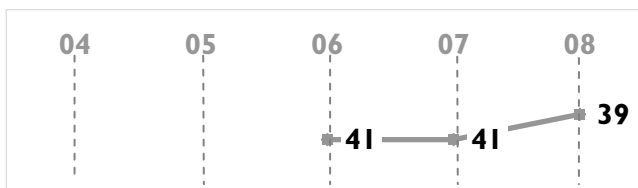


BULGARIA

OVERALL PERFORMANCE



CHALLENGES IN 2008

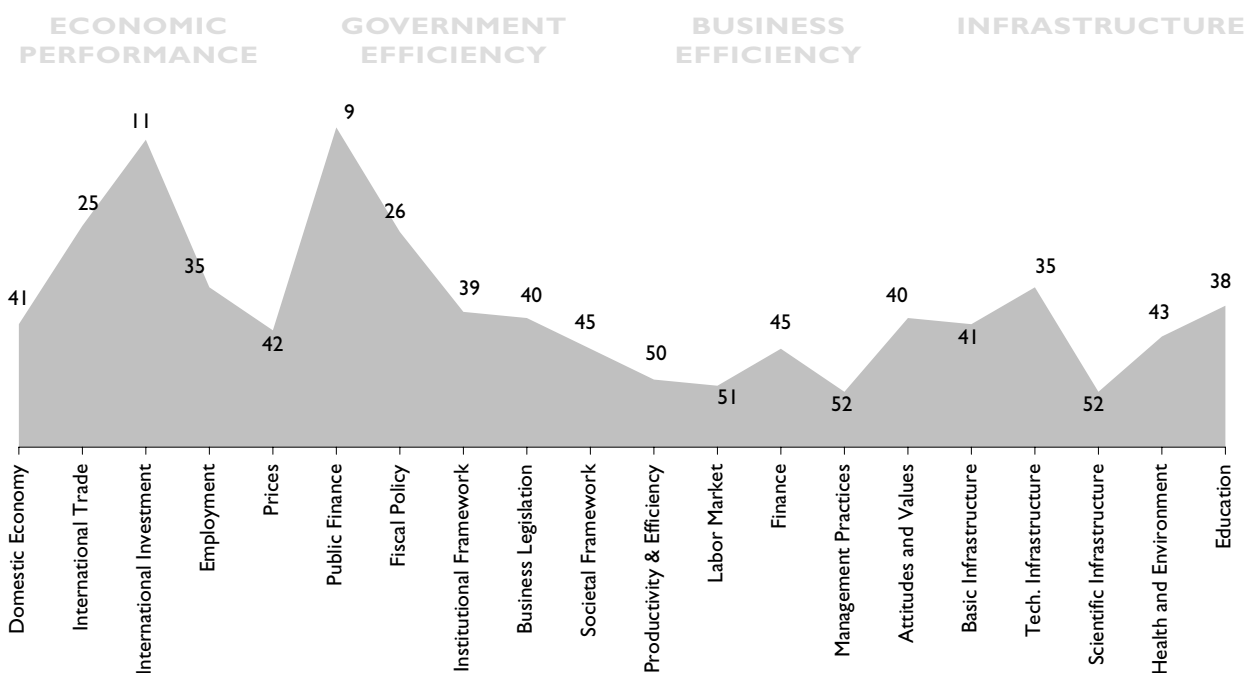
- Improve the rule of law to reduce the gray economy, corruption and organized crime.
- Streamline public service delivery and property management and public administration reform.
- Focus EU structural, cohesion and agricultural funds more heavily towards the development of human capital, entrepreneurship and innovation.
- Improve government strategic, long-term policy planning and accountability.
- Reform secondary and higher education and the R&D sector to produce a more skillful and flexible labor force.

Provided by :
Center for the Study of Democracy

BASIC FACTS

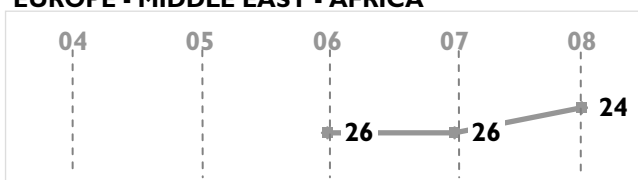
		Rank
Capital	Sofia	
Land area (km ² '000)	111.0 (2007)	-
Exchange rate (per \$)	1.43 (2007)	-
Population (millions)	7.64 (2007)	39
GDP (\$ billions)	39.6 (2007)	52
GDP (PPP) per capita (\$)	11,007 (2007)	43
Real GDP growth (%)	6.4 (2007)	16
Consumer Price Inflation (%)	8.4 (2007)	50
Unemployment rate (%)	7.8 (2007)	39
Labor force (millions)	3.99 (2007)	40
Current Account Balance (%)	-20.4 (2007)	55
Direct Investment		
Stocks Inward (\$ billions)	20.7 (2006)	48
Flows Inward (% of GDP)	21.2 (2007)	3

COMPETITIVENESS LANDSCAPE

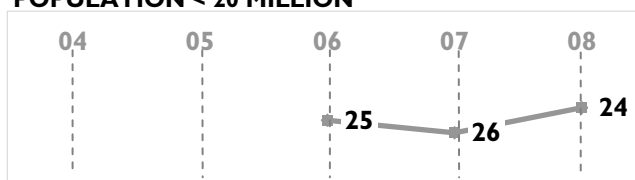


PEER GROUP RANKINGS

EUROPE - MIDDLE EAST - AFRICA



POPULATION < 20 MILLION



The criteria below highlight the 15 greatest Improvements and the 15 biggest Declines in the overall performance of the economy. They are determined by the largest percentage changes in the value of each criterion from one year to the next.

IMPROVEMENTS

	WCY 2007	WCY 2008
1.3.03 Direct investment stocks abroad US\$ billions	0.18	0.34
1.3.08 Direct investment stocks inward US\$ billions	11.41	20.71
3.3.13 Stock market capitalization % of GDP	18.71	32.80
4.3.20 Number of patents in force Per 100,000 inhabitants	29	45
1.3.01 Direct investment flows abroad US\$ billions	0.17	0.26
2.1.11 Total reserves Gold and official reserves (gold = SDR 35 per ounce), SDR billions	7.32	10.47
2.2.12 Real personal taxes do not discourage people from working or seeking advancement (Survey)	3.76	5.24
4.2.17 Funding for technological development is readily available (Survey)	3.10	4.33
3.1.11 Productivity of companies is supported by global strategies (supplies, offshoring, outsourcing) (Survey)	3.51	4.88
2.4.21 Immigration laws do not prevent your company from employing foreign labor (Survey)	4.04	5.38
4.2.04 Mobile telephone subscribers Number of subscribers per 1000 inhabitants	808.3	1,075.9
4.1.05 Urbanization of cities supports business development (Survey)	4.69	6.14
2.4.20 Unemployment legislation provides an incentive to look for work (Survey)	3.43	4.48
4.2.20 High-tech exports % of manufactured exports	4.68	6.05
1.4.08 Youth unemployment % of youth labor force (under the age of 25)	20.95	15.07

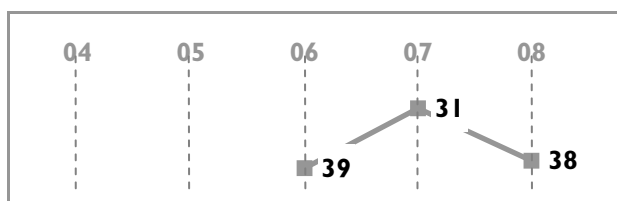
DECLINES

	WCY 2007	WCY 2008
2.3.15 Bribing and corruption do not exist (Survey)	1.39	0.71
3.2.19 Brain drain (well-educated and skilled people) does not hinder competitiveness in your economy (Survey)	4.08	2.56
1.2.02 Current account balance % of GDP	-15.91	-20.41
2.5.01 Justice is fairly administered (Survey)	2.94	2.14
2.4.14 Parallel (black-market, unrecorded) economy does not impair economic development (Survey)	2.94	2.15
4.5.18 Qualified engineers are available in your labor market (Survey)	5.83	4.37
2.3.14 Bureaucracy does not hinder business activity (Survey)	1.83	1.38
2.5.05 Social cohesion is a priority for the government (Survey)	4.49	3.44
4.5.15 Economic literacy among the population is generally high (Survey)	4.25	3.30
2.5.08 Equal opportunity legislation in your country encourages economic development (Survey)	6.00	4.74
4.3.22 Scientific research is supported by legislation (Survey)	4.12	3.29
3.4.02 Ethical practices are implemented in companies (Survey)	4.16	3.33
3.2.20 Foreign high-skilled people are attracted to your country's business environment (Survey)	3.59	2.90
2.5.02 Personal security and private property are adequately protected (Survey)	3.67	3.07
2.4.03 Public sector contracts are sufficiently open to foreign bidders (Survey)	4.61	3.86

BULGARIA



ECONOMIC PERFORMANCE



Sub-Factor Rankings :	2008
Domestic Economy	41
International Trade	25
International Investment	11
Employment	35
Prices	42

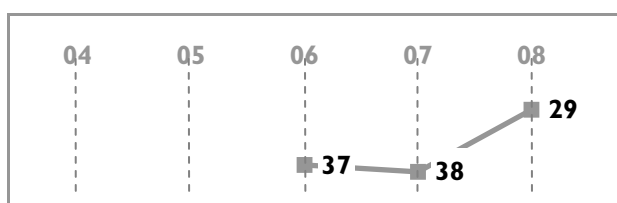
Strengths

1.2.21	Exchange rates support the competitiveness of enterprises (Survey)	2
1.3.07	Direct investment flows inward Percentage of GDP	3
1.2.20	Tourism receipts International tourism receipts as a percentage of GDP	4
1.5.02	Cost-of-living index Index of a basket of goods & services in major cities, including housing (New York City = 100)	8
1.1.14	Real GDP Growth per capita Percentage change, based on national currency in constant prices	9

Weaknesses

1.2.02	Current account balance Percentage of GDP	55
1.2.07	Exports of goods US\$ billions	51
1.3.04	Direct investment stocks abroad Percentage of GDP	51
1.5.01	Consumer price inflation Average annual rate	50
1.3.08	Direct investment stocks inward US\$ billions	48

GOVERNMENT EFFICIENCY



Sub-Factor Rankings :	2008
Public Finance	9
Fiscal Policy	26
Institutional Framework	39
Business Legislation	40
Societal Framework	45

Strengths

2.2.08	Corporate tax rate on profit Maximum tax rate, calculated on profit before tax	1
2.3.01	Real short-term interest rate Real discount / bank rate	2
2.1.02	Government budget surplus/deficit Percentage of GDP	9
2.1.04	Total general government debt Percentage of GDP	11
2.2.13	Real corporate taxes do not discourage entrepreneurial activity (Survey)	14

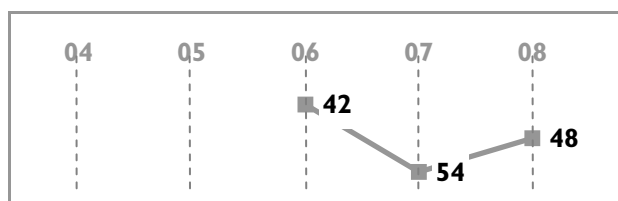
Weaknesses

2.5.03	Ageing of society is not a burden for economic development (Survey)	53
2.4.03	Public sector contracts are sufficiently open to foreign bidders (Survey)	52
2.5.05	Social cohesion is a priority for the government (Survey)	52
2.3.15	Bribing and corruption do not exist (Survey)	52
2.5.01	Justice is fairly administered (Survey)	50

BULGARIA



BUSINESS EFFICIENCY



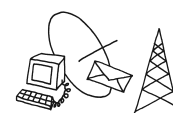
Sub-Factor Rankings :	2008
Productivity & Efficiency	50
Labor Market	51
Finance	45
Management Practices	52
Attitudes and Values	40

Strengths

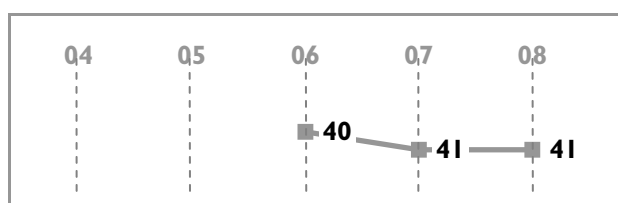
3.2.04	Remuneration of management Total base salary plus bonuses and long-term incentives, US\$	1
3.2.03	Remuneration in services professions Gross annual income including supplements such as bonuses, in US\$	5
3.2.01	Compensation levels Estimates: Total hourly compensation for manufacturing workers (wages + supplementary benefits), US\$	7
3.3.16	Stock market index Percentage change on index in national currency	7
3.2.11	Labor force Percentage of population	16

Weaknesses

3.4.02	Ethical practices are implemented in companies (Survey)	55
3.4.10	Health, safety & environmental concerns are adequately addressed by management (Survey)	53
3.2.21	International experience of senior managers is generally significant (Survey)	53
3.4.05	Auditing and accounting practices are adequately implemented in business (Survey)	52
3.2.18	Attracting and retaining talents is a priority in companies (Survey)	52



INFRASTRUCTURE



Sub-Factor Rankings :	2008
Basic Infrastructure	41
Technological Infrastructure	35
Scientific Infrastructure	52
Health and Environment	43
Education	38

Strengths

4.2.01	Investment in telecommunications Percentage of GDP	2
4.2.10	Internet costs Cost for 20 hours dial-up per month, US\$	6
4.1.09	Dependency ratio Population under 15 and over 64 years old, divided by active population (15 to 64 years)	14
4.2.04	Mobile telephone subscribers Number of subscribers per 1000 inhabitants	15
4.2.03	International fixed telephone costs US\$ per 3 minutes in peak hours to USA (for USA to Europe)	18

Weaknesses

4.5.19	Knowledge transfer is highly developed between companies and universities (Survey)	53
4.4.12	Energy intensity Commercial energy consumed for each dollar of GDP in kilojoules	52
4.2.16	Development and application of technology are supported by the legal environment (Survey)	52
4.4.19	Sustainable development is a priority in companies (Survey)	51
4.3.22	Scientific research is supported by legislation (Survey)	51