

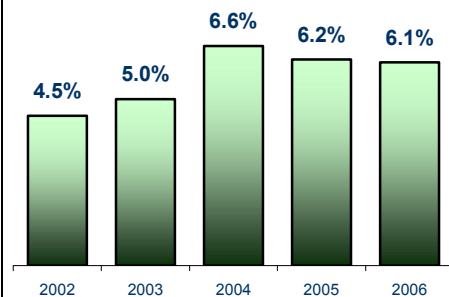
BULGARIA: ECONOMY & INVESTMENT

Invest Bulgaria Agency – April 2007

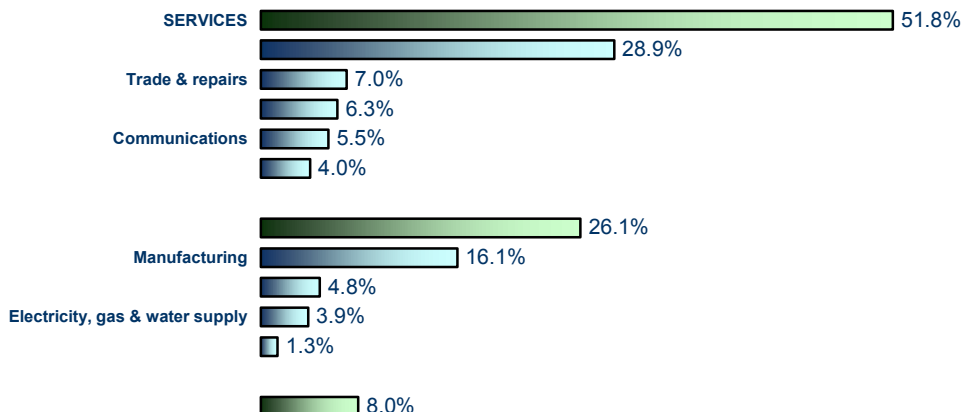
Economic indicators: 7 years of sustained growth, low inflation, EUR peg

Real GDP growth, 2002-2006

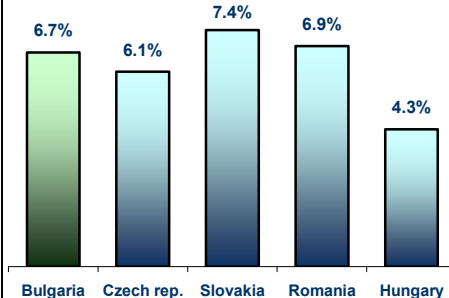
Total GDP – EUR 25.1 bn (2006)



GDP by sub sectors, 2005



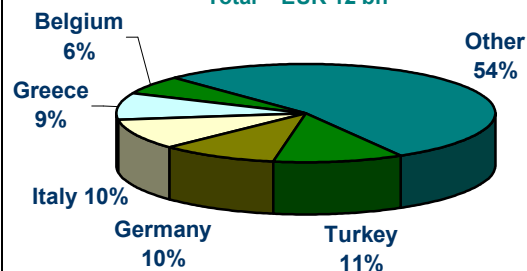
Real GDP growth per capita, 2006



Key indicators	2004	2005	2006
Inflation, eoy	4.0%	6.5%	6.5%
Budget surplus/GDP	1.7%	3.1%	3.6%
Base interest rate	2.61	2.04	2.69
Labour productivity growth	2.4%	4.1%	2.0%
Population	7.8 m	7.7 m	7.7 m
GED/GDP ratio	64%	69%	78%

Export by country, 2006

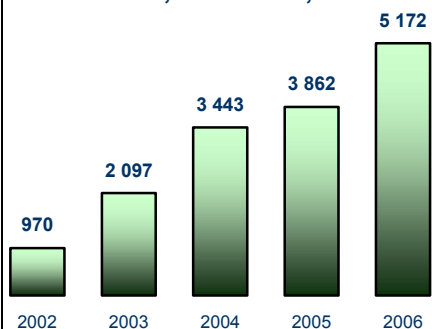
Total – EUR 12 bn



Source: Bulgarian National Bank, InvestBulgaria Agency, EIU

Foreign investment: record volume of FDI in 2006

FDI inflow, 2002-2006, USD m

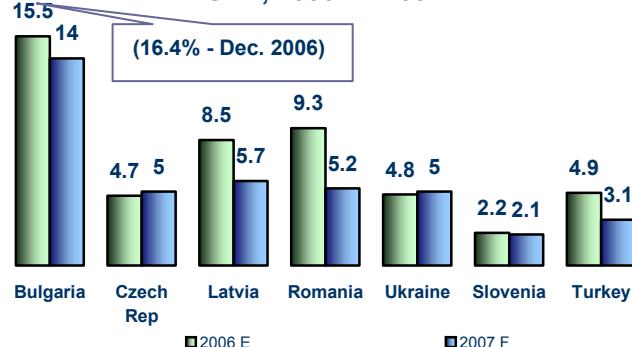


FDI stock by country, 1992-2006

Total – USD 19 bn

Country	%
Austria	17
Netherlands	11
Greece	10
UK	8
Germany	7
Belgium & Luxembourg	5
Italy	5
Hungary	5
USA	5

FDI / GDP, 2006E – 2007F



Source: Bulgarian National Bank, InvestBulgaria Agency, World Bank Regular Economic Report

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

Country	Corruption Perception Index 2006	Number of procedures	Duration (days)	Unemployment rate, %, 2006	Avg. gross monthly salary, 2006, EUR
Bulgaria	4.0	9	32	9.1	178
Croatia	3.4	10	45	15.7	849
Czech Rep	4.8	10	24	8.4	647
Hungary	5.2	6	38	7.4	625
Poland	3.7	10	31	17.2	662
Romania	3.1	5	11	5.5	420
Slovakia	4.7	9	25	14.9	486

- 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
- The lowest operational cost in Eastern Europe
- Infrastructure subsidy for larger investments
- Strong government support with customized service packages

Investment incentives according to the investment category

- 3rd category investments
 - information services;
 - 2nd category investments
 - individual administrative and information services;
 - 1st class investments
 - assists with individual information
 - assists with consulting and administrative services
 - infrastructure subsidies
 - preferential terms for acquiring state or municipal land for the purpose of the investment project.
- 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 according to the stipulations of the Privatization Law.

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. The investment class depends on the project value;
2. The investment to be connected with acquisition of long-term assets for the purpose of creating new or expanding an existing enterprise;
3. The project to be implemented within 3 years;
4. New jobs to be created.

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