



Competitiveness of the Bulgarian Economy 2022

Press Release

According to the **Global Competitiveness Yearbook 2022** of the Institute for Management Development (IMD, Switzerland), in the last fifteen years the Bulgarian economy, pulled by the EU, has been slowly recovering, however it is far from having reached its full potential. In 2022, Bulgaria ranks **53rd out of 64 countries**, demonstrating that the country has not moved in the ranking since 2021. The country marks 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 in the policy-making at the levels of both state governance and business leadership are properly introduced.

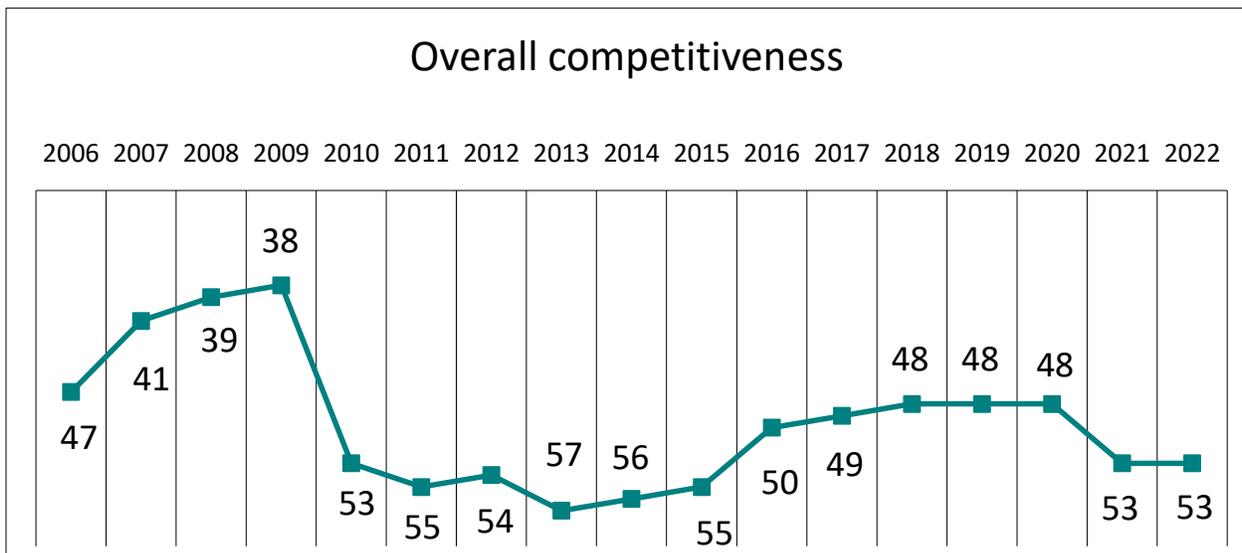
Major challenges and opportunities for improving Bulgaria's competitiveness in 2022

- Geopolitical disruption and rising inflation, driven by energy costs.
- Inconsistent energy and climate policies.
- Confrontation between the Executive and the Judiciary.
- Lack of credible anticorruption enforcement.
- Limited investment in R&D and innovation.

Source: World Competitiveness Yearbook and Center for the Study of Democracy, 2022.

As of 2022, the Bulgarian economy has almost fully recovered from the economic consequences of the pandemic, although now businesses and households alike experience the negative effects of energy price hikes. The energy intensive economy was negatively impacted by its energy dependency on Russia, following the invasion of Ukraine. The energy price spikes and the continuing disruptions in the global supply chain have led to the highest inflation rates in more than a decade. Thus, the societal vulnerabilities intensified by the ongoing crisis represent potential threats to the poverty index and the standard of living.

FIGURE 1. OVERALL RANKING OF BULGARIA 2006 – 2022



Source: World Competitiveness Yearbook, 2022.

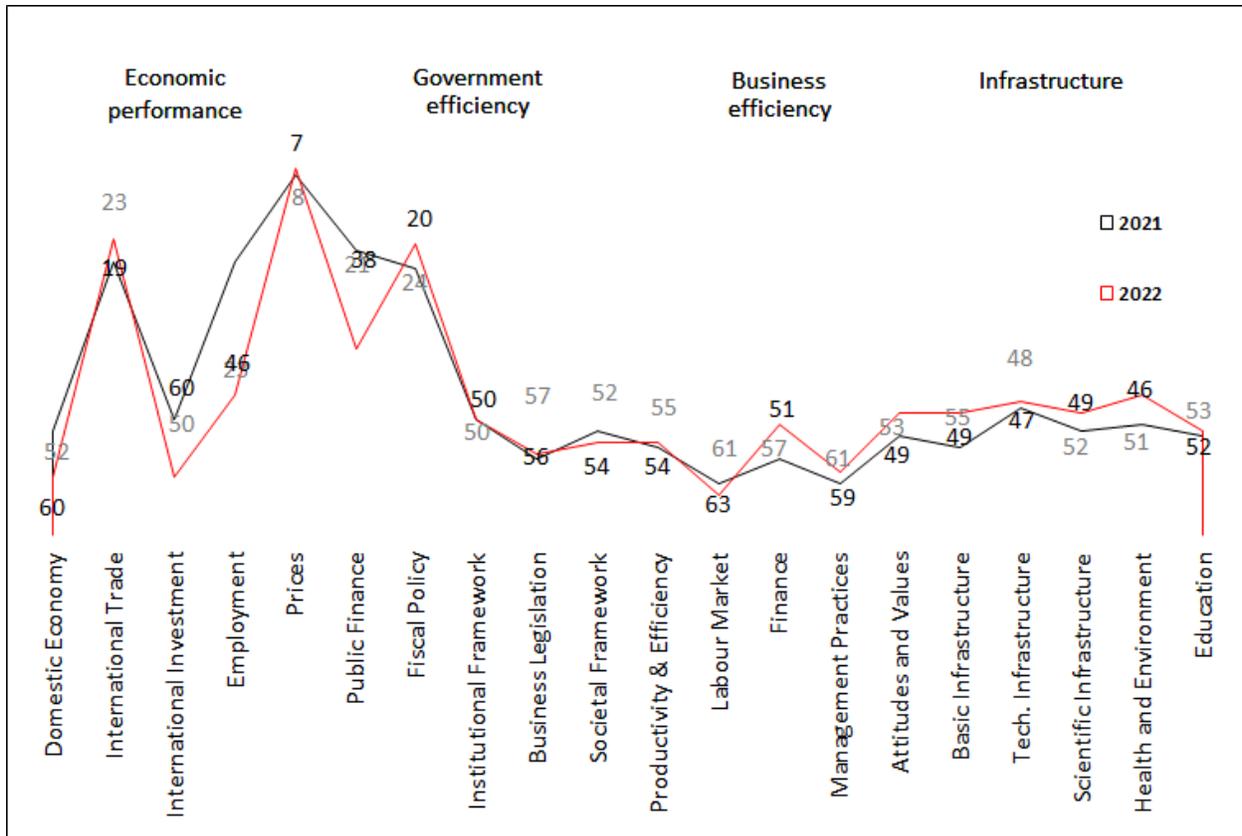
Examining the competitiveness landscape, WCY estimates that Bulgaria, despite being ranked at the same place as last year, had minor improvements in most of its economic indicators (14 out of 20). However, WCY drops significantly the ranking of Bulgaria in terms of Labour Market (from 23rd to 46th) and Public Finance (from 21st down to 38th).

Bulgaria’s labour market conditions in particular have deteriorated over the past year. The unemployment rate is stabilising from the effects of the pandemic, however, the country continues to experience adverse demographic developments, with high levels of inactivity among the working age population, as well as aging and rapidly dwindling population. On the positive side, Bulgaria continues to rank 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 investors and global outsourcing.

WCY highlights that Bulgaria continues to improve its competitiveness in International Trade, as now it ranks 19th out of 63. While its main export partner remains the EU, Bulgaria has still achieved significant increase in its exports to rest of the world. However, in terms of International Investment the country has dropped down to 60th place. In that respect, it is vital that Bulgaria puts greater effort in attracting FDI, through improvements in its regulatory framework and providing the right financial stimulus to interested companies.

Bulgaria continues to have a lot of room for infrastructural improvement, particularly in the technology sector and the vital R&D fields of science and education. In all of these areas, WCY has slightly improved Bulgaria’s ranking, however, it still remains closer to the group of the lagging countries.

FIGURE 2. PROFILE OF COMPETITIVENESS OF THE BULGARIAN ECONOMY 2021 – 2022



Source: World Competitiveness Yearbook, 2022.

For more information on this topic, visit:

- CSD website: www.csd.bg
- [Bulgaria's profile in IMD World Competitiveness Yearbook 2022](#)
- [IMD's Press Release](#)