BULGARIAN SMALL AND MEDIUM ENTERPRISES PROMOTION AGENCY

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Bulgaria Fact Sheet

Official title	Republic of Bulgaria
Location	South-eastern Europe, bordering the Black Sea, Romania, Serbia-Montenegro, FYR Macedonia, Greece and Turkey
Form of Government	Parliamentary Republic, One Chamber - 240 seats, elections every four years
Capital city	Sofia
Official language	Bulgarian
Currency	Bulgarian Lev (BGN)
Exchange rate	BGN 1,95583 = 1,0 EUR
Area	110,912 sq. km
Population	7.85 million
Time	GMT +2
Country telephone code	+359 (Bulgaria); 2 (Sofia)
Climate	Moderate continental with four seasons. Average annual temperature of 10.5 °C
Air Access	Five international airports. Over 60 regular international flights
Public holidays	1 January, 3 March, Easter Day, 1 May, 6 May, 24 May, 6 September, 22 September, Christmas Day

01–08 March 2009
Hannover, Germany

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BULGARIA

1. Country Profile

1.1. Location, Climate, Demography

Bulgaria is situated in the Southeaster part of the Balkan Peninsula. The country has a population of 7.85 million and a territory of 110,994 sq. km. It borders Greece and Turkey to the South, Serbia and Republic of Macedonia to the West. The Danube River separates Bulgaria from Romania to the North. Its natural eastern border is the Black Sea. Bulgaria ranks fifteenth in size among the European countries. Its climate is moderate continental.

Bulgaria is situated in the centre of a region, which is undergoing dynamic transition. Within 500 km of its capital Sofia (1.2 million people) a population of over 60 million is concentrated throughout 10 countries, which have embarked on their way to a market economy, some of them are EU members. This is a large market with one of the most rapidly increasing market demands in Europe. All these regions are only a few hours' drive or a short flight from Sofia. A network of international motorways crosses the country and makes vital connections to Western Europe, Russia, Minor Asia, and to the Adriatic, the Aegean and the Black Sea. Both sea and river transport (the Black Sea and the Danube River) offer convenient communications and transportation to and from the region.

1.2. History

The history of Bulgaria dates back more than 3,000 years. A succession of various civilizations (Thracian, Roman, and Byzantine) the Bulgarian state has existed for 13 centuries now on the Balkan Peninsula, which has long been a meeting place and a melting-pot for tribes and nations. The Bulgarian state was founded in 681 AD, when Slavs and Proto-Bulgarians were brought together under the sceptre of the khan. After the conversion of Bulgaria to Christianity in 865 AD the country joined the Christian civilization. The invention of the Cyrillic script in the latter half of the ninth century, during an age when previously only Latin and Greek had been used to write, gave a powerful impetus to the country's cultural development. The War of Liberation (the Russian-Turkish War) regained Bulgaria's freedom in 1878. In 1879 the Constituent Assembly adopted the first constitution of Bulgaria, which was one of the most democratic constitutions of the day. The first decades of the 20th century were years of economic success and prosperity. Bulgarian goods and Bulgarian currency, called the 'Golden Lev', acquired a high value on the European markets. Trade relations with Austria, Germany, France and Great Britain strengthened. In 1989 the peaceful end of the totalitarian regime and the centrally planed economy falls into the pattern of changes in Eastern Europe. Bulgaria took the road of a new democratic development, towards a free market economy. In 2004 Bulgaria joint the NATO alliance. Since January 1st 2007 Bulgaria is EU member state.

1.3. Government

Bulgaria is a parliamentary republic that abides by the Constitution of the Republic passed by the Grand National Assembly in July 1991. The Constitution of the Republic of Bulgaria is the supreme law of the country and no other law may contravene it. All international treaties, which are ratified pursuant to the constitutional procedure, are considered part of the domestic legislation.

The National Assembly is a one-chamber parliament. It consists of 240 Members of Parliament who are directly elected every four years. The National Assembly is a permanent acting body, directed by a board of Chairmen including a Chairman of the National Assembly.

The head of the state is the President, who embodies the unity of the nation and represents the Republic of Bulgaria in its international relations.

The Council of Ministers is the executive state body that directs the domestic and foreign policy of the country. The government manages the implementation of the state budget, organizes the management of state property and approves or rescinds certain categories of international treaties pointed out in the Constitution.

During the democratic process, there has been a smooth transfer of power, a strengthening of state institutions and a consensus amongst all political parties towards promoting the market economy and respecting human rights.

1.4. Administrative Territorial Division

The territory of the Republic of Bulgaria is divided into 278 municipalities and 28 regions. Municipalities are legal entities and have the right of ownership and independent municipal budgets. The municipal council is the local government authority, which determines the policies for development of the municipality.

The regions are administrative-territorial units, which implement the regional policy of the central government. The regions' management is carried out by a regional governor and regional administration at the cost of the state budget. Regional governors are appointed by the Council of Ministers.

1.5. Currency and Exchange Control

The new Law on the Bulgarian National Bank voted by the Parliament in June 1997, and the new Law on Banks adopted in July 1997, introduced a currency board in the country effective as of 1 July 1997. After the introduction of a currency board, all constraints on trading with hard currency within the country were removed. Local banks can sell hard currency to physical and legal entities without any limitations. The local currency is internally convertible.

The currency unit in Bulgaria is the Bulgarian Lev. Before 5 July 1999 it was denoted as BGL. Afterwards, the Bulgarian Lev has been denominated in a ratio BGL 1,000 to BGN 1. At present the BGN is pegged to the Euro at the rate of BGN 1 per EUR 0.51129. Central exchange rates are quoted daily by the Bulgarian National Bank (BNB) for statistical and accounting purposes only. The Bulgarian currency denominations are: Notes BGN 2, BGN 5, BGN 10, BGN 20, BGN 50 and BGN 100; Coins BGN 0.01, BGN 0.02, BGN 0.05, BGN 0.1, BGN 0.2, BGN 0.5 and BGN 1. The Lev denomination has facilitated payments, accounting and exchange operations.

Every local or foreign person may own an unlimited number of accounts in any currency, in any bank in Bulgaria. There are no restrictions on the repatriation of earnings, capital; royalties or interest with regard to the foreign investments and repatriation payments can be made freely.

The foreign exchange regime is based on the principle of freedom of concluding transactions, actions and payments. Transfers are governed by the Foreign Currency Act (effective as of 1 January 2000); the Regulation on Export and Import of Bulgarian Levs and Foreign Currency in Cash, Precious Metals and Stones (1999); the Regulation on Trans-border Transfers and Payments (1999); the Regulation on Registration by the Bulgarian National Bank of Transactions between Residents and non-Residents (1999).

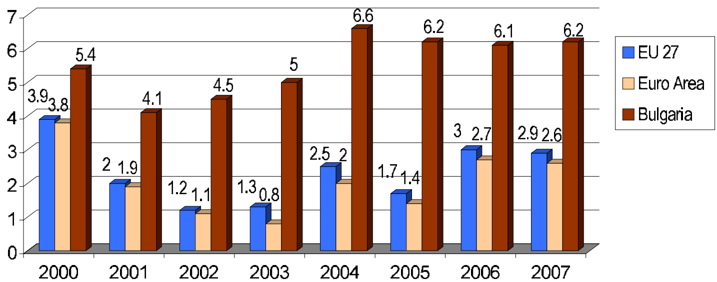
According to the Ordinance № 10/16.12.2003 of the Ministry of Finance, Bulgarian citizens, as well as foreigners, may take Bulgarian Levs and foreign currency of up to EUR 10,000 out of the country or to enter the country without documentation. However, the export and import of Bulgarian Levs and foreign currency up to BGN 25 000 should be declared at the customs. Exports of Bulgarian Levs above 25,001 (or its foreign exchange equivalent) should be attended by a letter-certificatory issued by the National Revenue Agency for lack of financial obligations in the country.

Payments abroad made by businesses (or self-employed business people) can be executed only through bank transfers. Transfers over BGN 25,000 for current international payments (imports of goods and services, transportation, interest and principal payments, insurance, training, medical treatment and other purposes defined by the Bulgarian regulations) must be accompanied with documentation showing the need and purpose of such payments.

2. Economy

In 1991, Bulgaria chose the road to a rapid and radical economic reform, beginning with the signing of Bulgaria's first program with the International Monetary Fund (IMF). The major objectives of this program were to curb inflation, slow down the decline of economy, achieve a relative stability of the national currency and encourage a rapid annual growth of the private sector until 1995. Within these four years, the cornerstones of legal and institutional framework of the market economy were put in place.

GDP Growth EU-BULGARIA
2000-2007 (%)

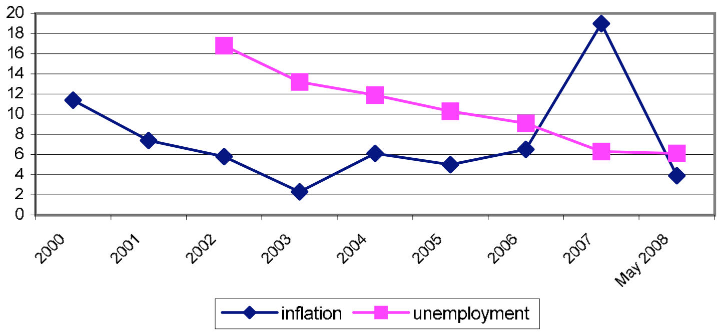


Source: National Statistic Institute, Eurostat

After two years of growth, the GDP dropped down again in 1996 and 1997. The severe depreciation of the national currency in that period was the main factor for the high inflation in 1996 and the beginning of 2007. In the first quarter of 1997, a new agreement reached with the IMF marked the introduction of a currency board (July 1997) and a set of austere and radical new measures for policy reforms. The national currency - Bulgarian Lev, was pegged to the German mark, chosen as reserve currency because of the leading share of EU trade and investment in the country and the prospect of Bulgaria joining the EMU. The policies introduced by the currency board arrangement resulted in considerable decrease of inflation, increased credibility of the national currency and reduced interest rates. The sharp decrease in lending interest rates reduced government debt interest payments, as well as the share of short-term debt issued to finance the budget deficit.

The economy started to recover in 1998 as the year was marked by events with favourable impact on market reforms and the three-year IMF agreement. Privatisation was accelerated, liberalisation of the agricultural sector continued consistently with the Government program for structural reform. Significant trade and price liberalisation was achieved and state control on prices of agricultural and food products were eliminated. Bulgaria successfully dealt with the economic pressure arising from regional conflicts and the lasting negative effects of the global financial crises in 1999.

Annual Inflation and Unemployment Rate (2000-2007) (%)



Source: National Statistic Institute

A broad international acknowledgement of the political and economic changes in Bulgaria was the invitation to start accession negotiations with the EU in December 1999 and their initiation in March 2000.
In April 2005 Bulgaria signed the accession treaty with the EU and from January 1st 2007 is a full member.

Macroeconomic data in 2000-2007 indicate a period of sustainable economic growth and controlled inflation. Despite the slowdown in economic growth in the EU countries - the main Bulgaria's trade partner, in 2002-2003, GDP growth in Bulgarian economy during the period 2000–2004 was in the framework 4.1%-6.6%. In 2005 - 2006 the GDP growth exceeded 6 %, in 2007 economic data indicate economic growth of 6.2%, despite the slow down of the global economy and the rise of oil and food prices. GDP growth is due both to the rising household consumption and export. The GVA growth in 2007 was 6,3 %. Industry grew in 2007 by 14,0 %, services by 7,0%.

Inflation rate dropped from 11.4% in 2000 to 2.3% in 2003, and 6,5 % in 2006. For 2007 the year-end inflation was 18,9 %, what is due mainly to the rise of fuel prices on the world market and further adjustment of the price level to the EU average. In 2007, according to EUROSTAT, the average price level in Bulgaria remains 46 % of the level in EU(27).

In 2007 the ***Current and Capital account*** deficit was EUR 5,847.4 million (20.5% of GDP), against a deficit of EUR 3,755.1 million (15% of GDP) for 2006. The main factor for the increase of the current account deficit was the higher (by EUR 1,856.9 million) trade deficit.

The Financial account balance in 2007 was positive amounting to EUR 9,389.9 million, compared to a positive balance of EUR 5,219.6 million for 2006.

The balance on ***the Services item*** in 2007 was positive, amounting to EUR 1,013.7 million (3.5% of GDP), against a positive balance amounting to EUR 971.5 million (3.9% of GDP) in 2006.

Foreign direct investment abroad was EUR 187.8 million against EUR 136.8 million for the same period in 2006.

Foreign direct investment in Bulgaria was EUR 5,687.1 million (19.9% of GDP) against EUR 4,364 million (17.4% of GDP) for the same period in 2006. The direct investment covered 92.1% of the current account deficit against 110.9% for January – December 2006.

Exports (FOB) in 2007 amounted to EUR 13,411.7 million against EUR 12,011.9 million for 2006. ***Imports (FOB)*** amounted to EUR 20,830.9 million, against EUR 17,574.1 million for 2006.

At the beginning of 2007, about 90.4% of the long-term assets of the state owned enterprises were transferred into private hands with a financial effect of EUR of about 8 billion BGN. Banking sector privatisation is close to completion with just one state bank operating on the market, specialized in small and medium enterprises business support. About 99% of the agricultural land and 92% of forest areas have been returned to their former owners.

Economic environment in Bulgaria constantly improved in the last few years. Bulgaria took 9-th place in the A.T. Kearney 2007 Global Services Location Index among 50 best performing countries, and is the single country from the Central and Eastern European region in the top 10.

In the UNCTAD PwC Manufacturing&Service Index ranking for 2007, Bulgaria is at 2-th position on manufacturing index (index 93), and shares 3-5-th position (index 95) with Romania and Russia on service index, among 20 best performing economies in the world.

Business climate - total

Source: National Statistic Institute, June 2008

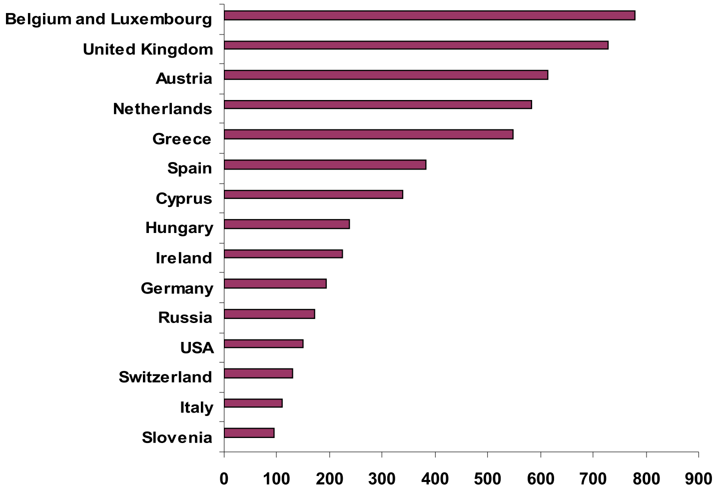
In 2004-2007 the business climate in Bulgaria economy constantly improved, in 2007 the composite indicator of business climate, measured by the National Statistic Institute obtained the highest annual level since the beginning of economic reforms in 1990. In spite of slow down in world economy in 2007, the economic conjecture in Bulgarian economy remained favourable - the composite business climate indices achieved in February - March 2007 it long-term maximum.
In Industry the composite indicator of business climate kept the achieved high level. The managers' assessments about the current and expected business situation of industrial enterprises remained favorable. Inquires among managers did not registered significant changes of the opinions regarding the present and expected production activity.

3. Foreign Investments

3.1. Top investors

By the end 2007 foreign direct investment (FDI) stock in Bulgaria (assessed since 1999) reached EUR 24.7 billion. In 2007 for a tenth consecutive year FDIs through greenfield, joint ventures, reinvestments and additional investments in already acquired enterprises exceeded FDIs through privatisation.

Top 15 Foreign Investors (by countries) in Bulgaria in 2007
(in EUR,000)



Source: Bulgarian National Bank

The top investors in Bulgaria during the period 1996–2007 (in mln EUR) are Austria (5 2681), Netherlands (4 088), Greece (2 131), UK (1 962), Cyprus (1 059), Germany (1 058), USA (896). Other major investors include Belgium and Luxembourg, Italy, Hungary, Cyprus, Czech Republic, Switzerland, Ireland, France, and Spain. The European Union is the major source of FDI for Bulgaria with about 75 % of the FDI stock. FDI distribution by sectors shows the major role of industry (43.6% of the total), followed by finance (18.7%) and trade (16%).

3.2. Certification measures and procedures

The revision of the Investment Encouragement Act, effective as of 30 June 2007, introduced a system of promotion measures for initial investments in tangible and intangible fixed assets and new employment linked thereto, according to Commission Regulation (EC) No. 1628/2006 on the application of Articles 87 and 88 of the Treaty to National Regional Investment Aid. The following conditions must be fulfilled:

• the investments must be related to setting-up of a new enterprise, to extension of an existing enterprise, to diversification of the output of an enterprise into new additional products or to a fundamental change in the overall production process of an existing enterprise;

• they must be implemented in the following economic activities:

a) the industrial sector: manufacturing industry and production of electricity from renewable energy sources;

b) the services sector: high technology activities in the sphere of computer technologies, research and development, as well as education and human health care;

• at least 80 per cent of the future aggregate income must be from the products produced by the economic activities listed above;

• at least 40 per cent of the eligible costs of the investment must be financed by the investor's own or borrowed resources;

• the investment must be maintained for at least 5 years in the relevant region, reckoned from the date of implementation of the investment;

• employment must be created and maintained for at least three years in the relevant region;

• the period of implementation must not exceed three years, reckoned from the date of award of an investment class certificate.

Promotion according to the procedure established by the Investment Encouragement Act is not extended to enterprises in difficulty, for implementation of privatisation contracts or concession contracts under the Privatisation and Post-privatisation Control Act, respectively, under the Transformation and Privatisation of State-Owned and Municipal-Owned Enterprises Act as superseded and the Concessions Act, and in implementation of compensatory (offset) arrangements, as well as investments for production of products in the coal and steel industry, the shipbuilding and synthetic fibres sectors, fisheries and aquaculture, as well as in activities linked to the primary production of agricultural products listed in Annex I to the Treaty Establishing the European Community, according to Commission Regulation (EC) No 1628/2006 on the application of Articles 87 and 88 of the Treaty to National Regional Investment Aid.

Depending on their value, investments are divided into two classes. Their threshold amount, fixed in the Regulations for Application of the Investment Encouragement Act, is as follows:

• for Class A: **BGN 70 million**;

• for Class B: **BGN 40 million**.

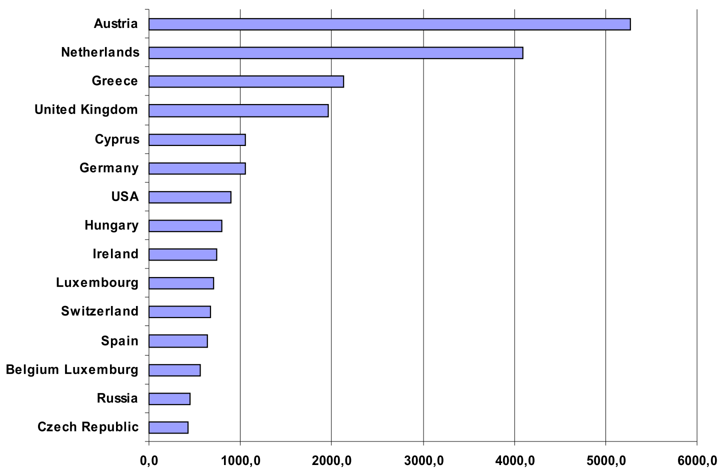
Where the initial investment is implemented entirely within the administrative boundaries of municipalities where the rate of unemployment for the year last preceding the current year is **by at least 35 per cent higher than the national average**, the threshold amount of investments within a single establishment is:

- for Class A: **BGN 35 million**;
- for Class B: **BGN 20 million**.

Where the initial investment is implemented entirely within the administrative boundaries of municipalities where the rate of unemployment for the year last preceding the current year is **by up to 35 per cent higher than the national average**, the threshold amount of investments within a single establishment is:

- for Class A: **BGN 45 million**;
- for Class B: **BGN 25 million**.

Top 15 Foreign Investors in Bulgaria (by country) in 1999-2007 (in mln EUR)



Source: Bulgarian National Bank

According to the procedure established by the Investment Encouragement Act, investments are promoted through:

- shorter waiting time for administrative services: **Class A and B**;
- personalized administrative services needed for implementation of the investment project: **Class A**;
- relaxed requirements for acquisition of a right of ownership or limited rights in rem to real estate constituting private state and private municipal property: **Class A and B**;

• financial support for construction of physical infrastructure elements needed for the implementation of one or more investment projects: **Class A**;

• financial support for attainment of professional qualification by persons who have not attained the age of 29 years, including interns from the higher schools in Bulgaria, who have occupied the new jobs linked to the investments defined as **Class A and B**.

4. Taxation

The taxation of corporate income and profits is governed by the Corporate Income Tax Act (CITA). In connection with the accession of Bulgaria to the European Union since January 1st 2007, a new CITA was adopted to meet the necessity of harmonization of Bulgarian taxation legislation with the requirements of the European directives concerning direct taxation. Another reason for passing a new act in the field herein is to make perception and application of the corporate taxation easier for the taxable persons and for the revenue administration.

4.1 Corporation tax

Under the Corporate Income Tax Act (CITA) all companies and partnerships, registered in Bulgaria and carrying out business in the country, are liable to a corporate income tax at a **rate of 10%**. Foreign entities are taxed on their Bulgarian-source income. Companies that are non-residents in Bulgaria, but operate in Bulgaria through a branch, office, agency or other form of a permanent establishment are only liable to tax on the profits generated through their Bulgarian establishment.

Corporation Tax Incentives

• **The general incentives:**

1) tax incentives upon hiring of unemployed persons (such legal entities are entitled to debit the accounting financial result by the amounts paid for labor remuneration and the contributions remitted for the account of the employer to the public social insurance funds and the National Health Insurance Fund during the first twelve months after the hiring);

2) incentives for enterprises hiring people with disabilities (these taxable persons are allowed to retain 100 % of the corporation tax under certain conditions);

3) incentives for agricultural producers (they are allowed to retain 60 % of the corporation tax under specific conditions) etc.

- **The regional tax incentives.**

Bulgarian Corporate Income Tax Act was recently (in force as of 01.01.2008) heavily amended in the area of state aid. The new provisions, basically arrange specific forms of tax retention, admissible under certain conditions, as defined by law.

1) *tax relief, representing state aid for regional development* – it is allowed under the condition that the retained tax shall be invested in assets, necessary for the performance of initial investment. The law also requires the initial investment to be made within four years after the beginning of the year for which the tax was retained; the initial investment to be made in municipalities where the rate of unemployment for the year of retention is by 35 % or more higher than the national average for the same period etc. The taxable entity is required to perform all its manufacturing activity only in municipalities where the rate of unemployment for the year preceding the current year is by 35 % or more higher than the national average for the same period. In this case the taxable person is entitled to retain 100 % of the corporate tax. A positive opinion of the European Commission is required for providing of such state aid;

2) *tax relief, representing minimum state aid* – it is limited within certain amounts of state aid, determined by law. The retained tax must be invested in material or immaterial fixed assets within four years after the beginning of the year for which the tax is retained. Again, a precondition for the availability of this aid is the taxable person to perform its manufacturing activity only in municipalities where the rate of unemployment for the year preceding the current year is by 35 % or more higher than the national average for the same period. In this case the taxable person is entitled to retain 100 % of the corporate tax.

The tax legislation provides for specific requirements for the different types of state aid.

- **Employment incentives.**

Upon determination of the tax financial result, the accounting financial result may be debited with the compulsory social insurance contributions remitted for the current year for the account of the employer in respect of the newly created jobs. The reduction is allowed on a single occasion in the year during which the persons are appointed. The right herein shall accrue subject to the condition that the jobs have been created in municipalities where the rate of unemployment for the year preceding the current year is by 50 % or more higher than the national average for the same period. Some conditions must be fulfilled for this reduction to be available: according to European Commission Regulation (EC) No 2204/2002, including:

1) the average number of employees for the current year must have increased compared to the preceding year as a result of the newly created jobs, and persons registered as unemployed must be appointed to the newly created jobs under an employment contract;

2) newly created jobs must be maintained for a minimum period of three years;

3) the State aid referred to herein, together with other State aids for employment in respect of the same newly created jobs, must not exceed 50 % of the cost of wages and compulsory social insurance contributions for the newly created jobs for two years;

4) the State aid, together with other regional aids and State aids for employment, must not exceed 50 % of the sum total of the initial investment and the cost of wages and compulsory social insurance contributions for newly created jobs, related to the initial investment, for two years.

Where the State aid for employment referred to herein, including other State aids for employment, exceeds BGN 30 million for three years, the reduction shall be valid if the taxable person has been granted a permissibility authorization by the European Commission under the terms and according to the procedure established by the State Aids Act.

Tax exemption for manufacturing business

Manufacturing companies enjoy 100% exemption of the corporate income tax for a period of 5 subsequent years in case of investment in depressed regions and if all the sites and assets (except for cash in bank accounts and equity) of the company are entirely located within the administrative boundaries of a depressed region. “Depressed regions” are municipalities with unemployment exceeding 50% the average of the country and enumerated in a list annually approved by the Minister of Finance. The cost of intangible assets should not accede 25% of the acquisition costs of the fixed assets. The acquired assets could not be disposed for a period of 5 years, except in cases of reorganization of the company. At least 25% of the value of the assets must be financed by company`s own funds, including loans. The ownership of the acquired assets can not be transferred for a period of 5 years as of the date of their acquisition, except for in cases of reorganization of the company in compliance with the Commercial Law. The company, which enjoys the exemption, could exercise it, even if as a result of decreased unemployment, the municipality is excluded from the above mentioned list.

Annual depreciation norms

The depreciable assets are divided into several categories with the following annual rate of tax depreciation (%):

- Category I: solid buildings, including investment properties, plant, transmission facilities, electric power carriers, communication lines – 4%;
- Category II: machinery, process equipment, apparatus – 40%;
- Category III: means of transport excluding automobiles; surfacing of roads and of runways – 10%;
- Category IV: computers, computer peripheral equipment, software, and right to use software, mobile phones – 50%;
- Category V: automobiles – 25%;
- Category VI: tax tangible and intangible fixed assets whereof the period of use is restricted according to contractual relationships or a legal obligation – 100/years of legal restriction - the annual rate of tax may not exceeded 33 1/3;
- Category VII: all other depreciable assets -15%.

Withholding Taxes. Repatriation of Profit

Bulgarian resident corporations which distribute dividends have to withhold dividend withholding tax from dividend distributions in favor of:

- non-resident legal persons, with the exception of the cases where the dividends accrue to a non-resident legal person through a permanent establishment in the country;
- resident legal persons which are not merchants, including any municipalities. No withholding tax is levied if the dividends are distributed in favour of resident legal person who participates in the capital of the company as a representative of the State or common fund.

Dividends charged by a resident subsidiary in favour of a parent company of a Member State shall not be subject to levy of a withholding tax. Dividends charged by resident legal persons in favour of a permanent establishment in another Member State shall not be subject to levy of a withholding tax where the following conditions are simultaneously fulfilled:

- a tax under Annex 2 of the CITA (a list of the taxes in different member-states) or a similar profits tax is levied on the profits from a permanent establishment and the permanent establishment has no option or the possibility of being exempt from the levy of such tax;
- the permanent establishment is of another resident person or of a company of another Member State;
- the resident person/company referred to in Item 2 has, inter alia

through the permanent establishment, a minimum holding of 15 per cent in the capital of the resident person distributing the dividends for an uninterrupted period of at least two years;

- the resident persons referred to in Items 2 and 3 are commercial corporations or unincorporated associations and the profits thereof attract corporation tax.

The taxable amount for assessment of the tax withheld at source on dividends is the gross amount of the dividends distributed.

Since 1 January 2008 the tax rate of the withholding tax on dividends is decreased from 7% to 5%.

4.2 VAT

The standard VAT rate is 20%. Zero rate of VAT applies to exports of products, certain eligible exports of services, as well as to some other transactions.

VAT Exemptions

The following major transactions are entitled to **zero rate of VAT**:

- supplies of goods dispatched or transported to destination outside territory of the European Community;

certain transactions related to international transportation;

- supply for handling of goods;
- supply related to duty-free trade;
- supply of goods provided by agents, brokers and other intermediaries.

Since 19 December 2007 the Value Added Tax Act regulates the forwarding services and treats them as equivalent to transport services.

Main transactions which are exempt from VAT are:

- supply linked to health care;
- supply linked to welfare and social security work;
- the transfer of the right of ownership of land, the creation or transfer of limited rights in rem to land, as well as the letting or leasing of land Transactions with buildings or parts thereof, which are not new, with building land, as well as the creation and transfer of other rights in rem thereto, are an exempt supply. The letting of a building or part thereof for residential use to a natural person who is not a merchant shall likewise be an exempt supply. However the transfer of a right of ownership of a regulated lot within the meaning given by the Spatial Development Act, with the exception of the building land of buildings which are not new is not exempt from VAT.

Intra-community Supply of Goods

The new VAT Act provides the **intra-community supply** of goods which actually replaces the regulation of export under the previous VAT Act as far as transaction between merchants from different **member states** is concerned. Intra-community supply of goods is any supply of goods, transported **from** the territory of the country to the territory of another Member State, where both supplier and recipient are registered for VAT. **Intra-Community acquisition** is acquisition of the right of ownership of goods, as well as the actual receipt of goods, which are dispatched or transported **to** the territory of the country from the territory of another Member State, where the supplier is a taxable person registered for VAT purposes in another Member State. Intra-community supplies with the exception of the exempt intra-community supplies referred are liable to tax at the zero rate. Regarding intra-community acquisition, the recipient charges 20% VAT and is entitled to deduct credit for input tax.

VAT Credit Refund

The VAT credit to be refunded can be set off against the VAT due, as well as against other liabilities to the state. The offsetting takes place during a 3-month term following the month in which the VAT credit occurred. If after this term there is still VAT to be refunded, the taxpayer may request a refund or continue offsetting it in the following months. Within three months as of the date of submitting the request for refund the tax authorities have to refund the remaining VAT after setting it off against any outstanding tax liabilities (there are indications that the second 3-month term may be reduced to 45 days).

For exporters the VAT refund period is 45 days. Since 1 January 2003 companies, realizing within a two-year period investment projects over BGN 10 million that create over 50 new jobs, are exempt from VAT on their imports.

4.3 Excise Duties

On November 15-th 2005, the existing Excise Duties Law has been abolished and substituted by a new excise law, which introduced the system of the tax warehouses. A tax warehouse is the place where excise duty goods are produced, stored, entered or sent by traders under the term of delayed excise duty payment. Certain luxury products, as well as certain other goods listed in law are subject to excise duties. Excise duties are payable as one-time consumption tax on the import of dutiable products in Bulgaria, or on the first sale of locally manufactured products in Bulgaria by their manufacturer.

The following main categories of products are subject to excise duties:

- liquors and beer, and raw materials with a content of alcohol; wine is zero-rated for excise duty purposes, but the producers of wine may be subject to excise duty registration and control;
- tobacco products such as cigars, cigarettes, tobacco for consumption;
- certain automobiles (with maximum 9 seats) with an engine power exceeding 120 Kw under the DIN system;
- energy products and electricity;

As of 1 January 2008 coffee and extracts from coffee are not subject to excise duties. Another amendment are the increased tax rates for some types of fuels, coal, electrical energy for business and administrative needs etc.

Excise duties are normally charged as a flat amount per measurement unit for the respective product (BGN per piece/ton/liter, etc.). Exports are exempt from excise duties. Where excise duties have been paid for products that are subsequently exported, a refund could be received.

4.4 Double Taxation Treaties

Bulgaria has signed agreements to avoid double taxation with:

Albania, Armenia, Austria, Belarus, Belgium, Canada, China, Croatia, Cyprus, Czech Republic, Denmark, Egypt, Finland, France, Georgia, Germany, Greece, Hungary, India, Indonesia, Ireland, Italy, Israel, Japan, Kazakhstan, North Korea, South Korea, Kuwait, Lebanon, Luxembourg, Macedonia, Malta, Moldova, Mongolia, Morocco, Netherlands, Poland, Norway, Portugal, Romania, Russia, Singapore, Slovakia, Slovenia, Spain, Sweden, Switzerland, Syria, Thailand, Turkey, Ukraine, Vietnam, Yugoslavia, Zimbabwe, United Kingdom.

5. Priority Branches

5.1 Tourism

Bulgaria is a well-positioned successful international tourism destination. Tourism is one of the key sectors in Bulgaria due to the excellent geographical location, remarkably rich nature, diverse relief and moderate continental climate. The Black Sea Coast offers attractive seaside resorts. The sunshine record is exceptional with a yearly average of nearly 300 days of sunshine. Tourists enjoy various opportunities for climate-treatment and balneology treatment, yachting, surfing, water skiing, diving, underwater fishing, other aquatic sports and diverse entertainment opportunities. There are special itineraries combining see tourism with active tourism and providing opportunities for hiking, cycling, riding, photo-tourism, and eco-tourism, as well as visits to natural, archaeological and cultural places of interest.

Rila, Pirin, Vitosha, the Rodopes, and the Balkan Mountains offer good possibilities for ski and mountain tourism. In the international resorts of Pamporovo, Borovets and Bansko one can enjoy some of the best skiing in Europe with snow covers lasting from Christmas until Easter and ski tracks for beginners and professionals at all levels. There are many ski schools providing individual and group lessons.
Bulgaria has more than 600 hot, warm and cold mineral springs of varied physical and chemical contents, mineralization, curative gases, biologically active trace elements, temperature and curative properties that create excellent conditions for development of balneology tourism. A number of hotels with relevant equipment and skilled staff offer talasso-therapy, pearl baths, underwater massage, phyto-therapy, curative mud, inhalations, manual therapy, paraffin treatment, acupuncture, helio-prophylaxis, ozone and oxygen therapy, slimming procedures, and balneo-cosmetics.
Bulgaria has over 30,000 historical monuments from different historical epochs, 36 culture reserves, 330 museums and galleries that form an impressive base for the development of cultural tourism. A network of three national and nine nature parks, a number of reserves and natural places represent a significant potential for the development of ecological tourism. Ecological routes are special itineraries across exceptionally beautiful landscapes, including a system of facilities for reaching the most inaccessible beauty spots: gorges, steep rocks, and waterfalls. Many Bulgarian villages, located in environmentally clean regions, have preserved their traditional outlook and genuine atmosphere for developing rural tourism. They are ready to open their hospitable doors to those willing to share the rich traditions and folklore, agricultural activities, preserved old crafts, and delicious and varied local cuisine.
The hunting tourism in Bulgaria relies on a large variety of game: red deer, fallow deer, roe deer, wild goat, bear, boar, grouse, hare, partridge, pheasant and many others. Bulgaria ranks second in the world in terms of the quality of shot trophies.
In 2006 the number of foreign tourists (excluding children up to 16) that visited Bulgaria has exceeded 5.2 million. Visitors are mainly from Germany, Greece, Russia, Macedonia –, Serbia&Montenegro, Great Britain, Scandinavian countries. In 2006 incomes from tourism (for the period January-June) amounted to 1.01 bln. Euro, what represents 4.62 % rise in comparison to the same period in 2005.

5.2 Mechanical Engineering

In 2002, machine production and metallurgy accounted for more than seven percent of Bulgaria's total industrial output. By 2005, more than 2/3 of Bulgaria's machine-tool companies had introduced certified quality assurance systems meeting ISO 9000-9001 standards, and many of them had already implemented ISO 14001 environmental management systems. Bulgaria exports most of its machines and components to EU countries both for Original Equipment Manufacture (OEM) assembly and for end users. Most carry the "CE" mark. Many Bulgarian companies are introducing the Quality Management, Business Excellence and Auditor training programme, based on the ISO 9001:2000, 9004 and 19011 Standards.

Bulgaria's machine tool and metal producers are known for manufacture of: Metal products, including cisterns, tanks, steam boilers, forging press and powder metallurgy products, fittings, kitchen utensils, tools, fixtures; Machine tools, including hydraulic and pneumatic products, arms and munitions, automated machines, specialized automobile machine tools, warehouse systems, fork-lifts, electric chain hoists, household appliances, machines for metal cutting, and woodworking, agricultural machines, specialized machinery for food, wine and tobacco industries; Motor vehicles, trailers, semi-trailers, parts and accessories; Transport equipment, including ships, shipyard machinery and tools, railway carriages, motorcycles, bicycles; Production technologies used in the machine tool and metallurgy industry range from state-of-the-art laser metal cutting to cold and hot plastic metalworking, welding, casting (of non-ferrous metals) under counter-pressure, to heat and chemical heat treatment of metals in controlled atmosphere, to traditional gas flame metal cutting.

5.3 Agriculture and Food Industry

Bulgaria enjoys excellent natural conditions for developing the agriculture and forestry sector. Cultivated agricultural land occupies about 4.9 million hectares or 44% of the total territory of the country. The favourable climate for crop production and the availability of agricultural land and long traditions have resulted in a well-developed plant-growing and animal-breeding. Other pros are the low labour costs and the high schools and the colleges available for training in modern farming and animal breeding. Foreigners cannot own land, but this restriction does not apply in case of acquiring land by locally registered companies with foreign participation.

Among the main crops produced are tomatoes, pepper, tobacco, grapes, wheat, maize, beans, potato, sunflower, peaches, apricots, apples, melons, nuts, etc. There are traditions in the sheep, pig and cattle breeding, poultry farming, and bee-keeping.

It is worth mentioning that Bulgaria traditionally has had a leading position in exports of grapes, oriental tobacco, tomatoes, apricots and other agricultural products to the large markets of East and West Europe. Good opportunities in the sector exist for the creation of total production chains through a combination of selected companies in clusters covering primary sector, processing, sales and distribution. An important advantage of the sector is the presence of well-established food research and development institutions. Bulgaria has a strong tradition in production and processing of vegetable and fruit.

Investment based on the introduction of modern marketing, growing, processing and distribution methods offers good opportunities for investors with experience in this branch. Altogether, in this sub-sector there are more than processing plants of which 147 ones are newly established. Major products are: canned vegetables, peppers, fruit products, juices, fresh and dried mushrooms, herbs. Bulgaria is well-known producer of dairy products from sheep, cow and goat milk. There are 495 operating dairy factories of which 450 newly established. Famous types of cheese produced in Bulgaria are "Kashkaval" and "White Brined Chease". Bulgarian cheese made of sheep and cow milk have excellent taste qualities and therefore they are in great demand on the international market. Due to this reason their export is gradually growing in the last years.

Investment opportunities exist in relation to meat production (pork, broilers and ducks), establishing fattening farms for hogs, calves and broilers, construction of slaughterhouses, production of animal feed, etc.

Bulgaria has been a major wine producer for many years and currently a number of modern wineries export their products all over the world. There are 56 companies operating in this sub-sector and 12 of them newly established. Bulgaria is a traditional wine making country with a well-developed wine industry. However, because of the small size of the domestic market, its wine manufacturing is export-orientated and foreign markets determine its development. International varietals types dominate the Bulgarian wine industry, while domestic varieties are declining. The most popular red varieties are Merlot and Cabernet Sauvignon, while the best-selling white wines are Misket, Chardonnay, Dimiat and Muscat. Four local red varieties still enjoy some popularity in the country – Pamid, Gamza, Mavrud and Melnik (or Shiroka Melnishka). The share taken by local varieties declined over the review period as a result of decreasing demand and the ageing of vineyards.

Bee honey is one of the agricultural products, which is markedly export oriented. In a seriously competitive environment Bulgaria has strong positions in markets mainly of the EU countries. The EU is the main trade partner with respect to honey (approximately 82% of the total export), but some of the countries, for which greater quantities of honey are exported, change places.

5.4 Textile and clothing industry

Textile and clothing industry is one of the oldest branches of the Bulgarian economy. Bulgaria has a strategic position to source garments to the European market – it is geographically close to West Europe and to fabric producing countries such as Turkey or Egypt. Bulgaria has traditionally had availability of quota to the USA and Canada for a variety of textile, knitting and garment products. Due to the long traditions in the sector and availability of qualified, cheap labour force, Bulgaria is an established investment destination for many European textile and apparel industry leaders, such as Miroglio and Safil from Italy, Marland International from Ireland and Rollmann from Germany. Large productivity gains are possible by taking advantage of the local skilled labour-force while reinvesting in modern equipment.

5.5 Transportation

Based on its geographical disposition, transport system, infrastructure, warehouses, customs system, experience and labour force, Bulgaria has a good potential for future logistics development.

The road infrastructure of Bulgaria comprises of more than 37,000 km roads, about 400 km of which are highways. There are 6,400 km of developed railways, more than 65% of which are electrified. The main Bulgarian sea ports are Bourgas and Varna. The Danube River is the international water road of the country. There are 5 international airports in Bulgaria: Sofia, Varna, Bourgas, Plovdiv and Gorna Oriahovitsa (the latter is used mainly as a cargo airport).

Some of the major investment projects for infrastructure development include:

Pan-European Transport Corridor IV;

Construction of a second Danube bridge between Bulgaria and Romania in the vicinity of Vidin-Calafat;

Reconstruction and electrification of the Plovdiv-Svilengrad-Greek/Turkish border railway line;

Construction of Maritsa Motorway, section Orizovo-Kapitan Andreevo (the border with Turkey);

Pan-European Transport Corridor VIII:

Construction of the railway line (2.5 km) between Gueshevo station and the Macedonian border;

Extension, reconstruction and modernization of the Port of Bourgas;

Extension, reconstruction and modernization of the Port of Varna

Pan-European Transport Corridor VII:

Reconstruction and modernization of the Danube Port of Lom;

The new terminal of Sofia Airport was opened for passengers in the end of 2006 and attends 2.5 million passengers per year.

5.6 Energy Sector

Bulgaria needs large-scale investments in the energy sector for reconstruction, replacement, upgrading and expansion of the existing capacities and the construction of new ones.

Electricity

The investments needed are mainly for:

- Rehabilitation of the existing power plants as the most cost-efficient alternative;
- rehabilitation and extension of the power transmission network so as to meet the requirements of and join UCTE as well as to expand the technical capacity for transit and trading purposes;
- Rehabilitation of the power distribution network though which to achieve a reduction in energy distribution costs;
- Construction of new capacities.

Gas Supply

Bulgaria faces the challenge to develop a low pressure gas distribution network throughout the territory of the country in order to create an economic and environmentally sound alternative for household heating and improve the efficiency in using primary energy resources. The investment priorities of Bulgargas Company will continue to be directed towards extension of the gas transmission capacity to Turkey, Greece and Macedonia.

Heat Supply

In view of the fact that district heating represents the most cost-effective existing alternative for heating, attracting investments for the sector is a priority task. First priority is given to investments in the transmission and distribution by means of which a reduction in costs and, respectively, in end-user prices could be achieved. Other possibilities are rehabilitation of existing capacities and construction of new ones.

Privatization is another powerful instrument for attracting investments in the energy sector. A precondition to achieve that positive effect is finding maximum balance in the privatization scheme of the energy companies.

5.7 Information and Communication Technologies

The communication sector in Bulgaria has developed rapidly in the recent years.

In 2006 the number of the mobile network subscribers exceeds 6 million, there are three GSM operators.

In the area of the mobile telecommunications, the third generation UMTS mobile cellular network is under development. The first tenders for UMTS mobile cellular network operation took place in 2005 and in 2006 the communication system is offered in five major towns in Bulgaria. It is expected that in near future the three GSM operators in Bulgaria will extend their UMTS mobile cellular network.

In 2007, the Internet users reached 2.1 million, what represents 34% of the population, 35% of the internet users are companies.

The *e-commerce* development is encouraged by the self-regulation and practical implementation of the electronic signature. The Internet-accessible virtual shops have been recently established in country. The opportunity to make business transactions on the Internet is already also available through different environment systems. There are nearly 1,100 companies operating in the sphere of IT. More than half of them are small size companies. The advanced level of education ensured by the science and technology faculties in the Bulgarian universities has created scientists with leading position worldwide who work successfully for the development of science-based technologies in communications and high technologies. Favourable factor for IT development is tradition in such important sectors like electrical engineering and electronics. The IT companies in Bulgaria cover almost the whole spectrum of IT activities and services; the major areas are:

- Software: computer system software, networking software and Web design, CAD/CAM/CAE software, telecommunications and wireless development software, application software, firmware;
- Hardware: computer and systems assembling, digital and analogue printed circuit design, PCB manufacture, analogue mixed engineering;
- Microelectronics: ASIC design, front-end and back-end microelectronic activities;
- Automation: systems for industrial automation.

The number of IT companies working exclusively on assignment for foreign partners is growing.

By the end of 2006, 214 private operators of VHF-FM radio stations were licensed.

6. Foreign Trade

Preliminary data for the 2006 indicates that the Bulgarian foreign trade turnover (fob/cif) amounted to EUR 30.3 billion, which is a rise of 25,8% towards the level of 2005. In 2006 a new trend in Bulgarian foreign trade is observed and this is the faster growth of exports. Preliminary data indicates that export rose in 26.5 % and amounted to 11.9 bln EURO, the volume of imports rose in 25.3% and amounted to 18.3 bln EURO.

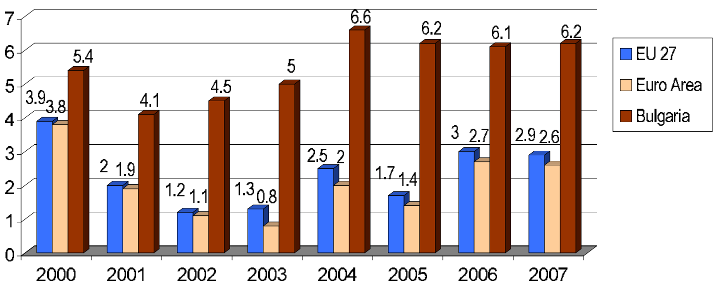
Export and Import Volumes by Year (Million EUR)

	2001	2002	2003	2004	2005	2006	2007
Total turnover (FOB/CIF)	13 842	14 474	16 279	19 605	24 134	30 358	35 350,5
Export (FOB)	5 714	6 063	6 668	7 985	9 466	11 983	13 473,6
Import (CIF)	8 128	8 411	9 611	11 620	14 668	18 375	21 876,9

Source: Bulgarian National Bank

In 2006 exports grew by 14,4%, imports by 19,0%. The main reason for the faster growth of imports was the growth of fuel and food prices on the world markets. The tendency of faster growth of imports is observed in Bulgarian foreign trade during the period 2000-2005, in 2006 it breaks off and indicates a growing efficiency of Bulgarian economy, bearing in mind that cut off in imports in that time came mainly from imports of raw materials and fuels. The growth of the negative trade balance in 2007 is 31,4%, towards 22.2% in 2006.

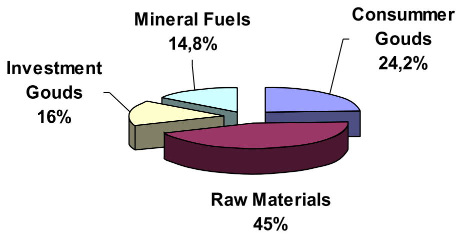
GDB Growth EU-Bulgaria – 2000-2007 (%)



Source: Bulgarian National Bank

The commodity structure of Bulgarian export in 2007 is presented by raw materials (45 %) – ferrous and non ferrous metals, chemicals, plastics and rubber, fertilisers, textiles, wood products, paper, cement, etc.; consumer goods (24,2%) – clothing and footwear, food, furniture, medicines and cosmetics, beverages and tobacco; investment goods (16%) – machines and equipment, vehicles, electrical machines, spare parts; mineral fuels, oils and electricity (14,8%). The growth of the share of exports of investment goods towards the previous year is 1,5 percentage points.

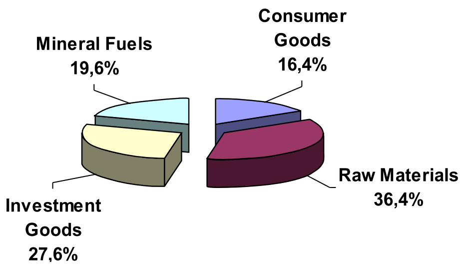
Bulgarian Import by Commodity Groups in 2007 (%)



Source: Bulgarian National Bank

The commodity structure of Bulgarian import in 2007 is presented by raw materials (36,4%) – iron and steel, chemicals, textiles, etc.; investment goods (27,6%) – machines and equipment, vehicles, electrical machines, spare parts; mineral fuels, oils and coal (19,6%); consumer goods (16,4%) – clothing and footwear, food, furniture, medicines and cosmetics, automobiles, beverages and tobacco. The growth of the share both of investment goods and consumer goods in import towards the previous year is 1,4 percentage points. The share of fuels dropped by 2,3 percentage points.

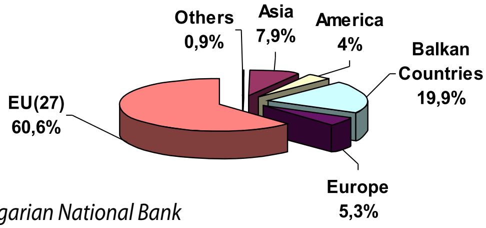
Bulgarian Import by Commodity Groups in 2007 (%)



Source: Bulgarian National Bank

The European Union (27) member countries are Bulgaria's largest trade partner, exports in 2007 amounted to 8 165,3 bln EUR, which is 60,6% of the total. The largest trade partner in exports within the EU is Germany, followed by Italy, Greece, Belgium, France, the UK, Spain, and Austria. From the non-European countries, the largest trade partners are the USA. From the neighbouring countries the main trade partner in export is Turkey, followed by Greece.

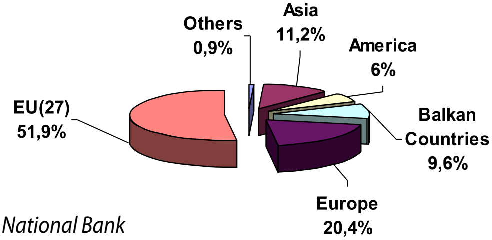
Bulgarian Export in 2007 by Regions (%)



Source: Bulgarian National Bank

In imports the main trade partner of Bulgaria are the EU countries with 11 347,0 bln EUR, which is 51,9% of the total. The main trade partner in imports from the EU is Germany, followed by Italy, Greece, France, Austria, Spain, Holland, and the UK. Among the non-European countries the main trade partners in imports are China, the USA, and Japan. Among the neighbouring countries the main trade partner in import is Turkey, followed by Serbia.

Bulgarian Import in 2007 by Regions (%)



Source: Bulgarian National Bank

Major Trade Agreements

Since January 1st 2007 Bulgaria is EU member and applies the EU Common Custom Tariff. Bulgaria also shares the common trade policy of the EU in trade relations with third countries.

Bulgaria is a member of the World Trade Organization (WTO) since December 1st 1996.

Since July 1988 to the end of 2006 Bulgaria was member of the Central European Free Trade Agreement (CEFTA).

To the end of 2006 Bulgaria was a part of free trade agreements with: Turkey (since January 1999); Macedonia (since January 2000); Estonia and Israel (since January 2002); Lithuania (since March 2002); Latvia (since April 2003). Actually these countries are EU member states or have preferential trade agreements with the EU.

BULGARIAN NATIONAL PARTICIPATION

AT

CeBit 2009

01–08.03.2009
Hannover, Germany

BULGARIAN SMALL AND MEDIUM ENTERPRISES PROMOTION AGENCY

The Bulgarian Small and Medium Enterprises Promotion Agency (BSMEPA) was established at the end of 2004 with the Ministry of Economy and Energy of Republic of Bulgaria. The Agency implements the Government's policy for small and medium enterprises (SME) and guarantees the assimilation and dissemination of the best practices for SME support, while providing to the businesses the products and services of this policy.

Information and consulting services and trainings for SMEs

The Agency assists the enterprises providing them with free of charge trade and economic information, analyses, consultancies and trainings. BSMEPA contacts directly Bulgarian companies and their foreign partners in its answering to foreign trade requests and inquiries for investment opportunities in the Bulgarian SME sector.

International exhibitions and business events

The Agency organizes and finances the participation of Bulgarian companies on international events, following a programme approved beforehand by the Ministry of Economy and Energy. The presentation of Bulgaria and its trade and economic potential abroad is a significant premise for export promotion and increase of the Bulgarian companies' competitiveness.

Intermediate Body and Projects Implementation

The Bulgarian Small and Medium Enterprises Promotion Agency is determined as an Intermediate Body of Operational Program "Development of the Competitiveness of the Bulgarian Economy" for Priority Axis 1 and Priority Axis 2.

The Agency is responsible for the technical implementation of projects under EU PHARE Programme and is a partner under twinning projects.

International Cooperation and Projects

The Agency actively cooperates with over a 100 foreign partner government and non-government organizations for business and trade promotion and provides information about the opportunities for participation in international programmes and assistance in the preparation of the application documents.

Promotion of Innovations and SME Competitiveness through the National Innovation Fund

The National Innovation Fund is the financial mechanism for the realization of the National Innovation Strategy. The fund is a pilot model for Bulgaria and an example fore most of the East European countries for promotion of technological development and competitiveness of Bulgarian enterprises.

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STATE AGENCY FOR INFORMATION TECHNOLOGY AND COMMUNICATIONS REPUBLIC OF BULGARIA

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Mission

The State Agency for Information Technology and Communications (SAITC) was created in 2005 as a special body to the Council of Ministers for carrying out the state policy in the fields of information technology, communications and information society in Bulgaria. Furthermore, SAITC assists the construction of networks for the needs of the national security and defense.

SAITC synchronizes and actively participates in the development of information and communication technologies for the public sector and coordinates activities of the information society concerning its present and future development at an international and national level.

Goals

The major priority of SAITC is to develop information and communication infrastructure. The Agency establishes a single information and communication infrastructure for the needs of the state administration; expands the national network for public access points to the Internet and guarantees the information security.

The information infrastructure is designated to provide wide access to electronic services for the purposes of e-government, e-learning, e-health and e-business.

Information society

The state policy for development of information society aims at ensuring access to PCs and Internet usage by all citizens; ICT for the needs of education, health and administration and ICT for social inclusion. Some of its main priorities are:

- Accomplishment of a high-tech and competitive economy; efficient, safe and accessible services of information society;
- Accelerated development of information society trough development of information and communication infrastructure for a wide social access to electronic services;
- Establishment of supreme achievements centers;
- New technological platforms in the field of information and communication technologies;
- Encouragement of public-private partnerships for more investments and innovations;
- Provision of an effective information environment and interaction standards;
- National co-ordination in several programmes of the European Community, including research and development (R&D) projects and innovations projects in order to strengthen the knowledge transfer and create innovative ICT-based products.

Electronic Communications

The state policy in the field of communications reflects the necessity for ensuring appropriate balance between processes of harmonization and liberalization according to the national legislation of the European Union. Main aspects of the state policy for electronic communications are:

- Achievement of market development of the electronic communications networks and services while observing clear rules for free and effective competition;
- Provision of wide range of up-to-date and effective electronic communication services to business;
- Provision of access to high quality electronic communication services at affordable prices;
- Overcome disparities between most and least developed rural and border regions in the country by establishment of electronic communications infrastructure;
- Effective and efficient use of scarce resource.

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Company activities

Bianor is a full-service software product engineering company leveraging leading-edge software and telecommunication technologies to transform its customers' vision into market-ready software products. The company provides software product engineering, quality assurance and IT consulting services to customers across USA, Germany and Scandinavian countries.

Bianor has specialized in delivering solutions for Mobile and wireless, Telecommunications and Computer appliances businesses and has an additional extensive expertise in the domains of Content management and E-business. The company has significant experience in developing custom-made and proprietary mobile and telecom solutions. Bianor's solutions based on the self-developed platform MobiSDP, have been twice nominated for the most distinguished European award for IT innovations – ICT Prize.

The company has developed own software solutions which provide significant communication cost reduction for enterprises.

Bianor is ISO 9001:2000 certified and is a business partner of a number of leading IT companies, such as IBM, Sun Microsystems and RedHat.

ISL®

INTEGRATED SYSTEMS LABORATORY – ISL LTD

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Company activities

The "ISL - Integrated Systems Laboratory" company is registered as limited liability company still in 1995. The short name ISL will be used for the purposes of this profile.

The range of activities of the company at the time of its foundation has been assembly, trade and service of personal computers, electronic cash registers with fiscal memory and POS systems including such for gas stations. Consequently the company initiated R&D and other activities related mainly with fiscal devices.

At present the company is focused on research, manufacturing, trade and after sale activities all related to automation of the information flows in all kind of trading sites, hotels, restaurants, etc.

The core of the company's research and marketing strategy is to meet in full the ever growing customer requirements in terms of functionality, reliability and quality of the offered devices and systems.

The company demonstrated good performance in the last few years both in its collaboration with direct partners as well as with competitors.

ISL is open to all kind of outsourcing projects related to electronics, firmware and software.

The company has developed a few series of fiscal cash registers, fiscal and POS printers and accessories, all of which are marketed not only in Bulgaria but also in Moldova, Ukraine, Romania, Serbia and Kenya.

Following the launch of the new fiscal printers ISL3940.01, ISL3918, ISL3921 and ISL3916 (Amadeus) and their POS equivalents ISL3941, ISL3919, ISL3922, ISL3917, the company offers now a complete range of fiscal and POS devices satisfying all types of customer requirements in terms of price/ performance ratio.

Besides the above listed printers, this year ISL is planning to launch GPRS terminal ISL 755 to be used for communication with the fiscal and POS devices.

Again this year a new improved version of cash register ISL4006 is offered to the market which besides the improved functionalities demonstrates much higher reliability especially as it concerns battery power supply and its life duration.

The convenience of operation with the ISL products, the flexibility to meet all requirements and the accountability of the company to its customers and partners distinguishes ISL as a highly esteemed supplier and partner.

MICROINVEST

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Company activities

Microinvest is promoted in 1984 within the frames of the Economic group "Program Products and Systems" as the first Bulgarian software house.

In 1995 Microinvest is registered again but this time as a private company. The company redirects its activity towards Windows-based software.

Introducing its first complete Warehouse automation platform in 1995, Microinvest is now the largest provider of Warehouse solutions in Bulgaria, with 10.11% market share, serving thousands of customers with best-of-breed technology and services.

Customers include commercial companies, retails stores, accountings houses and corporate customers.

Products:

Microinvest Warehouse Pro:

Microinvest Warehouse Pro is a vanguard warehouse program for managing of trade companies or shops. The product uses modern technologies for remote access and up-to date means of management control.

The program is designed for working with huge nomenclatures of goods in real time! It has a built in connection to a cash-register and barcode reader.

The system of passwords and levels of access guarantees a reliable safety of the databases without limiting the functional capabilities. Fast and easy installation, compatibility with all printers types. The specialized modules "Touch screen" and "Trade object" cover all necessary requirements towards such class of systems.

Microinvest Warehouse Pro Light:

This innovative product for the needs of stores and commercial chains with a vast and fast daily amount of sells. The software product itself has been optimized to work with barcode scanners, to support additional customer interface, to work directly with fiscal and POS printers. Microinvest Warehouse Pro Light works with the same database as Microinvest Warehouse Pro, which allows to the software end user, to be able to take advantage of the functions of both software products. In such way, our clients are getting better ways of analyzing and processing the collected data.

Microinvest Warehouse Pro Mobile:

Microinvest Warehouse Pro Mobile is an extension of Microinvest Warehouse Pro and it's designed to operate with devices with Windows Mobile 2003 operating system and the next versions. Microinvest Warehouse Pro Mobile can be used for delivery of goods, stock-taking on big warehouses, and also it can be portable personal terminal for sales, orders and control of the supplies in the office. Microinvest Warehouse Pro Mobile provides functionality for basic operations like physical inventory, shipping, receiving, order taking, mobile printing (including wireless Bluetooth printing). The application offers wide variety of connection methods like –USB cable, Wi-Fi, GPRS/EDGE, 3G.

MUSALA SOFT

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Company profile

Musala Soft is a leading Bulgarian, privately owned software engineering services company, based in Sofia, specialized in execution of complex geographically distributed software projects, IT consulting and solution implementation.

The company is one of the most innovative enterprises from Eastern Europe, following headlong growth and best practices for achieving and sustaining rightful reputation as a local "center of excellence" in nearshoring and specific niche technologies.

Key facts:

• software engineering and consultancy services since 2000, primarily export for multinationals on WW distributed projects

• staff 140 (120+ software engineering specialists) – largest private independent service organization in Bulgaria

• consulting and solution delivery orientation with capability to do fixed bidding on substantial projects (2+M EUR)

• delivery models: strong project and solution delivery capabilities, dedicated software engineering teams for multinational and global customers, fixed bid and t&m engagement models

- customers: IBM, HP, SAP, EnBW, OMV, DHL, …

Solutions Focused Expertise:

EAI / BPM, SOA solutions – with IBM WPS, Oracle/BEA, webMethods, TIBCO, SAP XI, and more especially Identity Management, Order capture and supply chain management, B2B Integration, Global Pricing

- Business Intelligence and Data warehousing - Oracle, SAP, IBM, Terradata
- Software Test Automation – IBM Rational, HP Mercury, OpenSource
- Application Modernization (mainframe obsolescence and migration)
- Embedded and Mobile applications – Symbian, Windows Mobile, PalmOS and other operating systems
- Others – please refer to the official website

Through a possible **partnership with our company you could benefit from:**

- Talented staff experienced in delivering of critical projects in multinational and global enterprise cultures.
- Capability to deliver process and organizational innovation at customers - expertise in establishing offshoring and hybrids delivery models, quality assurance practices and program management.
- Strong HR sourcing abilities, talent management practices and recognized IT community developer in Bulgaria

NG SYSTEMS

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Company profile

NG Systems is leading solution provider for VoIP infrastructure: call recording, billing and customer care solutions.

Corporate Call Recorder (CCR) - VoIP call recording software for Cisco Call Managers and PBXs in your organization. CCR is one of the few solutions in the world with the unique CallManager JTAPI connectivity and with support of all versions of Cisco Call Manager (4.x, 5.x, 6.x, 7.x.). The user-friendly interface enables options like searching, listening, and downloading voice records of telephone calls and also an ability to listen a phone call in real time (live monitoring). The software is exceptionally useful for call centers because it improves the communication with clients – avoidance of mistakes in client requests, working faster with minimized expenses because of the reduced time passed on the phone, it also enables options for analyzing. Another targets are security departments in big corporations. CCR fulfills potentialities to control export confidential corporate information and helps in the war with the industrial spying

Voice Clerk – The main purpose of the professional VoIP billing system – Voice Clerk by NG Systems is to charge and limit the calls of a certain company's employees, aiming at the optimization of the expenses for phone calls in its inner infrastructure. The system allows collecting and storing information about the committed incoming and outgoing calls, trough the organization, calculating their cost, blocking or notifying the users, who have reached an administratively assigned limit and generating a variety of different reports about the expenses. Unlike the other existing systems on the market today, the incoming data about the calculations is received from the VoIP router, that manages the incoming and outgoing calls (via the RADIUS protocol) or it can be gathered directly from the Call Data Record (CDR) database of Cisco Call Manager™ (CCM).

The company is also Cisco Developer Partner, Oracle Partner and Sun Independent Software Vendor.

ONLINET LTD

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Company profile

The foundation of modern business is to communicate, to provide information in real time, to maintain a constant connection with customers and community.

You have a website or simply electronic marketing materials (commercials, posters, presentations) which you want to be broadcasted 24/7 hours in your retail stores, offices or in public places such as malls, airports and train stations? Or you want banking or ticket kiosks providing information and opportunities for on-line self-service for your customers?

Is it important to you to introduce to your customers and visitors your products, services, opportunities, sites or other information in a touch?!

ONLINET is your partner then. We know how to help you optimize your customer service, while raising the effectiveness of your marketing communication channels. Our systems for client management and electronic marketing offer combined functionality that excels the capabilities of conventional media. Our software guarantees that the right information is provided to definite customers at a particular place and time. And all this in a touch!

PRODUCTS:
CLIENT MANAGEMENT SYSTEMS (CMS)
KIOSK SOLUTIONS
PLAY KIOSK FOR CHILDREN
INTERACTIVE WINDOW DISPLAY
BLUETOOTH MARKETING SOLUTIONS

ORAK ENGINEERING

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Company profile

Orak Engineering is a software consulting company, which provides software solutions in the fields of commerce and tourism. The company has been on the market for twelve years, and during all that time Orak has always been working towards satisfying its clients' needs and expectations. As a result of these efforts Orak has gained loyal clients, trusted partners, reliable solutions, and has become a leader on the Bulgarian market.

Orak Engineering is not simply creating software products, but is providing complete solutions to its clients in accordance with their specific needs. The software products created by Orak Engineering are based on self-created software platform, which makes the program very flexible and easy to meet and adapt to these specific needs. ORAK Engineering provides Retail Solutions for Duty Free, Gas Stations, Supermarkets, Fast Food, Restaurants; Hospitality Solutions for Hotel, Property, SPA, PBX Management; Traceability Production Management Solutions, and others. All these are certified as a vertical ERP Solutions.

Based on the experience the company has acquired over the years, Orak has already started to venture on the international market.

Nowadays, Orak Engineering has installations in other countries, namely in Romania, Macedonia, and Russia. The company has current projects running in Greece, Moldova, Turkey, and Taiwan. Currently Orak Engineering is working on a major project, regarding the servicing of 200 students dorms. This project, which the company has recently won, is sponsored by the Bulgarian Ministry of Education. The software solution which has been successfully implemented abroad is the hotel software program especially modified for the small and medium sized hotels. After the process of development and implementation, Orak continues to be strongly customer oriented by providing training for its client. The program is easy to work with, even for people without much experience in this field. Orak also provides worldwide 24-hour maintenance by its highly qualified and experienced support department. As a result Orak has gained loyal clients outside Bulgaria, too.

SELMATIC LTD

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Company profile

Selmatic Ltd is a Bulgarian company specialized in the software development and its implementation and support.

Due to its staff of professional software programmers and support team the company manages to elaborate its own software products, as well as to provide software development for other Bulgarian and International companies.

The company's flagship product is Infoplus – a new class of Bulgarian software for business management with two different application opportunities as follows:

Infoplus as a front office application to an ERP system

The product is suitable for corporative clients with store chains which use an ERP system (for example such as SAP or Navision) in their central office and need a front office software solution for their stores. Beside a POS terminal for direct sale of goods and services, Infoplus covers all other needs of the store – stock orders, purchases, stock-takings, reports and many others. The promotions, package offers, client cards, vouchers, etc. that are so typical of retail trade are completely integrated.

A constant connection is established with the central office and the ERP system through Infoplus' own technology for data synchronization. At present the product is used as a front office application in over 400 locations from the telecommunication sector in Bulgaria and Macedonia.

Infoplus as an independent system

The product includes a full set of documents covering all aspects of the warehouse business – sales, invoicing, offers, purchases, orders, stock on transit, account, stock- takings, and comprehensive system for reports. Furthermore, in addition to these traditional functionalities the following modules are offered:

- Manufacturing Module – bills of materials, cost price setting, tracking by batches and serial numbers
- Project Module – instrument for tracking the individual projects and the development of the business relations with your partners
- Hypermarket Module – meets the specific work requirements of hypermarkets
- Mobile trade Module – provides interface to different mobile PCs
- CRM Module – used for managing the relations with the clients.

Infoplus offers also adequate interfaces to various accounting products.

The adaptability of the product as well as the opportunity to synchronize it with the specificity of each business provides fast processing of random user defined reports and development of new functionalities through the built-in programming language.

Infoplus' producer, Selmatic Ltd., has experience of many years in the software development and a know how in its implementation and support of small and middle- size companies as well as of big corporative clients of many brands. The company's on line support center is working 365 days of the year.