



CENTER FOR
THE STUDY OF
DEMOCRACY

Competitiveness of the Bulgarian Economy 2020

Press Release

According to the **Global Competitiveness Yearbook 2020** of the Institute for Management Development (IMD, Switzerland), whose main partner in Bulgaria is the Center for the Study of Democracy, the Bulgarian economy is slowly recovering, yet it is by no means at its full potential. In 2020, Bulgaria ranks **48th out of 63 countries**, an improvement of seven positions compared to 2015, but a deterioration compared to 2009 (38th place, see Figure 1). The Bulgarian economy remains among the most uncompetitive ones in Europe, as long-term factors of competitiveness stay stagnant. Without substantial correction in the policies of the Bulgarian government and business leaders, the probability of dramatic improvement in the coming years remains low.

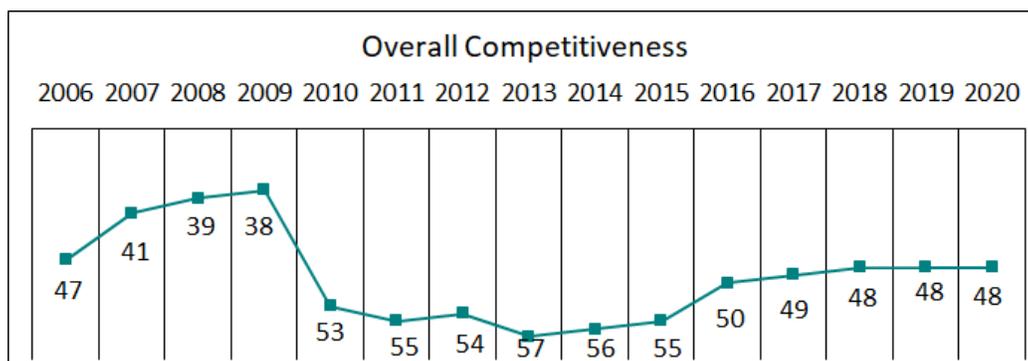
Major challenges and Opportunities for improving Bulgaria's Competitiveness in 2020

- The Covid-19 crisis has underscored digitalization and public governance issues
- Lack of progress on judicial reform and control of corruption curtail economic potential
- Structural reforms to join ERM II and the Banking Union are slow
- Insufficient efforts have been made to curb the informal economy
- Energy dependence on Russia and sluggish energy sector reforms remain problematic

Source: World Competitiveness Yearbook and Center for the Study of Democracy, 2020.

A global economy affected by both Covid-19 and the US-China trade war has contributed to a low economic growth, a fall in exports, and a decrease in government subsidies. The lack of adequate educational infrastructure continues to lead to low business efficiency, while unsatisfactory management practices and conditions of the labor market remain major problems. Significant obstacles to businesses are also the lack of good accounting and auditing practices, as well as the lack of a competitive environment for public procurement contracts. Bulgaria continues to rely on a narrow base of competitive factors, such as low prices and tax rates. The country scores high in terms of a favourable low corporate tax and exchange rate stability.

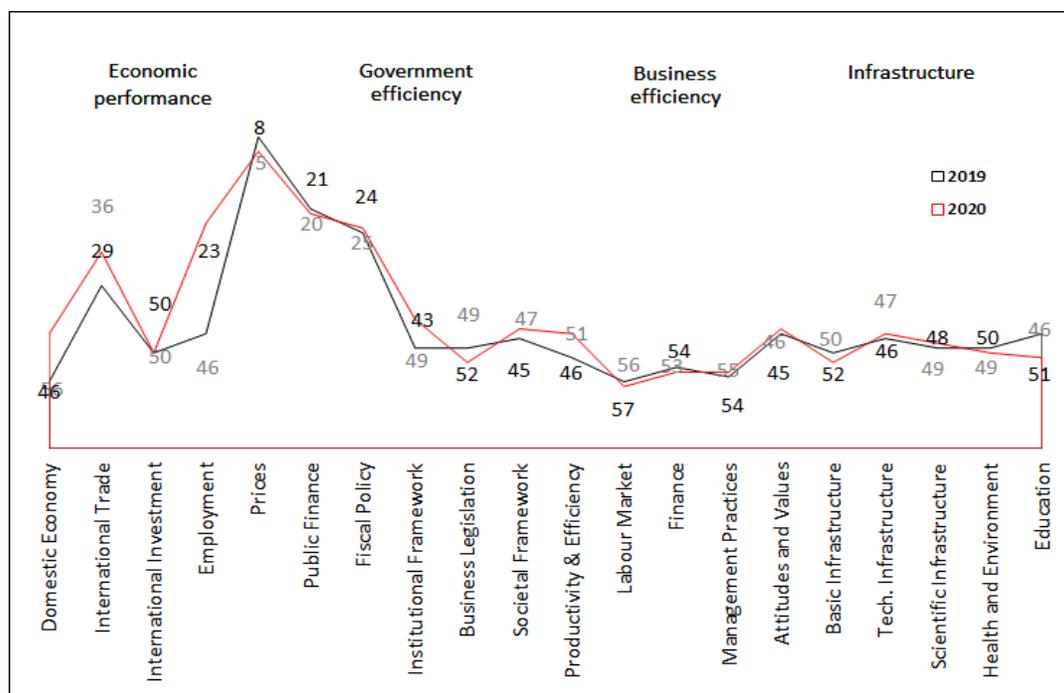
FIGURE 1. OVERALL RANKING OF BULGARIA 2006 - 2019



Source: World Competitiveness Yearbook, 2019.

Bulgarian business representatives have identified several attractive business factors in the country. These include hiring qualified workers, price competitiveness, and a dynamic economy driven by increased productivity and new business opportunities. The least attractive factors identified are government competence and the lack of a R&D culture.

FIGURE 2. PROFILE OF COMPETITIVENESS OF THE BULGARIAN ECONOMY 2019 - 2020



Source: World Competitiveness Yearbook, 2019.

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As well as the IMD Press Site: <https://www.imd.org/wcc-press/home/?access=pressGekmHrwcc>.