

GENERAL INDICATORS

BULGARIA	2001	2002	2003	2004e	2005f
Population (m)	8.2	8.2	8.2	8.2	8.2
GDP (US\$ bn)	13.6	15.5	19.9	24.5	26.7
GDP per capita (US\$)	1,661	1,894	2,425	2,983	3,258
GDP change in % (real)	4.1	4.8	4.9	5.3	5.5
Inflation in % (annual average)	7.4	5.8	2.3	6.7	5.5
Budget balance in % of GDP	-0.6	-0.9	-0.4	-0.5	-0.4
Merchandise exports (US\$ bn)	5.1	5.7	7.4	9.2	10.4
Merchandise imports (US\$ bn)	6.7	7.3	9.9	12.1	14.2
Current account balance (US\$ bn)	-0.8	-0.7	-1.6	-1.7	-1.8
Current account balance in % of GDP	-5.9	-4.5	-8.0	-6.9	-6.7
Foreign direct investment (US\$ bn)	0.8	0.9	1.4	1.5	1.3
Foreign direct investment in % of GDP	5.9	5.8	7.0	6.1	4.9
Gross foreign debt (US\$ bn)	10.6	11.1	12.2	13.0	14.2
Foreign debt in % of exports *	134	129	113	98	93
Foreign exchange reserves (US\$ bn)	3.3	4.4	6.3	6.8	7.4
Import cover (months) *	4.3	5.3	5.7	5.1	4.9
Exchange rate year-end (Bulgarian lev per EUR)	1.95	1.95	1.95	1.95	1.95
Exchange rate annual average (Bulgarian lev per EUR)	1.96	1.96	1.96	1.96	1.96
* goods, services and income	e = estimate; f = forecast				

LEGAL SYSTEM

Free-market oriented legislation. Complete implementation of standardized EU legislation should take place around 2006. The segments investment law, commercial law and privatization law do not differentiate between local and foreign investors.

BUSINESS FORMS

Joint stock company (Bulgarian: AD)/50,000 lev, private limited company (Bulgarian: OOD)/5,000 lev, limited commercial partnership (Bulgarian: KD), commercial partnership limited by shares (Bulgarian: KDA), general commercial partnership, individual proprietorship, branch and representative office. One-man private limited company (Bulgarian: EOOD) and one-man-joint stock company (Bulgarian: EAD) possible.

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PERMISSIBLE HOLDING

Up to 100 %. Foreign investors may participate in privatization by acquiring shares through the Bulgarian Privatization Agency (internet address: www.priv.government.bg) as well as through the various ministries and local authorities by public tender and auction.

ESTABLISHMENT PROCEDURES

Investment possible in almost all economic sectors. Commercial register entry. Application of a company identification number at BULSTAT (statistical department) and registration with the tax and social insurance departments.

CAPITAL CONTRIBUTION

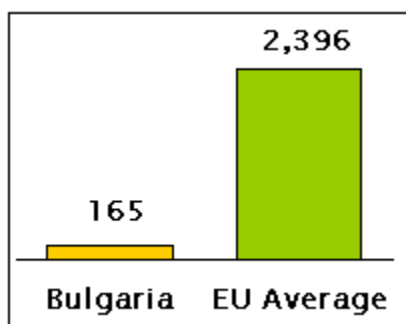
Foreign investors can bring in financial or real capital. Financial capital in lev or in other convertible currency. Real capital (machinery, technical equipment, patents, licenses, know-how) for investment projects of minimum 5m euro are exempt from VAT.

LAND OWNERSHIP

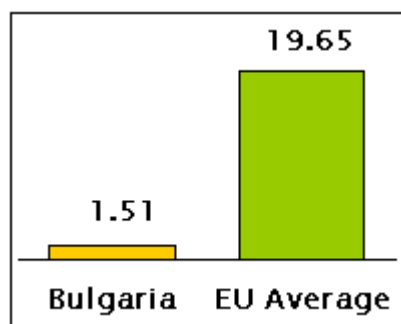
Foreign individuals and legal persons may acquire real estate including agricultural areas only via a Bulgarian legal person. Commercial register entry required.

COST OF LABOR

AVERAGE MONTHLY SALARY COMPARED TO AVERAGE GROSS EU SALARY - 2004



AVERAGE HOURLY WAGE COMPARED TO AVERAGE EU HOURLY WAGE - 2004



GENERAL SALARY LEVELS	COST (EURO)
Average salary for Bulgaria (2004)	165 Euros
Minimal salary by law	75 Euros
Total contributions paid by the employer, including health care, unemployment and social security contributions.	32.2 % over the base salary

AVERAGE MONTHLY SALARIES FOR SOME POSITIONS	
POSITION	COST (EURO)
Managing Director	1000-2000
Accountant	220-375
Secretary	150-240
Network Administrator	300-700
Junior Programmer	200-350
Chemical Engineer	280-390
Wall painter	200-400

SOCIAL SECURITY CONTRIBUTIONS

SOCIAL SECURITY LIABILITIES FOR EMPLOYERS AND EMPLOYEES						
CONTRIBUTION TYPE	TOTAL		EMPLOYER		EMPLOYEE	
	2004	2005	2004	2005	2004	2005
Pension	29.00%	29.00%	21.75%	20.30%	7.25%	8.70%
General illness and maternity	3.00%	3.00%	2.25%	2.10%	0.75%	0.90%
Unemployment contribution	4.00%	3.50%	3.00%	2.45%	1.00%	1.05%
Health insurance	6.00%	6.00%	42.00%	4.20%	1.50%	1.80%
Guarantee fund for salaries	-	0.50%	-	0.50%	-	-
Work accidents and job related illness	0.70%	0.4-1.1%	0.70%	0.4-1.1%	-	-
TOTAL	42.70%	42.00%	32.20%	29.55%	10.50%	12.45%