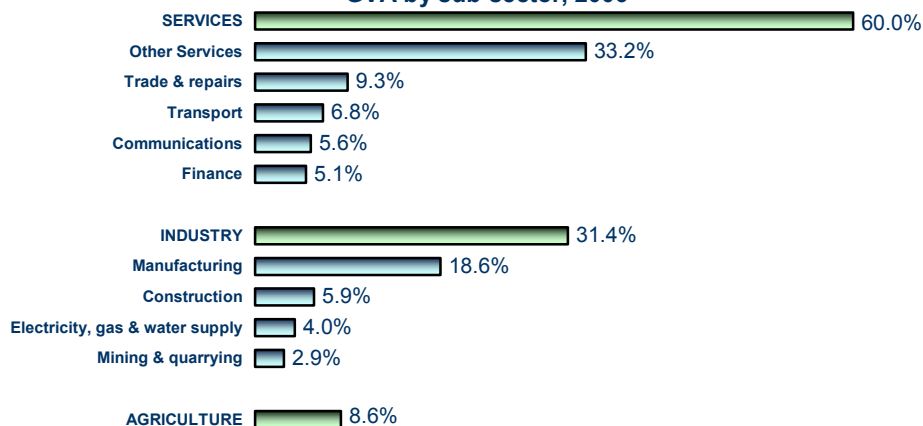
Economic indicators: six years of sustained economic growth, Euro peg

Real GDP growth, 2002-2007

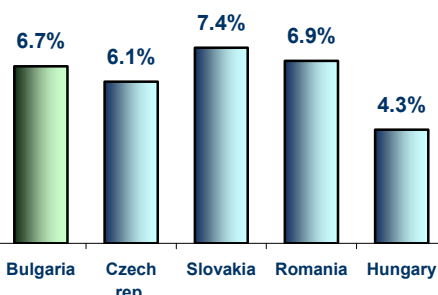
Total GDP – EUR 28.9 bn (2007)



GVA by sub-sector, 2006

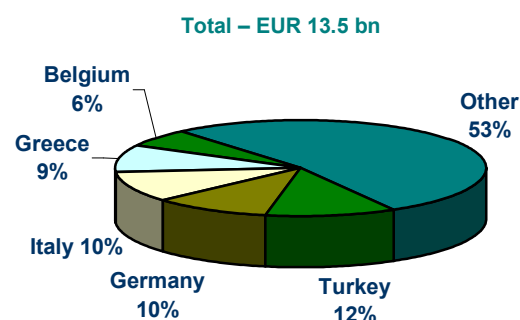


Real GDP growth per capita, 2006



Key indicators	2005	2006	2007
Inflation, avg. annual	5.0%	7.3%	8.4%
Budget surplus/GDP	3.1%	3.5%	3.8%
Base interest rate (eop)	2.05%	3.26%	4.58%
Labour productivity growth	4.1%	2.0%	3.7%
Population	7.8 m	7.7 m	7.6 m
GED/GDP ratio	69%	80%	95%

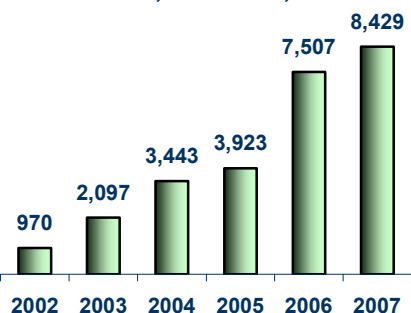
Export by country, 2007



Source: Bulgarian National Bank, NSI, InvestBulgaria Agency, EIU

Foreign investment: record FDI inflow in 2006

FDI inflow, 2002-2007, USD m

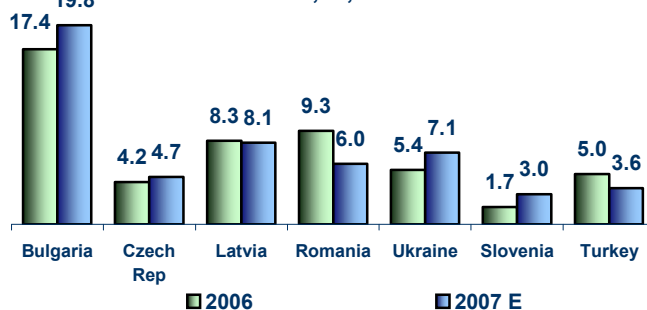


FDI stock by country, 1996-2007

Total – EUR 17 bn

Country	%
Austria	15
Netherlands	11
Greece	10
UK	9
Belgium & Luxembourg	5
Germany	5
Cyprus	5
USA	4
Hungary	4

FDI to GDP, %, 2006 – 2007 E



Source: Bulgarian National Bank, InvestBulgaria Agency, Bank AustriaCreditanstalt

Business environment: solid legal framework, excellent talent base, competitive cost

Country	Corruption Perception Index, 2007	Business start-up		Unemployment rate, %, 2007	Avg. gross monthly salary, Q4 2007, EUR	<ul style="list-style-type: none"> EU member since 1 January, 2007 NATO member since 2004 10% corporate tax – the lowest in Europe Investment grade credit rating Excellent technical skills of the workforce Lowest operating cost in Eastern Europe Infrastructure subsidy for larger investments Industrial land at preferential terms Strong government support with customized service packages
		Procedures, no.	Duration (days)			
Bulgaria	4.1	9	32	6.9	233	
Croatia	4.1	8	40	11.2	896	
Cz. Rep.	5.2	10	17	6.6	782	
Hungary	5.3	6	16	8.1	802	
Poland	4.2	10	31	14.9	690	
Romania	3.7	6	14	6.0	474	
Slovakia	4.9	9	25	10.8	550	

Source: Transparency International, World bank, EIU, National Banks, Statistics offices & Investment promotion agencies

Robust investor incentive schemes

The law promotes investments that comply with the following requirements

1. Category depending on the project value
2. Project to be implemented within 3 years
3. New jobs to be created
4. The investment to be connected with acquisition of long-term assets for the purpose of creation of new or expanding an existing enterprise
5. The government policy for promotion of investment is not applicable to banks and other financial institutions, insurance companies, investment companies, companies with special investment purposes, pension and health insurance companies, investment in gambling companies, as well as all investments made as per Privatization Law.

Investment incentives according to the Investment category

- All classes (A&B)**
- Information services and shortened administrative services
 - Preferential treatment upon acquisition of a right of ownership and limited real rights over real estate – private state or private municipal property
 - Financial support for vocational training of employees up to 29 years old for the needs of the investment project
- A class**
- Individual administrative services
 - Infrastructure support to the borders of the investment project site

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