

## **BULGARIA ECONOMY REPORT**

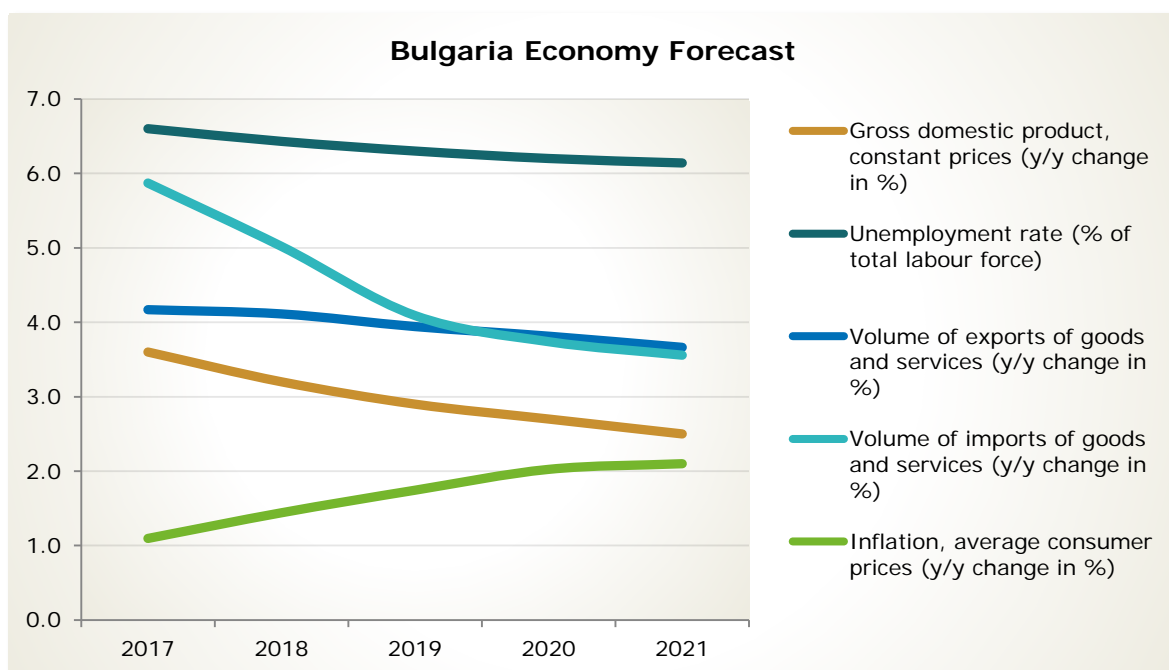
Q2 2017

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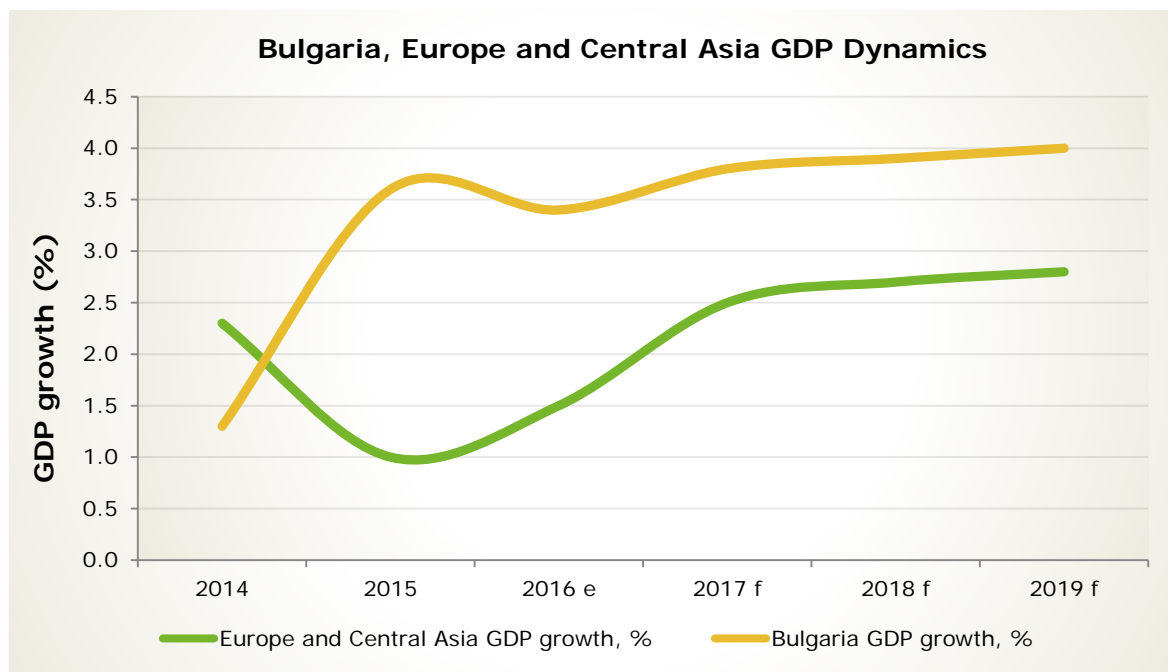
## 1. MACROECONOMIC SNAPSHOT AND FORECAST

| BULGARIA – MACROECONOMIC SNAPSHOT AS OF Q2 2017 |               |
|---|---------------|
| <b>GDP Growth</b>                               | 3.7 % y/y     |
| <b>Business confidence indicator</b>            | -0.7 pp m/m   |
| <b>Industrial output</b>                        | 3.3% y/y      |
| <b>Industrial sales index annual change</b>     | 8.8% y/y      |
| <b>Wholesale</b>                                | 2.0% y/y      |
| <b>Retail sales</b>                             | 2.6% y/y      |
| <b>Average annual inflation</b>                 | 0.8%          |
| <b>Unemployment rate</b>                        | 6.3%          |
| <b>Number of building permits</b>               | 52.4% y/y     |
| <b>Money supply growth</b>                      | 7.0% y/y      |
| <b>Household loans</b>                          | 6.7% y/y      |
| <b>SOFIX blue-chip index</b>                    | 8.8% q/q      |
| <b>Gross external debt</b>                      | EUR 33.7 bln  |
| <b>Current account surplus</b>                  | EUR 502.0 mln |
| <b>FDI inflow change</b>                        | -60.8% y/y    |
| <b>Foreign trade deficit</b>                    | EUR 786.5 mln |
| <b>Number of foreign tourist overnights</b>     | 9.7% y/y      |



Source: International Monetary Fund (IMF) World Economic Outlook Database – October 2017

The Bulgarian economy will continue expanding, according to an IMF forecast. In 2017, the country's GDP will grow by 3.6% y/y, up from 3.4% in 2016. The expansion will slow to 3.2% in 2018 and 2.9% in 2019. While the institution notes that the Bulgarian economy has been resilient to shocks, it notes that growth is expected to moderate in the medium term and remain below the levels needed to accelerate income convergence to the EU average. IMF calls for continued efforts to safeguard financial stability, raise potential growth, and address long-term fiscal costs of aging population and emigration. Raising Bulgaria's potential growth will require active labor market policies to mitigate the negative impact of aging population and emigration and stimulus for private investment through reducing red-tape and corruption, and improving the competitiveness and governance of state-owned enterprises.



Source: World Bank

| Bulgaria – GDP, Inflation, Current Account Balance and FDI Dynamics (y/y change in %) |      |      |        |        |        |        |
|---|------|------|--------|--------|--------|--------|
|   | 2014 | 2015 | 2016 e | 2017 f | 2018 f | 2019 f |
| Real GDP growth, at constant market prices, y/y change in %                           | 1.3  | 3.6  | 3.4    | 3.8    | 3.9    | 4.0    |
| Private Consumption   | 2.7  | 4.5  | 2.1    | 4.8    | 4.5    | 4.4    |
| Government Consumption  | 0.1  | 1.4  | 0.6    | 2.1    | 1.5    | 1.9    |
| Gross Fixed Capital Investment  | 3.4  | 2.7  | -4.0   | 4.1    | 4.4    | 6.6    |
| Exports, Goods and Services   | 3.1  | 5.7  | 5.7    | 5.5    | 5.2    | 5.0    |
| Imports, Goods and Services   | 5.2  | 5.4  | 2.8    | 6.2    | 5.4    | 5.6    |
| Real GDP growth, at constant factor prices (by sectors)                               |      |      |        |        |        |        |
| Agriculture   | 4.8  | -6.8 | 4.3    | 2.8    | 2.2    | 1.9    |
| Industry  | 0.3  | 4.2  | 2.0    | 3.4    | 3.9    | 3.8    |
| Services  | 1.7  | 3.3  | 3.0    | 4.0    | 4.0    | 4.3    |
| Inflation (Consumer Price Index)  | -1.4 | -0.1 | -0.8   | 1.5    | 1.4    | 1.4    |
| Current Account Balance (% of GDP)  | 0.1  | -0.1 | 4.2    | 2.8    | 2.6    | 2.0    |
| Net Foreign Direct Investment (% of GDP)  | 2.7  | 5.6  | 1.5    | 2.3    | 2.3    | 2.5    |

Source: World Bank, Europe and Central Asia Economic Update, October 2017

According to the World Bank estimates, GDP growth will accelerate to 3.8% in 2017, as the positive contribution of external trade will continue. Key growth driver would be household consumption as labor market and credit conditions improve further, while foreign demand will likely be muted by geopolitical uncertainty related to Brexit.

In 2018 and 2019 GDP growth will pick up to 3.9% and 4.0%, respectively, while inflation (CPI) is likely to remain muted at 1.4%. Economic growth acceleration is expected to be driven by exports growth, outpacing imports growth as Bulgaria improves its competitiveness within the EU. Import growth is likely to be affected by higher oil prices and strengthening domestic demand for investment goods.

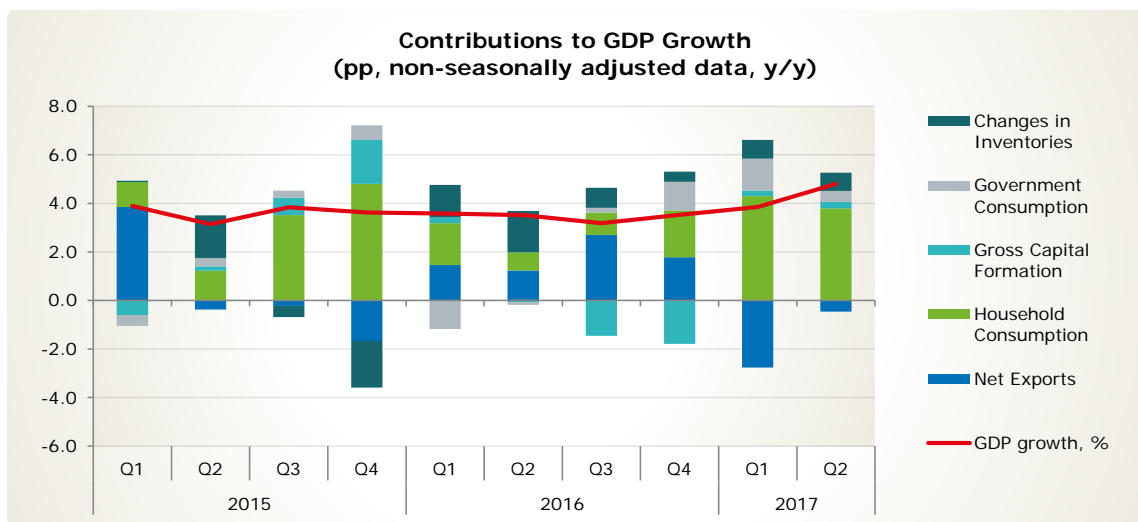
The bank expects FDIs to revive, rising from 1.5% of GDP in 2016 to 2.5% of GDP in 2019. However, the institution notes that Investor sentiment is likely to be affected by the ability of the new government to reinstate political stability and implement growth enhancing reforms.

## 2. REAL SECTOR

### 2.1. GROSS DOMESTIC PRODUCT (GDP)

*GDP went up by 3.7% y/y in Q2 2017, equal to the Q1 growth*

The country's seasonally-adjusted GDP increased by 3.7% y/y and totalled BGN 21.627 bln in Q2 2017, according to preliminary data of the National Statistical Institute (NSI). This is compared to a growth of also 3.7% y/y in Q1 2017. The seasonally unadjusted data shows that GDP grew by 4.8% y/y in Q2 2017, up from a 3.9% growth in Q1 2017.

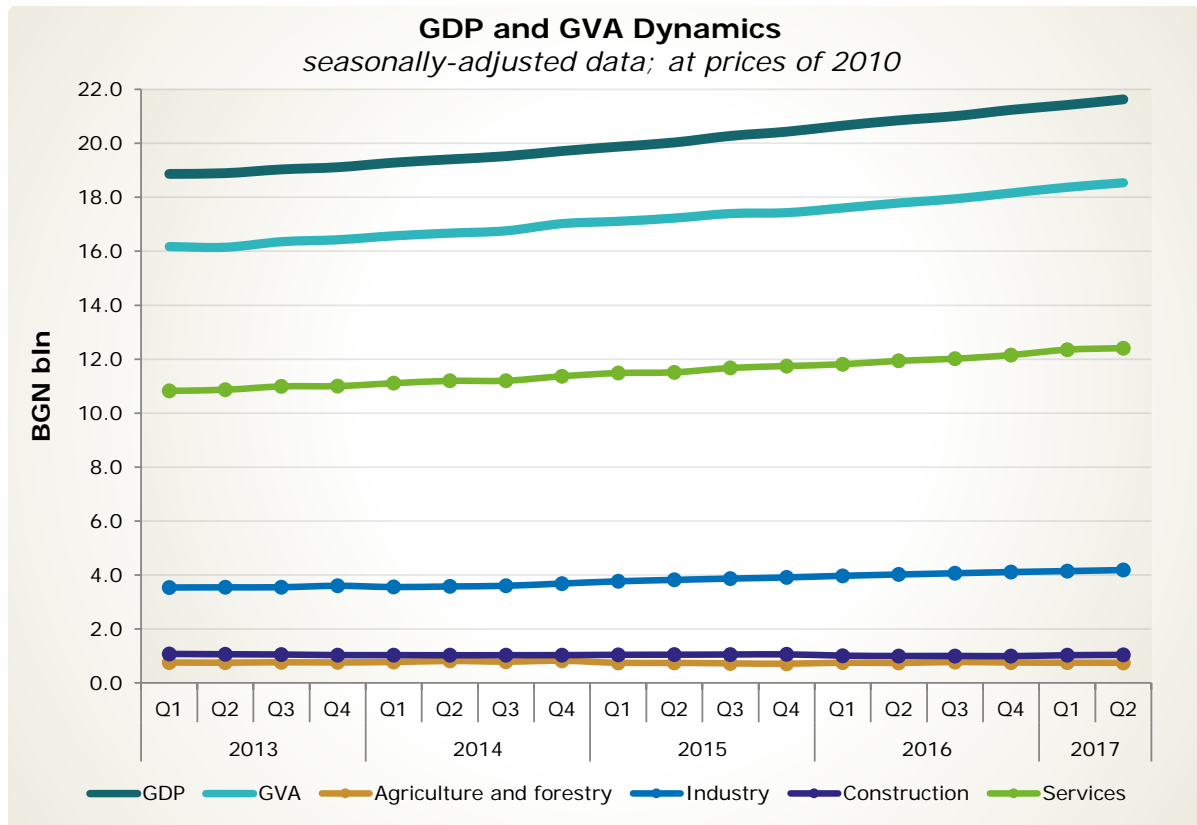


Source: SeeNews calculations; NSI

Note: Non-additive data due to direct chain-linking of GDP and its components. Contribution of changes in inventories has been derived as a residual.

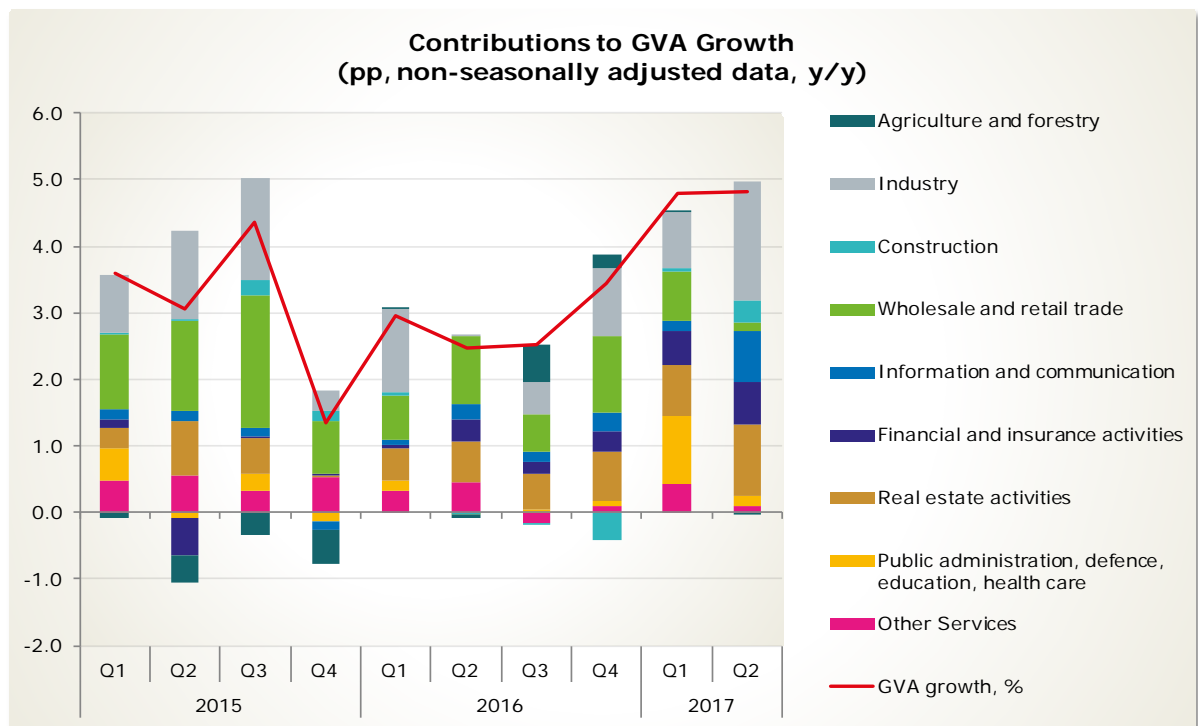
Among the main growth contributors was the household consumption, which increased by 6.4% y/y in Q2 2017. Consumption was fueled by the still low oil prices, improved labor market

conditions and prospects and the growing domestic demand for goods and services. The increased consumption pushed up imports by 7.2% y/y in Q2 2017, lower than the 10.1% annual rise in the previous quarter. Exports went up at a slower pace or by 6.3% in real terms in Q2 2017 and as a result the net exports contributed negatively to the overall economic growth during the second quarter of 2017.



Source: NSI

The seasonally adjusted gross value added (GVA) at constant prices generated by the national economy increased by 4.2% y/y in Q2 2017 and totalled BGN 18.537 bln. The industrial sector grew in value by 4.1% y/y but its share in the GVA structure remained unchanged, at 22.6%, in comparison to Q2 2016. The services sector recorded a 3.9% annual increase, slicing a 66.9% share in the GVA down from 67.1%. Agricultural sector's GVA inched up by 0.9% y/y and took a 4.0% share in the total GVA, down from 4.2% in Q2 2016. The construction industry took a 5.6% share, unchanged from Q2 2016, while going up by 4.2% y/y in Q2 2017.



Source: SeeNews Calculations; NSI

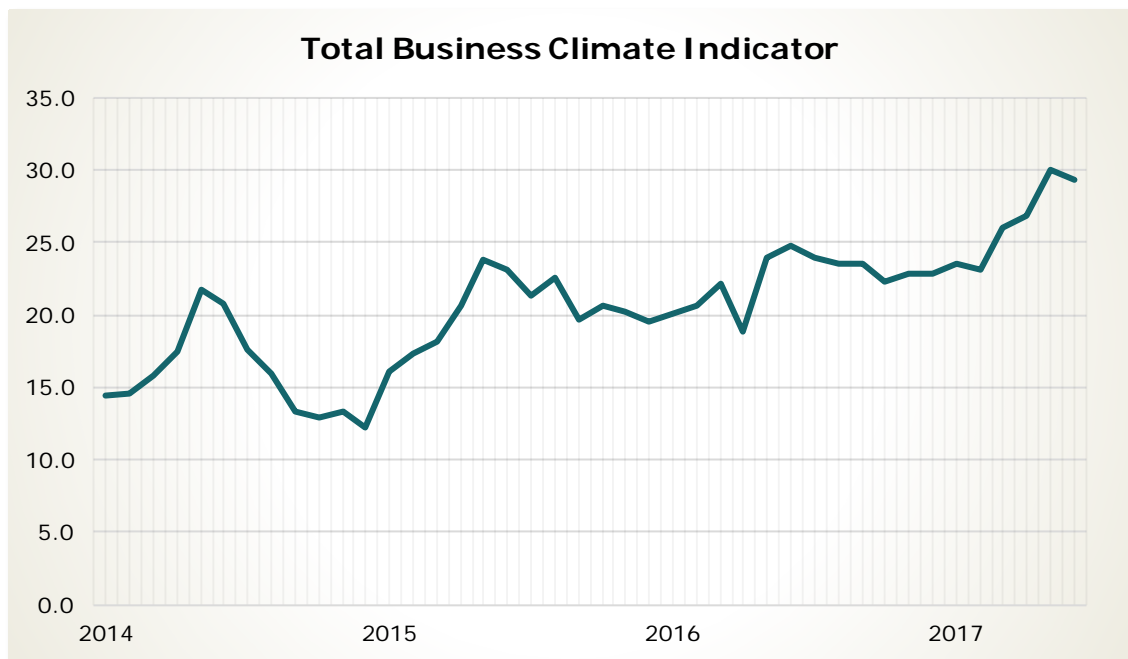
Note: Non-additive data due to direct chain linking of GDP and its components.

In terms of industry breakdown, the manufacturing sector was the biggest contributor to GDP growth in Q2 2017, followed by real estate, and information and communications.

## 2.2. BUSINESS CLIMATE

*Business Confidence Indicator went down by 0.7 percentage points m/m in June 2017; Labor shortage is worsening*

In June 2017, the business confidence indicator went down by 0.7 percentage points m/m due to the worsened business climate in the industry, and services sectors, according to NSI data.



Source: NSI

Economic uncertainty, tough competition, labour shortage and low demand are among the key factors, which impede sectors development.

The companies from the industrial sector assessed the current and expected business situation more favourable in June 2017 on year-on-year basis but less favourable in comparison to the previous month. Present production activity has improved as well as industrial companies forecast over the next three months. The uncertain economic environment remained the largest factor limiting industrial company's activity – 50.3% of the companies in the sector point the uncertain economic environment as main constraint to their business in June 2017, up from 49.7% a year earlier. As the economic growth kept its pace in Q2 2017, so was the domestic demand for manufacturers goods – in June 2017, 22.3% of all the industrial entrepreneurs assess the domestic demand as insufficient, down from 26.3% in June 2016. At the same time, labor market shortage is getting worse – 25.9% of the manufacturing companies consider the labor market tightening as the second largest business constraining factor in June 2017, up from 21.9% a year ago.

In June 2017, the companies from the construction sector assessed the current and expected business situation more favourable compared to a year ago. The inquiry of the national statistics reports an increase of the new orders inflow over the last month, while the construction activity is expected to remain unchanged over the next three months. The uncertain economic environment and competition in the branch as well as the shortage of labour are the main obstacles for the sector's development.

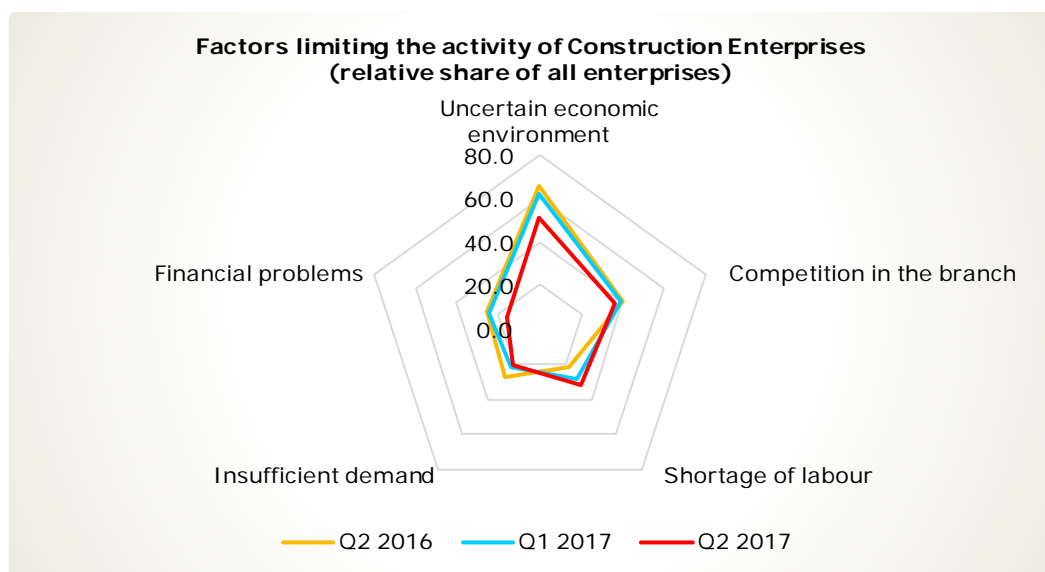
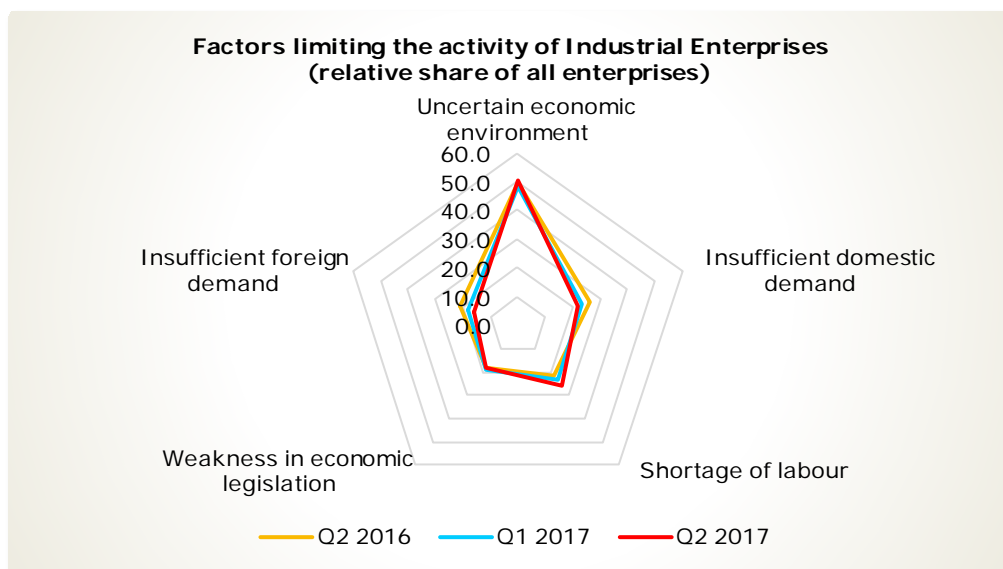
The composite indicator of the business climate in retail trade increased by 0.7 percentage points m/m in June 2017 as a result of the favourable retailers' assessments and expectations about the business situation of enterprises. However, their forecasts about sales in volume terms and the orders placed with suppliers over the next three months are less optimistic. The

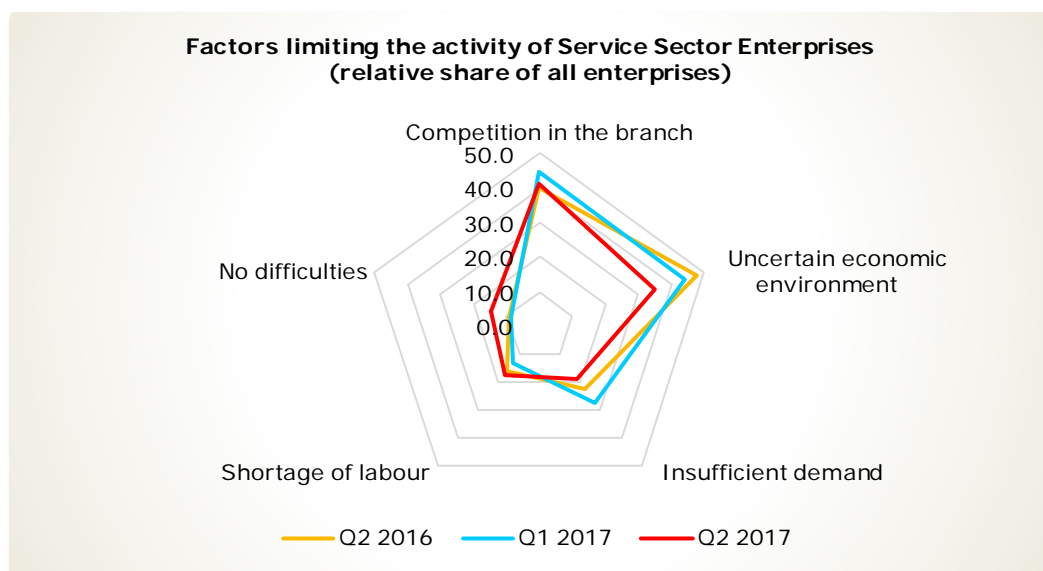
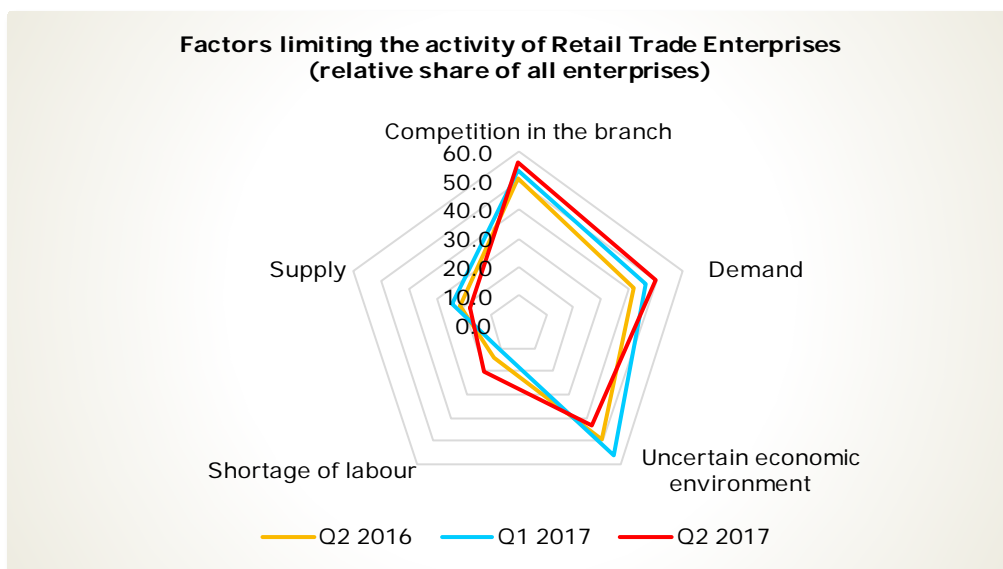


intense competition in the sector is considered as the most important factor, which limits the activities of the retail companies, followed by the uncertain economic environment, as well as shortage of labour.

The business climate in the services sector went down by 3.7 percentage points m/m in June 2017, while the managers' expectations about the demand for services over the next three months are less positive. The main factor, limiting the activity of the enterprises in the sector is competition, while fewer enterprises consider the uncertain economic environment as a limiting factor – 34.8% as of June 2017 versus 47.7% in June 2016.

## Top 5 factors limiting the activity of Bulgarian enterprises by sectors (relative share of all enterprises)





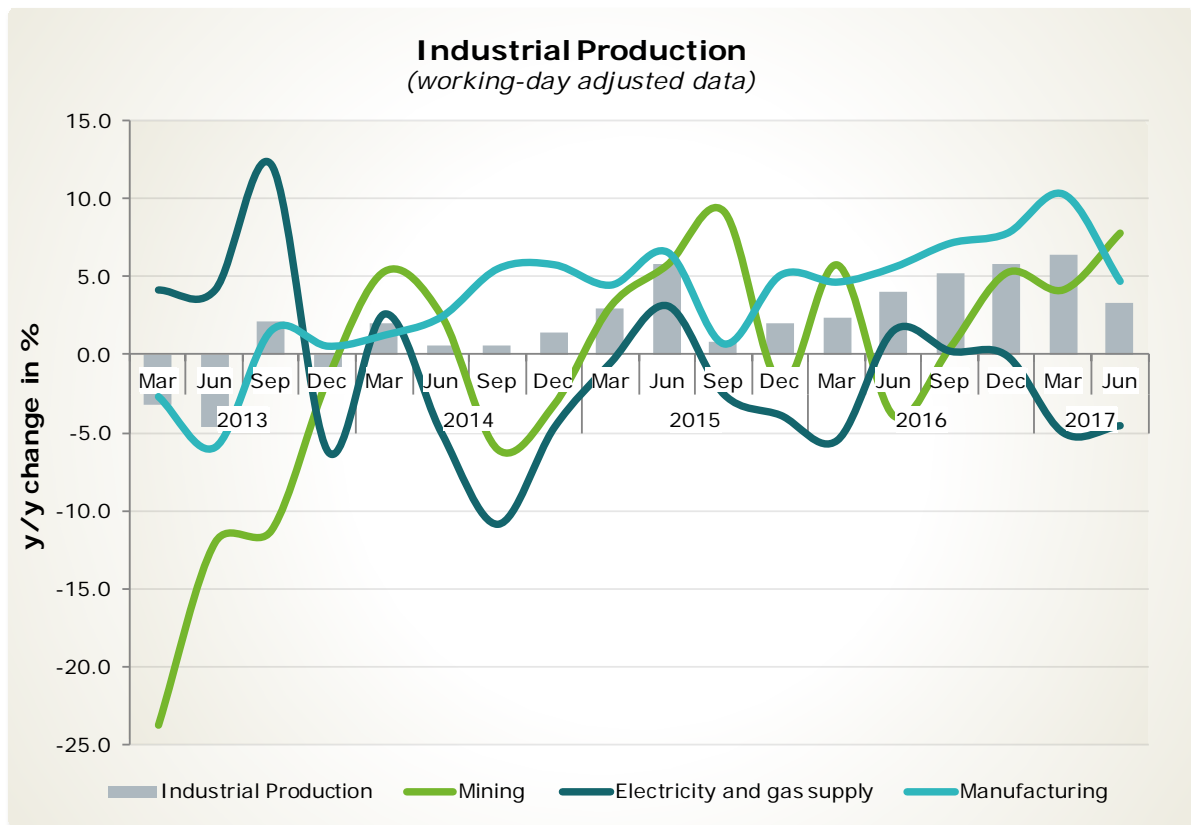
Source: NSI

## 2.3. INDUSTRIAL OUTPUT

### *Industrial output rose by 3.3% y/y in June 2017*

Industrial output went up by 3.3% on the year in June 2017, according to NSI. The output of the mining industry grew by 7.8% y/y, followed by the production of the manufacturing sector, which went up by 4.7%. The output of the electricity, water and gas supply sector fell by 4.5% y/y.

Production of basic metals registered the sharpest annual growth, of 46.3% y/y, while the sharpest drop, of 8.9%, was posted by manufacturing of beverages.

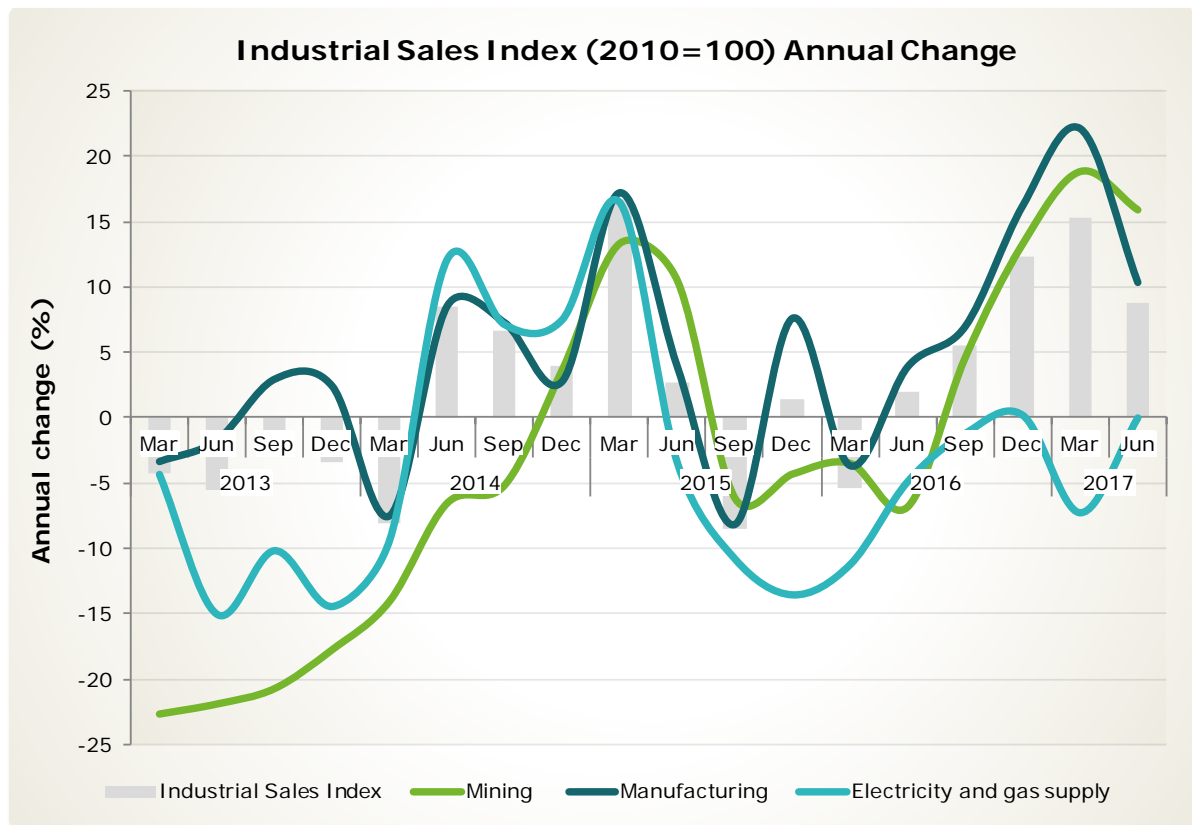


Source: NSI

## 2.4. INDUSTRIAL SALES

### *Industrial sales index increased by 8.8% y/y in June 2017*

The total industrial sales index stood at 137.8 (2010=100) in June 2017, up 8.8% y/y compared to 126.7 in June 2017, according to NSI. The increase in the sales of industrial companies was driven by strong foreign demand as the turnover index on the non-domestic market grew by 17.0% y/y while the turnover index on the domestic market increased by 2.2% y/y.



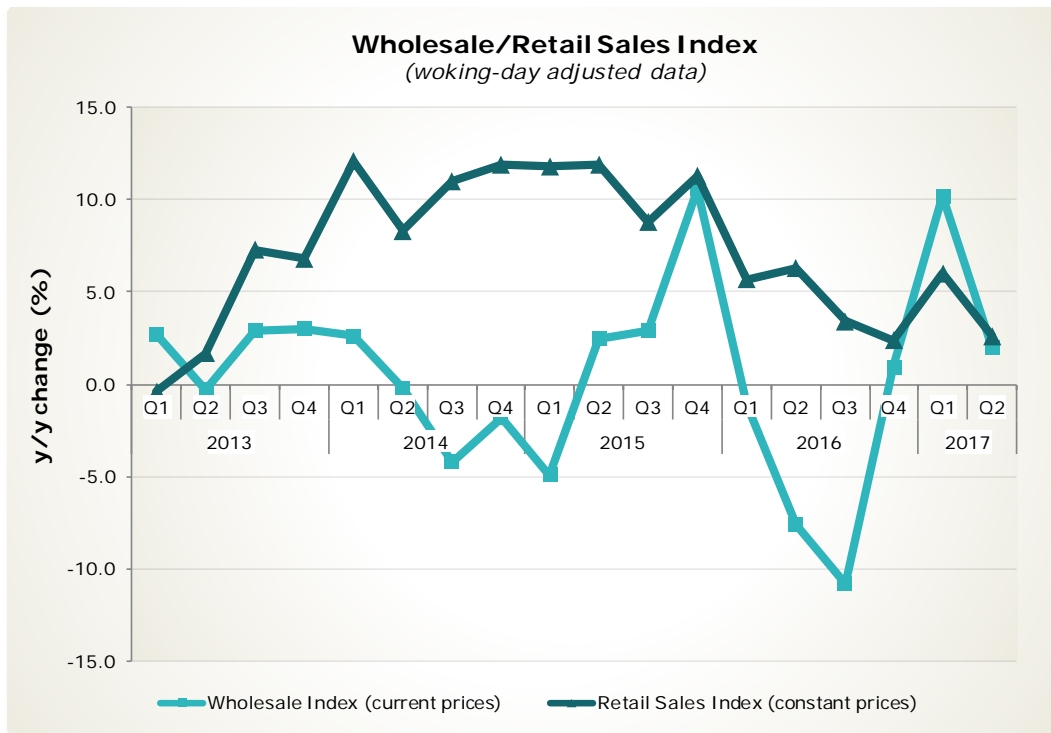
Source: NSI

## 2.5. WHOLESALE/RETAIL

*Retail sales grew 2.6% y/y in June 2017 on strong consumption and improved consumer confidence*

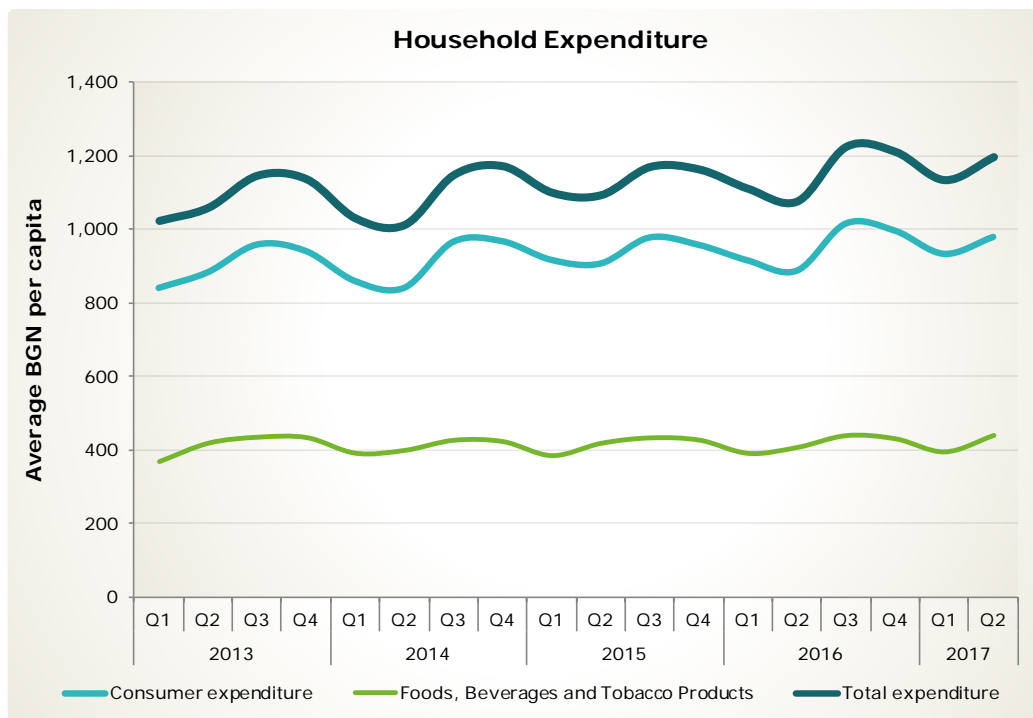
The retail sales index slowed down its expansion rate to 2.6% y/y in June 2017 from 6.0% in March 2017 and 6.3% in June 2016, according to NSI data.

All but one of the retail sectors registered an annual increase in sales with retail sales of computers and communication equipment posting the highest annual growth of 16.2% y/y. Retail sale of automotive fuel in specialised stores was the only segment to report an annual decline, of 16.2%.



Source: NSI

The wholesale sector went up by 2.0% y/y in the second quarter of 2017. Wholesale on a fee or contract basis registered the highest rise, of 57.4% y/y. Wholesale of agricultural raw materials and live animals was the segment to report the sharpest fall, of 11.6%.



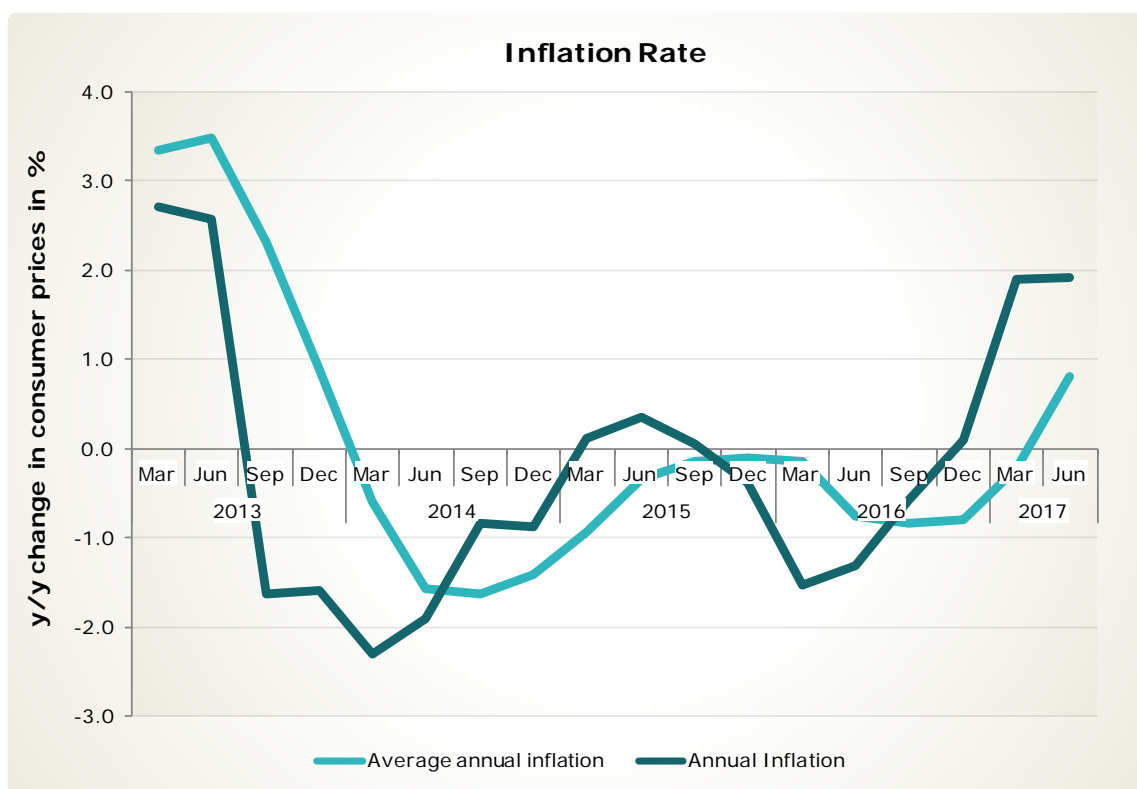
Source: NSI

## 2.6. INFLATION

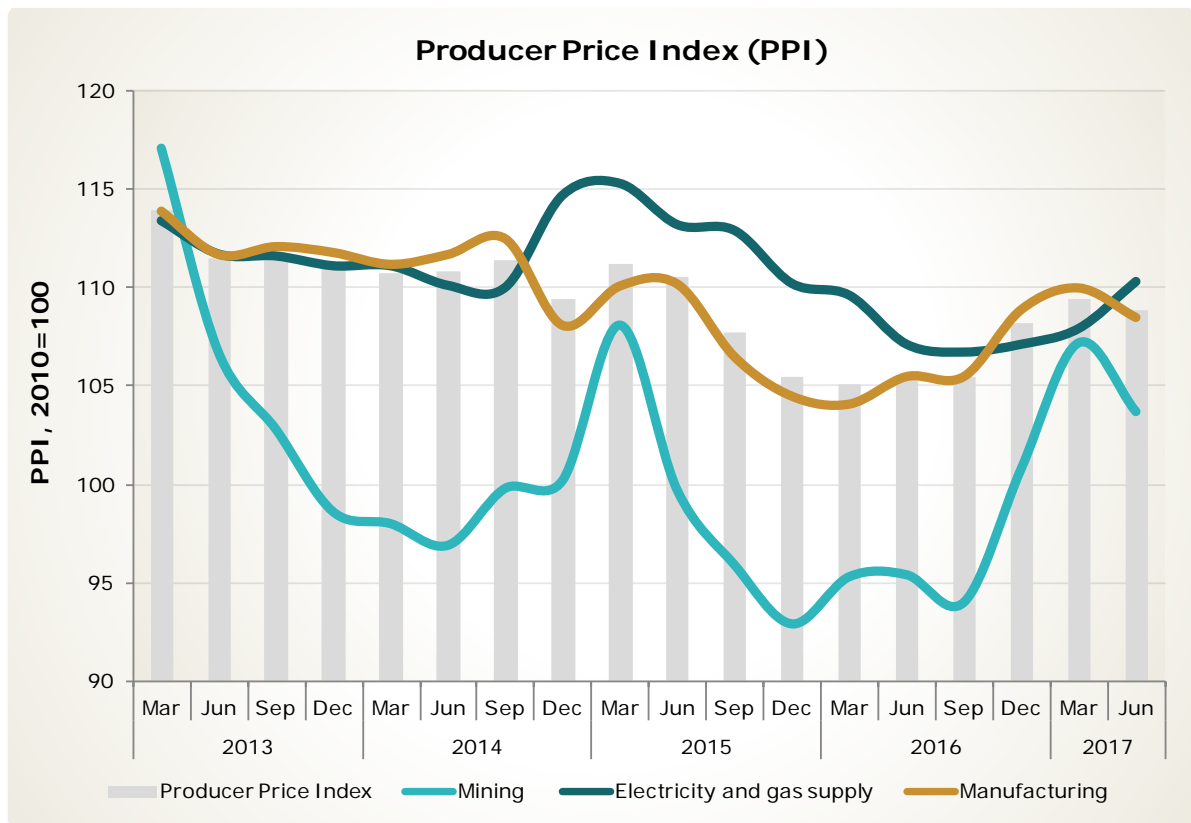
### *Inflation returned with annual average price increase of 0.8% as of June 2017*

Bulgaria reported an annual average inflation of 0.8% as of June 2017, according to NSI data. This was the first registered average annual inflation in the country since March 2014.

The highest annual increase in consumer prices in the period under review was registered in personal transport equipment services, vegetables, and household services - 15.2%, 10.4% and 6.8%, respectively. The consumer groups that recorded the sharpest fall in prices were passenger air transport, telephone and telefax equipment, and transport insurance - 16.2%, 12.7%, and 9.8%, respectively.



Source: NSI

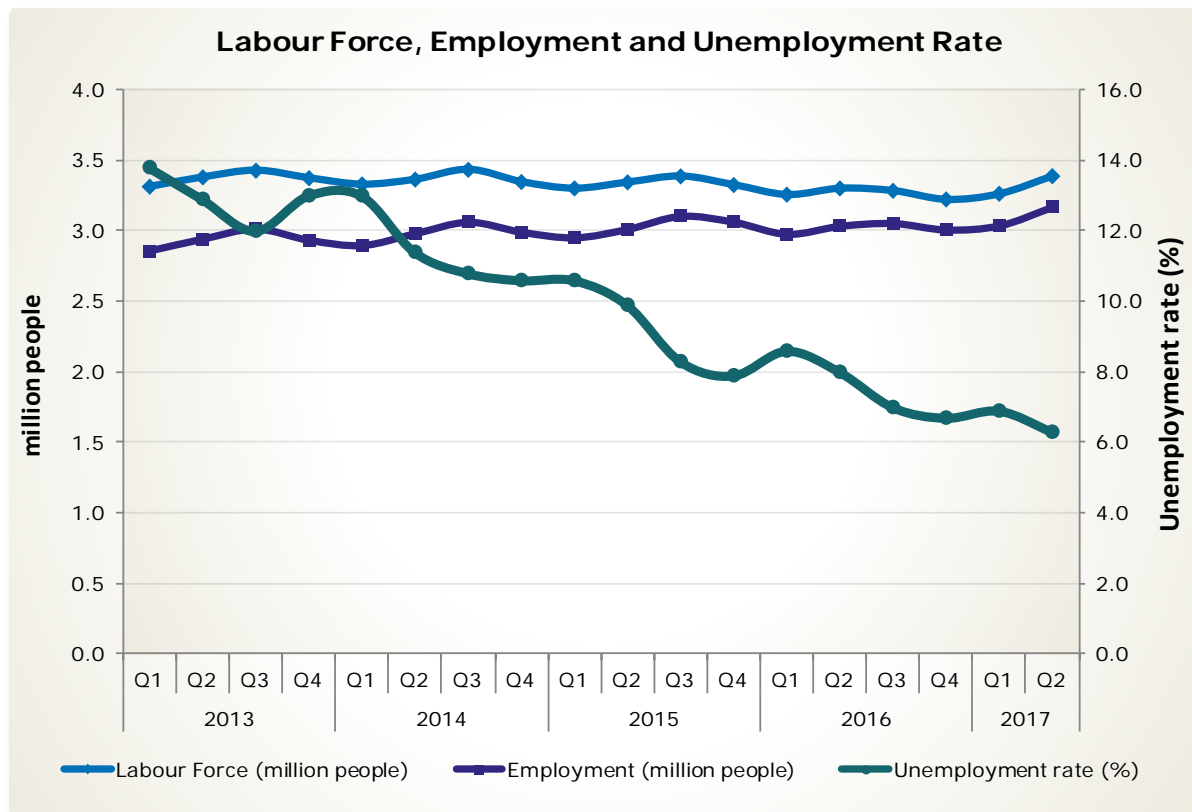


### 3. LABOUR MARKET

*Unemployment rate decreased by 1.7 pp y/y, wages grew 10.0% y/y in Q2 2017 on tightening labor market*

The unemployment rate in Bulgaria narrowed to 6.3%, down 1.7 pp y/y, according to data of NSI. The employed population aged 15 years and older was 3.172 million in Q2 2017, up by 4.6% y/y. Youth (population aged 15-24) unemployment rate went down to 13.2%, compared to 14.4% in Q2 2017.

The economic momentum driven by domestic and foreign demand improved business expectations and increased demand for labour which in turn boosted employee's wages. Some industries like manufacturing, construction and the IT sector even exhibit shortage of labour force.



Source: NSI

According to data of NSI, the average monthly salary in Q2 2017 grew by 10.0% y/y to BGN 1,041. Wages in the private and public sectors went up by 10.6% y/y and 8.1% y/y, respectively. Employees in the IT and communication sector and in financial and insurance activities earned the highest salaries of BGN 2,306 and BGN 1,815, respectively.

## 4. CONSTRUCTION AND REAL ESTATE

### *The number of building permits jumped by 52.4% y/y in Q2 2017*

The number of building permits issued in Bulgaria in Q2 2017 increased by 52.4% y/y and totalled 3,655, according to NSI data. The permits for housing projects went up by 35.4% to 1,647 and permits for office buildings grew by 8.1% to 40.

The total built-up area of office units, covered by the permits, jumped to 74,019 sq m in Q2 2017 from 22,798 sq m in Q2 2016. The total built-up area of the housing units went up by 29.2% to 781,456 sq m.



## 5. MONEY SUPPLY AND BANKING SYSTEM

### 5.1. BGN EXCHANGE RATE

The average exchange rate of the BGN against the US dollar rose to BGN 1.776 in Q2 2017 from BGN 1.733 a year ago, but declined in comparison to the previous quarter – BGN 1.836, according to Bulgarian National Bank (BNB) data.

| BGN Average Exchange Rate |         |         |         |
|---------------------------|---------|---------|---------|
| Foreign Currency          | Q2 2017 | Q4 2016 | Q2 2016 |
| USD                       | 1.7756  | 1.8137  | 1.7326  |
| GBP                       | 2.2713  | 2.2521  | 2.4847  |
| CHF                       | 1.8044  | 1.8115  | 1.7855  |
| EUR*                      | 1.95583 | 1.95583 | 1.95583 |

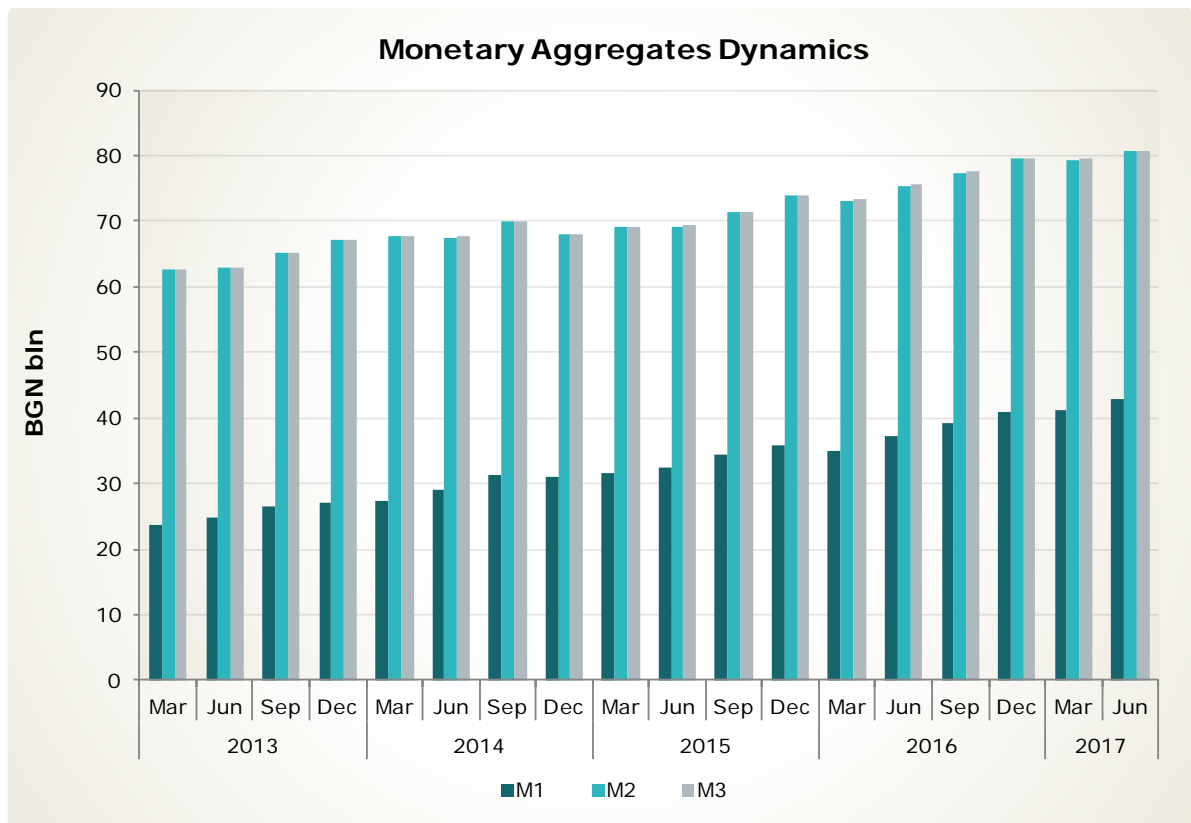
\*The Bulgarian lev (BGN) is pegged at a fixed exchange rate of BGN 1.95583 per EUR under a currency board system.

### 5.2. MONETARY AGGREGATES

#### Money supply growth was 7.0% y/y at end-June 2017

Broad money (money aggregate M3) increased by 7.0% y/y and reached BGN 80.843 bln in June 2017, according to data provided by BNB. M3 dynamics were driven mainly by overnight deposits, which implies high savings rates by the economic agents and increased preferences for easier access to savings in the low deposit rates environment.

The M2 money supply grew by 7.0% y/y to BGN 80.767 bln. Money aggregate M1, or narrow money, jumped by 15.2% to BGN 42.809 bln. In June 2017, banknotes and coins in circulation posted 12.5% y/y growth on the optimistic sentiment of firms and households about the economic activity and the growing labour income, which stimulated private consumption and demand.



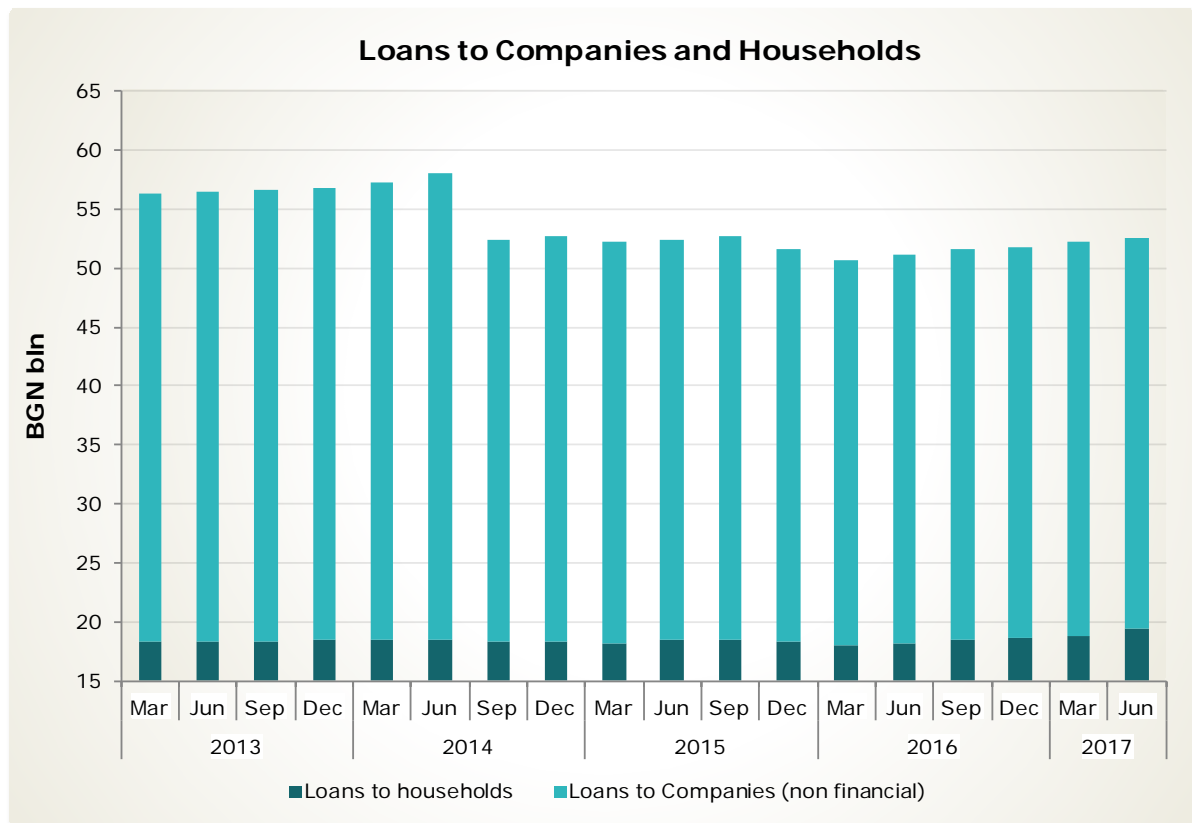
### 5.3. BANKING AND INSURANCE

*Household loans increased by 6.7% y/y in June 2017 on eased credit standards and increased demand*

Total loans to non-financial companies and households totalled BGN 52.502 bln as of June 2017, up by 2.7% y/y, according to BNB. This is a slowdown compared to March 2017 when loans rose by 2.9% y/y. The main factors behind loans revival was the improved economic activity and relatively low lending rates, which boosted demand for credits by households and businesses. On the supply side, banks were more willing to lend funds after the bank asset quality review completed in the middle of 2016.

Loans to non-financial corporations inched up by 0.4% y/y to BGN 33.019 bln. Household and non-profit institutions serving households (NPISHs) loans grew by 6.7% to BGN 19.483 bln.

In late 2016, banks eased standards for crediting households, particularly for housing loans, according to BNB survey. As a result, house-purchasing loans grew by 3.6% y/y to BGN 9.019 bln in June 2017, while consumer loans came in at BGN 8.965 bln compared to BGN 8.672 bln a year ago.



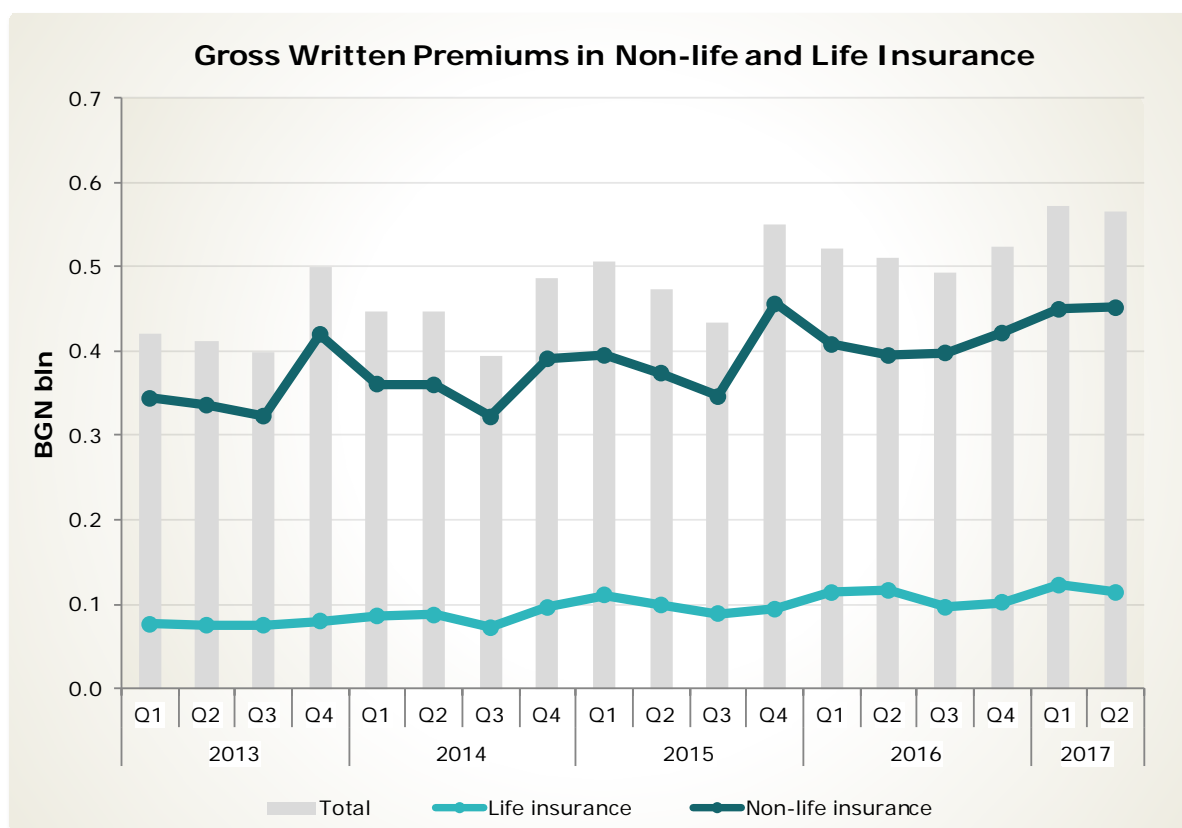
Source: BNB

### Premium income up 10.6% y/y in Q2 2017

The total gross written premiums (GWP) of the Bulgarian non-life and life insurance companies stood at BGN 565.4 mln, up by 10.6% y/y in Q2 2017, according to the Financial Supervision Commission (FSC). The GWP of the non-life insurance market stood at BGN 451.6 mln, or by 14.4% more than in the corresponding quarter of the previous year, while the life insurance market narrowed by 2.1% y/y to BGN 113.8 mln.

In the non-life insurance sector the highest annual rise of gross written premiums was registered in liability for ships, where GWP more than doubled to BGN 320,492. The highest y/y drop, of 52.9%, was posted by other damage to property.

Among the life insurance segments, gross written premiums of sickness insurance jumped the most – to BGN 11.8 mln from BGN 8.2 mln, while the life insurance and annuities type marked the sharpest fall, of 11.8%, to BGN 73.5 mln.

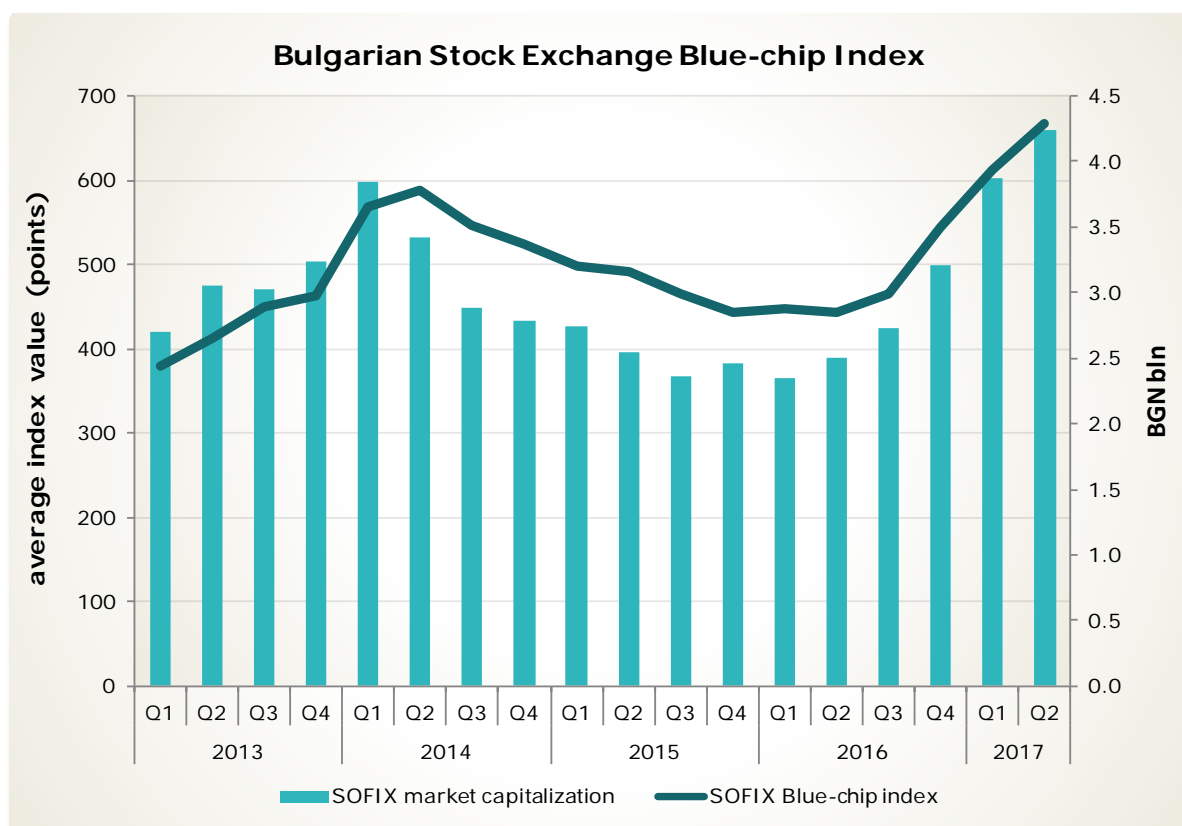


## 6. CAPITAL MARKETS

### *Blue-chip SOFIX continued its upward trend in Q2 2017*

The Bulgarian equities continued their uprising trend that started in early 2016. SOFIX, the blue-chip index of the Bulgarian Stock Exchange (BSE) rose by 8.8% q/q to 666.2 points in Q2 2017, according to BSE data. In Q1 2017, SOFIX went up by 12.6% q/q.

The total turnover on BSE's regulated market reached BGN 112.2 mln in Q2 2017, compared to BGN 85.9 mln in Q1 2017, and BGN 54.2 mln in Q2 2016.



Source: BSE

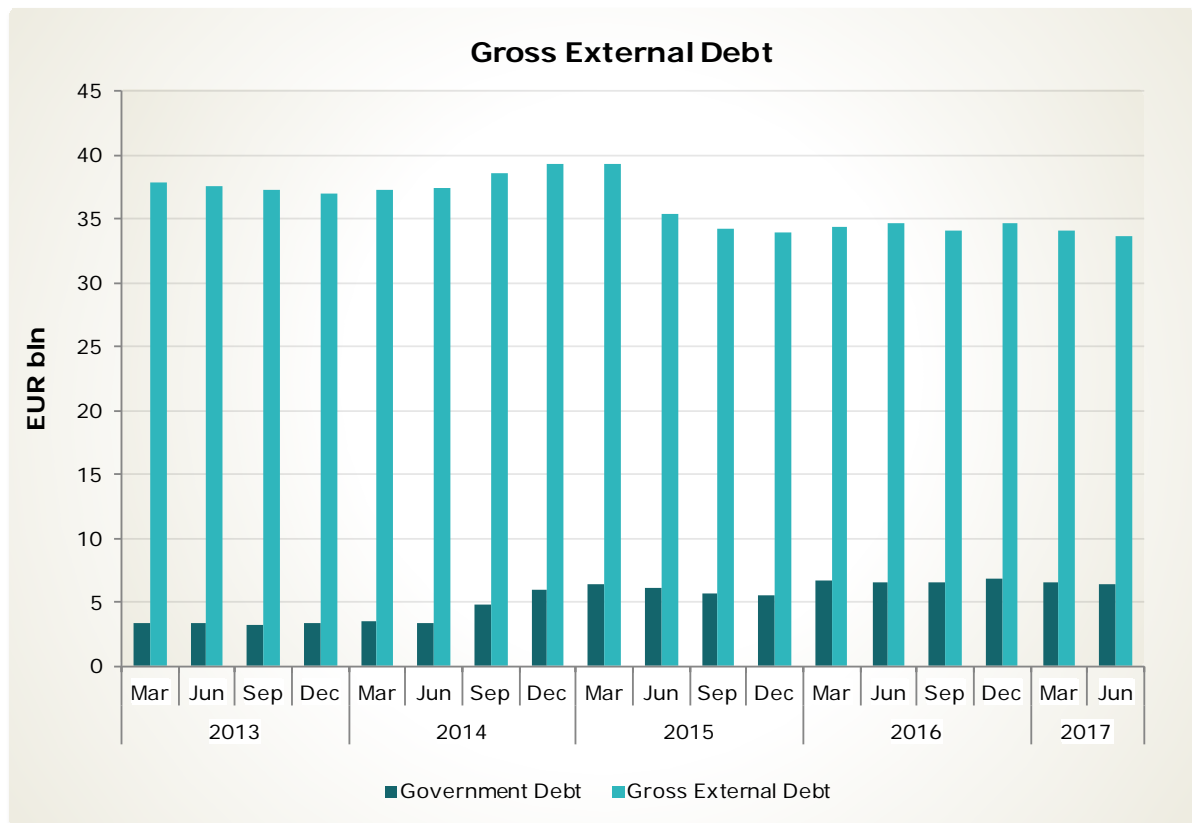
## 7. EXTERNAL SECTOR

### 7.1. FOREIGN DEBT

*The gross external debt decreased y/y to EUR 33.671 bln at end-June 2017*

The gross external debt decreased by 2.7% y/y totalling EUR 33.671 bln at the end of June 2017, according to BNB. Relative to the economy, the gross external debt accounted for 67.1% of country's GDP.

As of end-June 2017, long-term liabilities amounted to EUR 25.866 bln, or 76.8% of the total debt, and short-term liabilities totalled EUR 7.8 bln, equal to 23.2% of the total debt.

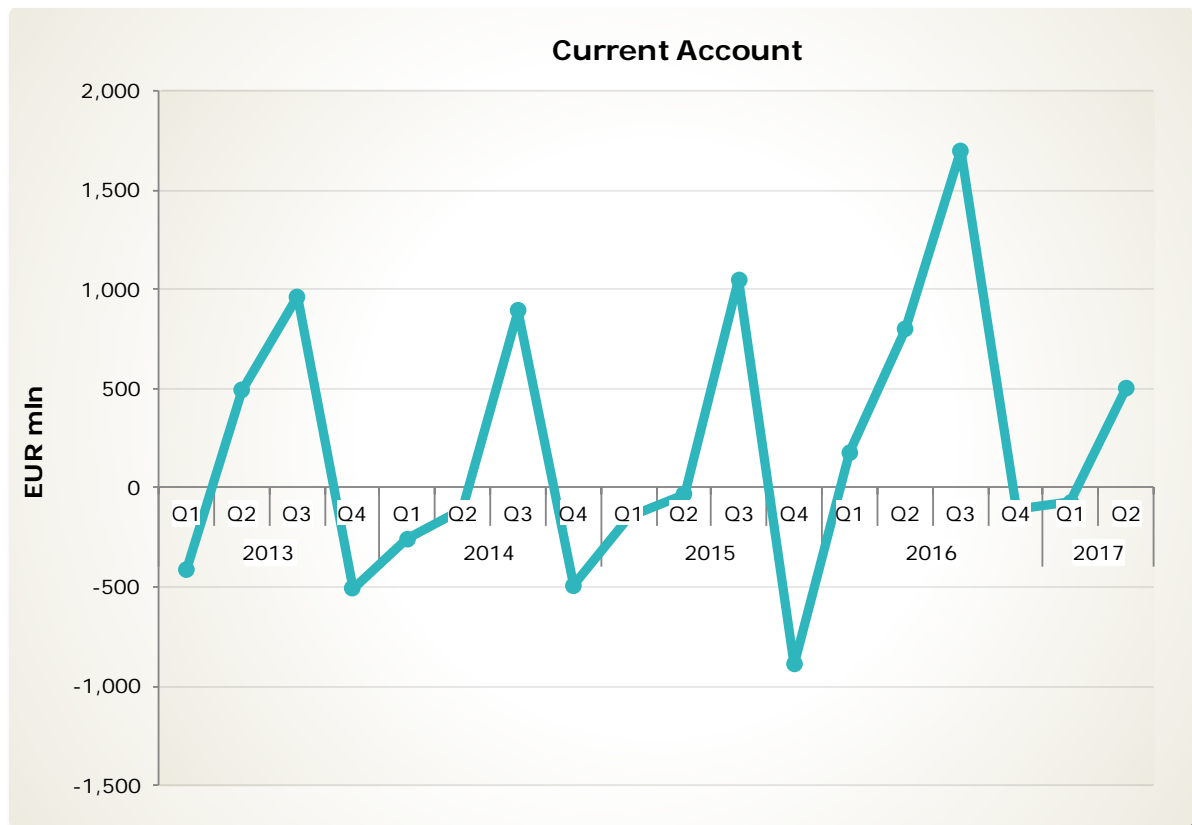


Source: BNB

## 7.2. BALANCE OF PAYMENTS

### *Current account surplus narrowed y/y to EUR 502.0 mln in Q2 2017*

In Q2 2017, Bulgaria had current account surplus of EUR 502.0 mln, down from a surplus of EUR 800.5 mln in Q2 2016, while in Q1 2017 there was a deficit of EUR 74.2 mln, according to the central bank statistics data.



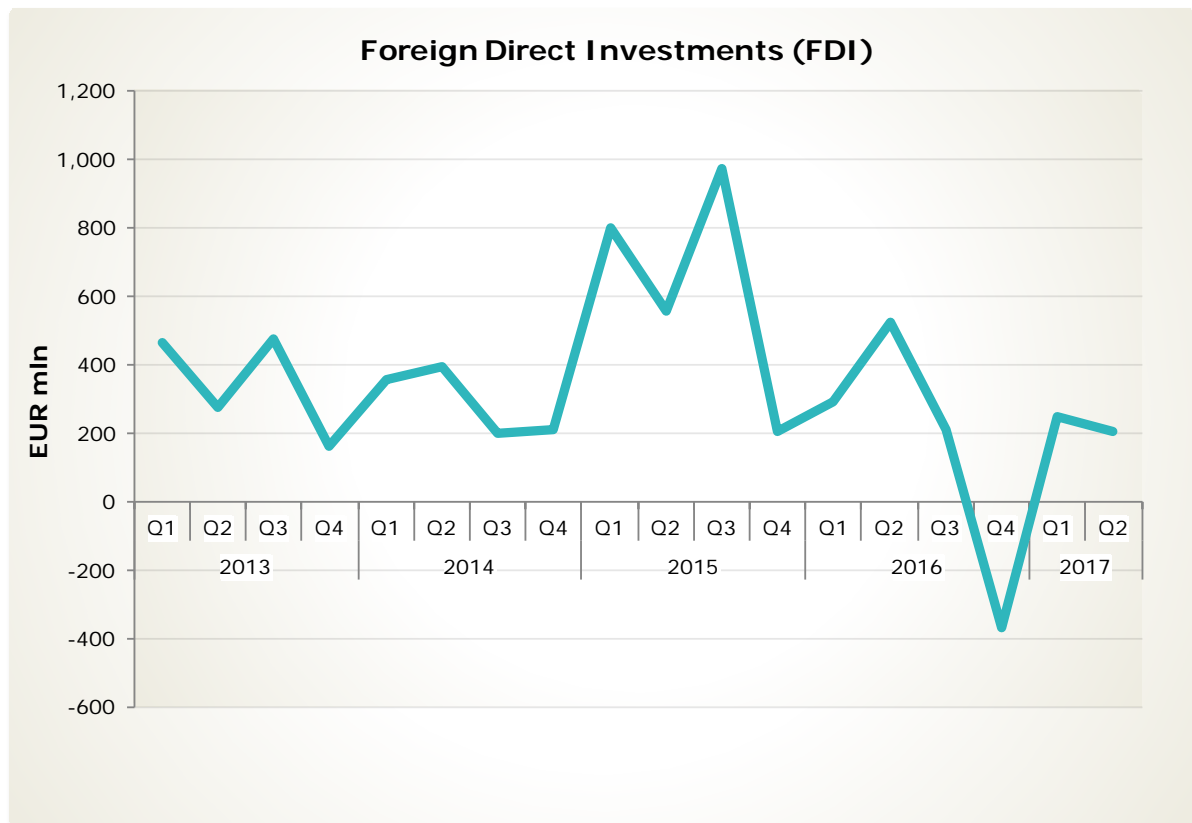
Source: BNB

### 7.3. FDI

#### *FDI went slumped by 60.8% y/y in Q2 2017 on lack of structural reforms*

Foreign direct investments (FDIs) in Bulgaria remained at their record low levels. FDIs slumped by 60.8% y/y to EUR 204.6 mln in Q2 2017, according to BNB data. The Q2 2017 FDI accounted for less than 2.0% of the GDP for the period, compared to 4.9% in the year-ago period. The highest FDI inflow was attracted from the Netherlands, Germany, and Turkey, according to BNB.

The reluctance of the government to pursue structural reforms, mainly in the judiciary system, resulted in an increased risk premium for foreign investments. By the end of the year FDIs is expected to remain at their low levels and foreign funds will be in the form of absorption of EU funds.



Source: BNB

#### 7.4. FOREIGN TRADE

##### *Foreign trade deficit jumped by 52.9% y/y in Q2 2017 on surging imports*

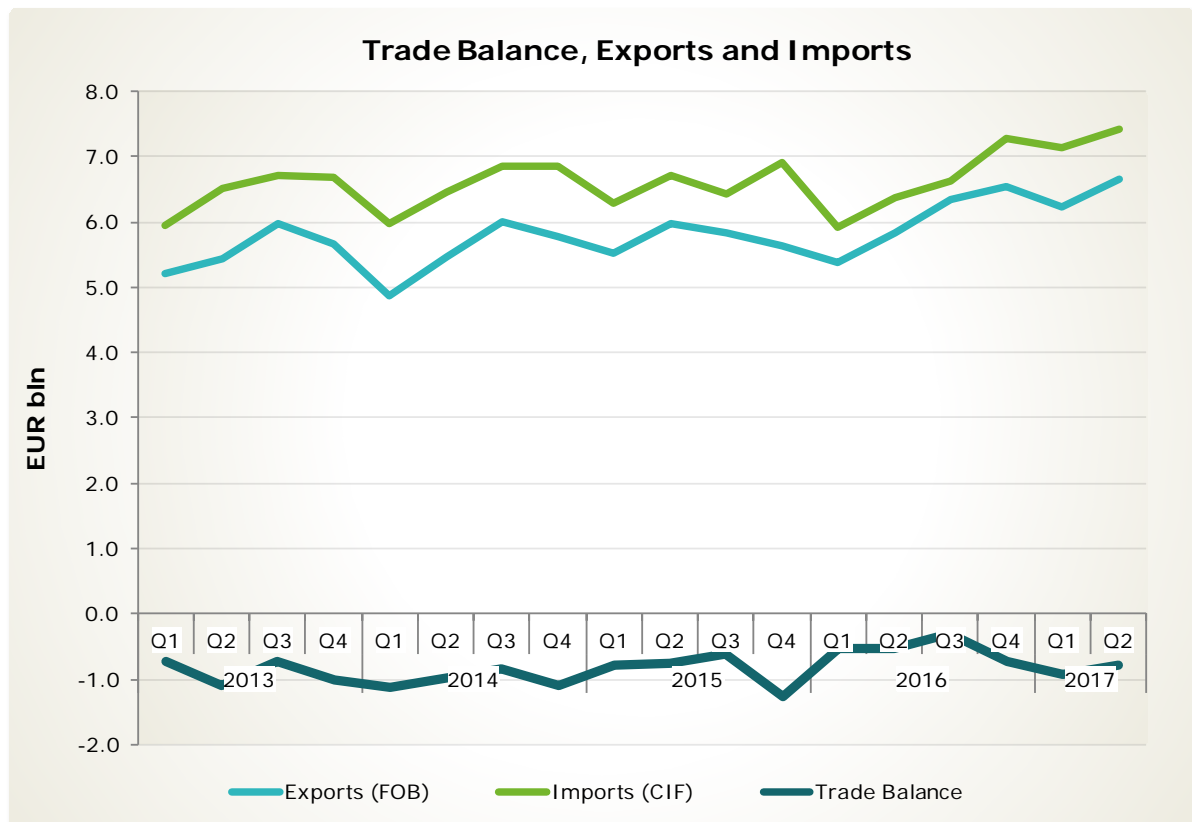
The strong domestic demand, fuelled by the improved economic conditions and income rises, boosted imports in the country in Q2 2017. In the same time, the increase in global prices of major commodity groups also contributed to the nominal rise in country's imports. The latter surged by 16.8% y/y to EUR 7.430 bln while exports went up by 13.7% y/y to EUR 6.643 bln on strong foreign demand. The trade deficit widened to EUR 786.5 mln in Q2 2017, compared to EUR 514.3 mln in Q2 2016, according to BNB data.

Raw materials exports took 37.8% of the total exports in Q2 2017, followed by investment goods with a 27.8% share and consumer goods with a 24.9% share. Energy commodities represented 9.3% of the total exports. Product wise, in terms of highest annual jump in exports, non-ferrous metals occupied the top position with their exports more than doubling to EUR 727.4 mln. On the contrary, exports of raw materials for the food industry slumped the most, by 40.1% y/y to EUR 251.9 mln.

In terms of imports, raw materials took 36.9% share in the total in Q2 2017, investments goods imports accounted for 26.4%, consumer goods sliced a 21.4% share and energy commodities accounted for the remaining 14.7%. In terms of highest annual growth in imports by products,



ore imports more than tripled to EUR 389.0 mln, while raw skins were the only segment to report an annual drop in imports, of 24.1%.



Source: BNB

## 7.5. TOURSIM

*Number of foreign tourist overnights went up by 9.7% y/y in Q2 2017*

Tourist overnights of foreigners increased by an annual 9.7% to 4,163,544 in Q2 2017, according to NSI data.

The number of foreign tourists also went up - by 5.9% y/y to 1,321,038. Russian tourists led the ranking in number terms - 163,491, followed by tourists from Germany - 148,166, and Romania - 109,962.



Source: NSI

## 8. MAJOR DEVELOPMENTS

### ***Lack of efficient judiciary in Bulgaria impedes economic growth - foreign investors***

Jun 30, 2017

The lack of an impartial and efficient judiciary and prosecution is one of the most significant impediments to economic growth in Bulgaria, foreign investors in the country said in a letter to the government in June 2017. The letter was signed by the British Bulgarian Business Association, Canadian-Bulgarian Business Network, Confindustria Bulgaria, French-Bulgarian Chamber of Commerce and Industry, Norwegian Bulgarian Business Group, American Chamber of Commerce in Bulgaria and Austrian Trade Commission in Bulgaria.

[Read the full story here](#)

### ***One-third of Bulgarians back eurozone entry - poll***

Jun 28, 2017

Only 32% of Bulgarians support the country's plans to join the euro area, an opinion poll showed. Bulgaria took the commitment to adopt the single currency upon its accession to the EU in 2007. The local currency, the lev, has been pegged to the euro at an exchange rate of 1.95582 leva per euro exchange rate since 1999.

[Read the full story here](#)

**Number of e-businesses in Romania, Bulgaria lowest in EU**

Jun 23, 2017

The number of businesses with online sales in Romania and Bulgaria was the lowest among EU countries in 2016, the bloc's statistical office announced in June 2017. Romanian and Bulgarian companies which generated online sales in 2016 represented 7.0% and 9.0%, respectively, of the companies operating in those two countries, Eurostat said in its Digital economy and society in the EU publication. These figures compare to an EU average of 20%.

[Read the full story here](#)

**Romania, Bulgaria at bottom of EU innovation ranking**

Jun 21, 2017

Romania and Bulgaria have been ranked lowest among EU member states in terms of performance of national innovation systems, the European Commission announced in June 2017. Romania and Bulgaria were the only countries that posted a result of below 50% of the EU average, the European Commission said in the latest edition of its annual European Innovation Scoreboard.

[Read the full story here](#)

**Bulgaria to add 1,506 MW of new capacity by 2026 – grid operator**

Jun 10, 2017

Bulgarian electricity grid operator ESO said in June 2017 that a total of 1,506 MW of new capacity is planned to be completed in Bulgaria by 2026. Out of them, 1,119 MW will run on renewable energy sources. Some EUR 649.3 mln in investments are needed for the development of Bulgaria's power grid by 2026.

[Read the full story here](#)

**Bulgaria to aim to finish Struma motorway construction in 2023 – minister**

May 27, 2017

Bulgaria will aim to complete the construction of Struma motorway linking Sofia with the border with Greece in 2023, regional development minister Nikolay Nankov said on Friday. The construction of the motorway is divided into four sections, of which three have already been completed: Dolna Dikanya – Dupnitsa (16.8 km), Dupnitsa – Blagoevgrad (37.4 km) and Sandanski-Kulata checkpoint at the border with Greece (14.7 km).

[Read the full story here](#)

**IMF advises Bulgaria to keep improving financial resilience**

May 25, 2017

The International Monetary Fund (IMF) said in June 2017 its executive board has agreed with the main findings of the Financial System Stability Assessment of Bulgaria, encouraging the authorities to continue to press ahead with efforts aimed at strengthening the financial sector resilience. Directors commended the Bulgarian authorities for the positive steps taken to rebuild credibility in the banking system after the collapse of Corporate Commercial Bank in 2014, the country's fourth-largest lender at the time, which revealed weaknesses in supervision and crisis management tools.

[Read the full story here](#)

***Bulgaria targets 1.0% budget deficit in 2018, 0.5% in 2019***

May 13, 2017

Bulgaria's finance ministry said on Friday it will target a consolidated budget deficit equivalent to 1.0% of GDP in 2018 and 0.5% in 2019. Bulgaria will aim for a balanced budget in 2020.

*Read the full story [here](#)*

***Some 150,000 sq m of office space to be completed in Bulgaria by end-2017***

Apr 29, 2017

The construction of around 150,000 square meters of office space is due to be completed by the end of 2017, Forton, a strategic partner of Cushman&Wakefield for Bulgaria and Macedonia, said in April 2017. More than 300,000 sq m of office space is under construction in Bulgaria as of April 2017, according to Forton.

*Read the full story [here](#)*

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