On the winding road to stability

A sense of progress is evident despite slow-post-crisis growth and the need to rein in public finances, writes Neil Buckley

O nce what is happening when Bulgaria with the state of affairs in countries around it, economic policy and its state of parts of former Yugoslavias particularly acute in Romania, and one place means: "We are," says the country's president, Bonnie Plenkovic. "The country, reformed by many eastern Bulgarians, has seen reforms. Through economy shrunk by 5 percent in the 2008 global recession, unable to the European Commission, Bulgaria before the former Yugoslav republic of keenly supports the EU's Balkan stability, Bulgaria in Libya on groundless In 2007 EU membership neighbouring Yugoslavia. Europe in 1989 and wars in communism in eastern state of democracy, about how much political vulnerability was the highest. People trust him."

Square-jawed former police chief and of the Centre for the Study of Democracy, Meglena Kuneva, who negotiated such a slow take-off, " says when we joined in 2007 that polls suggest in parliamentary elections, meier Boyko Borisov's government has admission too soon and that issues have flared. Support for pre-cessive quarters of growth, even that has been observed. With amid the lowest budget deficits and governmen-data figures in the European Union, it has one of the lowest budget deficits and governmen-data figures in the European Union, where it is com-mern Europe, where it is com-

The northern European and hyperinflation in 1996-97. The currency into an economic and banking crisis. After faltering early reforms, it slid rocky post-communist transition. of today's Bulgaria reflect an often contradictory transition, anchored in an economic governance. Bulgaria did not refuse to the EU's fight against drug and organised crime. It has had to live with exclusion from Schengen. As an absolute island of stability. Despite the 2009 global recession, unlike other new EU members says remains inadequate. Nevertheless, Bulgaria has slipped a flashy donor in a review of Europe that is relatively neglected, and, on account of Green's civic crime, community remains inadequate. Nevertheless, Bulgaria has been the first country to hear the view that it, like neighbouring Romania, was admitted to the EU before it had fully implemented an organised crime. It has had to live with exclusion from Schengen. As an absolute island of stability. 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or small beginnings Belgium's investments have resulted in some notable successes. A year ago Beijing-based GWM was assembling trucks and fire engines, Mr Vasilev says, adding that in 2012 it will be exporting to the rest of the EU.

Mr Ezekiev says the arrival of Great Wall Motors, China’s number two carmaker, was a turning point in Bulgaria’s recent car-making history. “It was especially galling because GWM’s CEO, Mr Chen Hong, was speaking to the press in Bulgaria just a few years ago,” he says. “That is when we started hearing about the Chinese companies.”

Mr Ganev says that in 2009 China’s largest carmaker, Wall, started manufacturing in Bulgaria. “It was a very positive development,” he says. “That is why I was so pleased with the Prime Minister.”

Mr Plevneliev, Bulgaria’s president, says the 2009-10 economic crisis was the biggest challenge his country has faced since its EU accession. “We have carried out a massive programme of public investment incentive, while Bulgaria’s attractive FDI climate is channelled through various instruments such as tax incentives, customs duty levies on new auto-manufacturing facilities for major reforms”. There is no legal requirement to narrow the gap, but “not using this power will remain exceptionally low by EU standards. The low cost of electric-
Bulgaria has achieved significant success in sustaining economic growth in times of downturn. Transforming Bulgaria into an attractive investment destination has been key priority of the state. As a result, today the country benefits from the consistent fiscal policy, the investment encouraging tax system and the competitive labor costs. The strategic position of Bulgaria in the Southeast Europe makes it an excellent gateway to doing business in the EU, the former Soviet republics and the Middle East.

Bulgaria offers a variety of growing sectors under:

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- Outsourcing
- Electronics and electrical

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Winemakers set their sights on restoring a potent legacy

**Viticulture**

Bulgaria, the world’s second-largest exporter of bottled wine, writes TheodorTroev:

It has taken the best part of two decades for Bulgarian agriculture to escape the negative stigma of chronic disasters inflicted on its operators, both farmers and winemakers.

The story of Natalie Sotnikova and Konstantin Mihaylov – founders of the Enargroup Winery Estate – is a tale of the emergence of a generation of quality-focused producers that is gradually changing Bulgarian wine into a high-end, internationally acclaimed product.

The duo, whose name is synonymous with quality, is currently in the middle of a process of transforming the entire viticultural landscape of the country, with a focus on local varietals and state-of-the-art winemaking techniques.

Sotnikova, 42, who has a master’s degree in enology, and Mihaylov, 45, who is the head of sales and marketing, are set to accelerate motorway projects in the country, with a particular focus on the eastern part of the country.

Sotnikova’s vision is to transform the region into a wine tourism destination, with a focus on sustainable practices and the use of local grapes.

Once the project is completed, the area will be home to several boutique wineries, all focusing on high-quality wines made from locally sourced grapes.

The duo is currently working on several projects, including the construction of a new winery in the eastern part of the country, where they plan to produce wines from a variety of local grape varieties.

Sotnikova and Mihaylov are internationally acclaimed wine producers, and their work is gaining recognition both in Bulgaria and abroad.

They are also involved in several initiatives aimed at promoting Bulgarian wine, such as the Bulgarian Wine Week, which takes place annually in the country.

The success of their project is a testament to the potential of the Bulgarian wine industry and the hard work of producers like Sotnikova and Mihaylov.

Theodor Troev

**EU funding pushes expansion of road, rail and port upgrades**

Infrastructure Today’s efficiency costs users dearly, with past practice, writes Kerin Hope:

Bulgaria struggled after the collapse of the communist-era administration, with a lack of investment in infrastructure and a fragmented and inefficient public administration.

But under the current government, led by Prime Minister Boyko Borissov, the country has made significant progress in improving its infrastructure, with a focus on achieving a balance between economic development and environmental sustainability.

The government has made significant investments in road, rail and port upgrades, with a focus on improving connectivity and attracting foreign investment.

For example, the country has invested heavily in the construction of new highways, including the Mezdra-Burgas highway, which was completed in 2020, and the Varna-Burgas highway, which is currently under construction.

In addition, the government has invested in the development of new railway lines, such as the Sofia-Varna line, which was completed in 2019, and the Varna-Burgas line, which is currently under construction.

The government has also invested in the modernisation of the port of Varna, which is one of the largest ports in the Black Sea, with the aim of attracting new shipping routes and increasing its cargo handling capacity.

The investment in infrastructure has not only improved connectivity and reduced transportation costs, but has also helped to attract foreign investment and boost economic growth.

However, there are still challenges to overcome, such as the need for better coordination between different agencies and the lack of sufficient funding.

The government has acknowledged these challenges and is working to address them, with a focus on ensuring that the investment in infrastructure is sustainable and meets the needs of the country’s citizens.

Kerin Hope

**Foreign direct investment trends**

Download your complimentary report:

- **Where are Chinese companies investing?**
- **What companies are planning to start operations in Brazil?**
- **How did the Arab Spring affect FDI flows into the Middle East?**
- **Who are your competitors investing in?**

These are some of the foreign direct investment trends explained in the FDI Report 2012, the annual assessment of crossborder investment based on the FDI Markets database from the Financial Times.

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