



Competitiveness of the Bulgarian Economy 2021

Press Release

According to the **Global Competitiveness Yearbook 2021** of the Institute for Management Development (IMD, Switzerland), in the last twelve years, the Bulgarian economy, pulled by the EU, has been slowly recovering, however it is far from having reached its full potential. In 2021, Bulgaria ranks **53rd out of 64 countries**, demonstrating a deterioration of five positions compared to 2020, and fifteen positions compared to 2009 (see Figure 1). Thus, the Bulgarian economy remains among the most uncompetitive in Europe. A major concern poses the fact that its long-term factors of competitiveness continue to be stagnant. In that regard, the likelihood of positive reforms or advances in the foreseeable future would remain rather low, unless corrective measures and amendments in policy-making at the levels of both state governance and business leadership are properly introduced.

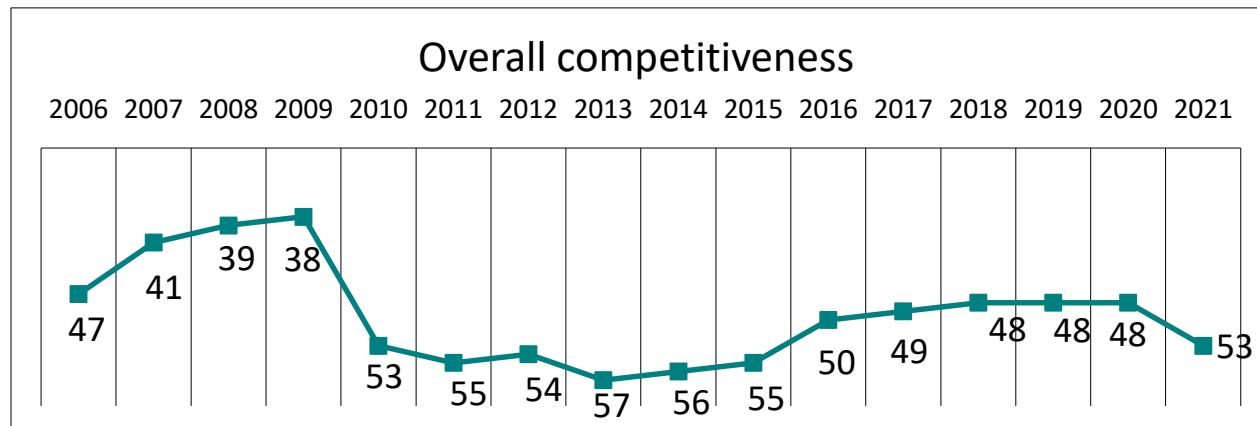
Major challenges and opportunities for improving Bulgaria's competitiveness in 2021

- Political instability and slow rate of COVID-19 vaccination.
- Limited diffusion of the e-government solutions.
- Slow energy transition and high energy costs for businesses.
- Lagging quality of university education, brain drain and low R&D spending.
- Persistent governance and corruption issues.

Source: World Competitiveness Yearbook and Center for the Study of Democracy, 2021.

As of 2021, the pandemic-induced state of emergency has produced downturns in business cycles. Thus, negative increments are predicted to occur in the spheres of employment, household income and accumulated revenue for the private sector. As societal vulnerabilities are intensified by the ongoing crisis, there are potential threats to the poverty index and the standard of living.

FIGURE 1. OVERALL RANKING OF BULGARIA 2006 – 2021

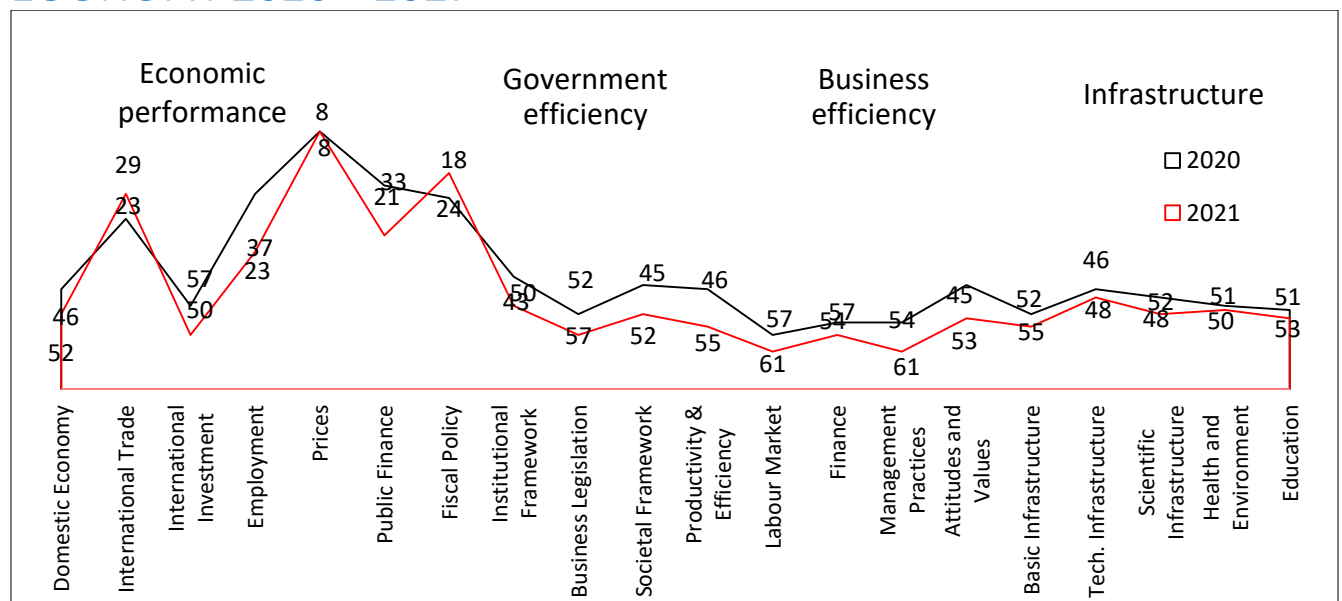


Source: World Competitiveness Yearbook, 2021.

Examining the competitiveness landscape, WCY estimates that Bulgaria has a lot of room for infrastructural improvement in the technology sector and the vital R&D fields of science and education. Moreover, cyber-security and data protection are not prioritized by the national policies, making Bulgaria’s digital architecture susceptible to compromise.

Bulgaria ranks in the top 10 countries in relation to remuneration of management, professionals in services, and labor force long-term growth. Lower corporate tax rates in the country attract foreign stakeholders and global outsourcing. However, Bulgaria suffers from marketplace uncertainty, ineffective financial management, decreased quality of education, brain drain and emigration, and a demotivated labor force. Furthermore, government efficiency is perceived to be low in crucial domains such as judicial conduct, legislation, central bank policy, public sector contracts and the offering of stimulus packages to incentivize entrepreneurship and/or economic growth.

FIGURE 2. PROFILE OF COMPETITIVENESS OF THE BULGARIAN ECONOMY 2020 – 2021



Source: World Competitiveness Yearbook, 2021.

For more information on this topic, visit www.csd.bg and <https://www.imd.org/wcc-press/home/?access=pressemsCOMwcc>.

If interested, media representatives are welcome to register and join IMD’s Virtual Roundtable Event on 17 June 2021 at 11:00 CEST at: www.imd.org/event/policies-that-succeed-in-turbulent-times/