

Bulgaria

Country Report

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Executive Summary

Bulgaria has undergone a tumultuous transition toward democracy and a market economy while combatting inflation, unemployment and corruption. Despite progress made, these problems continue to be a major obstacle to the country's development.

Bulgaria joined NATO in 2004 and the EU in 2007. As a member of these organizations, Bulgaria is focused on further integration into European political and security structures. Bulgaria shares close historical, cultural, and economic ties with Russia. Despite recent tensions in relations with Russia, and the termination of the South Stream natural gas pipeline project, Russia remains Bulgaria's major trading partner.

Bulgaria and Israel enjoy a special relationship, stemming from Bulgaria's role in saving its Jews from deportation to the Nazi death camps. Bulgaria and the U.S. also have a close bilateral relationship.

Bulgaria's Jewish community is estimated at 2,000-5,000 people and is mostly centered in Sofia. There is no state discrimination against the Jewish community. Instances of anti-Semitic attacks and vandalism are not common, but anti-Semitic rhetoric in online media remains a problem. Jewish elderly and other vulnerable members of the community have struggled to keep up with rising costs of living in the country.

History

Bulgaria, slightly larger than the state of Tennessee, is bordered by Greece, Macedonia, Romania, Serbia, Turkey, and the Black Sea. Over the centuries, the territory of modern-day Bulgaria was settled, invaded and conquered by Thracians, Greeks, Romans, and Byzantines, and by the end of the 14th century was overrun by the Ottoman Turks.

After 500 years under Ottoman rule, Bulgaria gained its independence from the Ottoman Empire in the late 19th century. The country fought on the losing side in both World War I and World War II, subsequently falling under the Soviet sphere of influence. In 1946, the country became the People's Republic of Bulgaria.

Under communist rule, Bulgaria underwent massive industrialization and collectivization campaigns; thousands of dissidents were sent to labor camps or executed. After Stalin's death, there was some

Statistics:

Population: 7,100,000 (July 2017 est.)

Size: 110,879 sq. km

Capital: Sofia

Major cities: Sofia, Plovdiv, Varna, Burgas, Rousse

Jewish population: 2,000-5,000

2014 Aliyah (emigration to Israel): 40,000

Head of State: President Rumen Radev

Head of Government: Prime Minister Boyko Borissov

Foreign Minister: Ekaterina Zaharieva

Ambassador to United States: Tihomir Stoytchev

U.S. Ambassador to Bulgaria: Eric Seth Rubin

Freedom House Rating: Free

relaxation of censorship and communist economic policies. Later, Gorbachev's perestroika encouraged a national opposition movement against communist rule.

Communist domination ended in 1990. Since then, the country has undergone a difficult transition toward democracy and a market economy while combatting inflation, unemployment, and corruption.

Political Situation

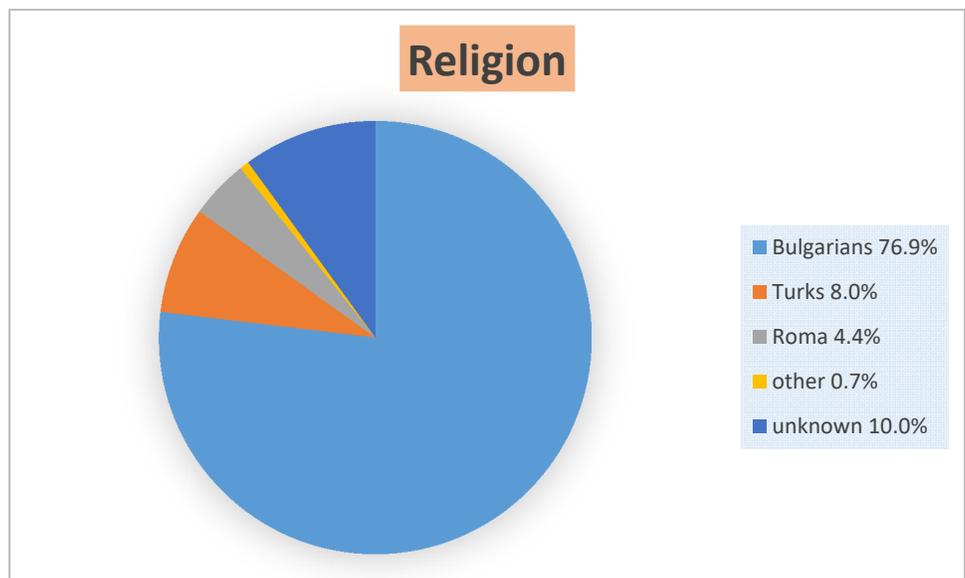
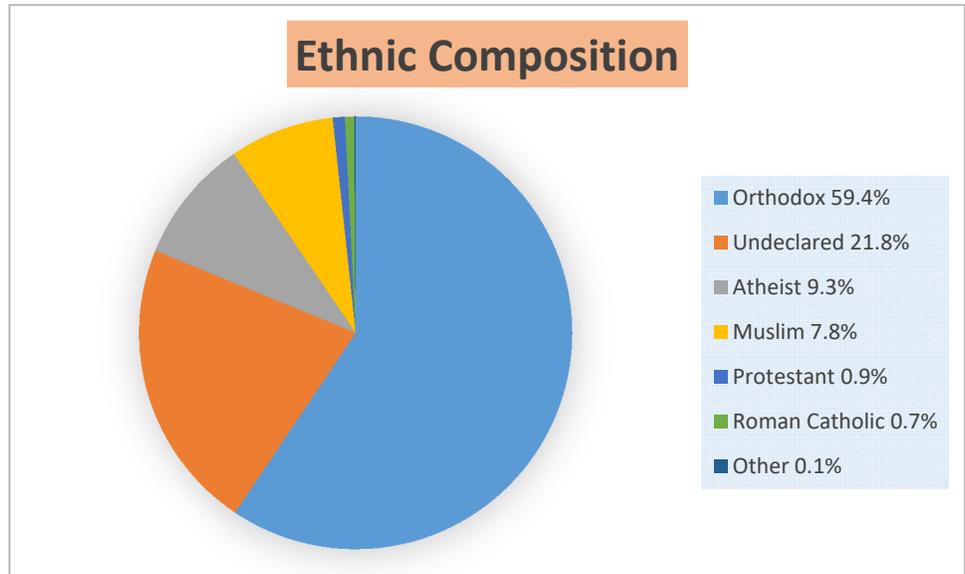
The Republic of Bulgaria is a parliamentary democracy with executive, legislative, and judicial branches of government.

The President is elected every five years. Rumen Radev has been President of Bulgaria since January 2017.

The Prime Minister is the leader of the Cabinet of Ministers, and has greater

political power than Bulgaria's president. Boyko Borissov is currently serving his third term as prime minister, since his reelection in January, 2017. The Cabinet of Ministers is nominated by the prime minister and elected by the National Assembly.

The unicameral National Assembly has 240 seats. Members are directly elected in multi-seat constituencies by proportional representation to serve four-year terms. The National Assembly was dissolved in January 2017 and Bulgaria did not have a legislative body until after a general election in March 2017. Since 2009, the Bulgarian political system has been dominated by the GERB party, which was founded by Boyko Borissov in 2006.



Since the collapse of communism, Bulgaria has transitioned to a free-market democracy. However, observers note that the country's democratic institutions are still weak, and inefficiency and corruption are major obstacles to the country's development.

In 2013-2014, widespread public protests took place against the rising cost of electricity, leading to the resignation of Bulgaria's center-right government. Early elections were held in May 2014. The appointment of a media mogul to head Bulgaria's security agency led to a new wave of protests. As a result, Prime Minister Borissov resigned.

Another round of parliamentary elections was held in October 2014. Parliamentary votes were distributed among eight parties, with GERB winning 84 seats, twice as much as its main opponent – the Socialist party. Borissov was reappointed as the country's Prime Minister.

In the October 2016 presidential elections, independent candidate Rumen Radev won the popular vote with 59.4% against pro-EU GERB candidate Tsetska Tsacheva. Following the elections, Prime Minister and GERB leader Boyko Borissov resigned as he acknowledged that his government had clearly lost its majority of support. The new President is known for his warm attitudes toward Moscow and his willingness to deepen ties with Russia in general.

Economic Situation

Despite its severe economic depression in the 1990s, Bulgaria has showed impressive strides in economic recovery.

The government undertook significant structural economic reforms in the 1990s to move the economy from a centralized, planned economy to a more liberal, market-driven economy. These reforms included privatizing state-owned enterprises, liberalizing trade, and strengthening the tax system — changes that initially caused some economic hardships but later helped to attract investment, spur growth, and make gradual improvements to living conditions.

From 2000 through 2008, Bulgaria maintained robust, average annual real GDP growth in excess of 6%, which was followed by a deep recession in 2009 as the global financial crisis caused domestic demand, exports, capital inflows, and industrial production to contract, prompting the government to rein in spending. Real GDP growth remained slow (less than 2% annually) until 2015, when demand from EU countries for Bulgarian exports, plus an inflow of EU development funds, boosted growth to more than 3%. In recent years, low international energy prices have contributed to Bulgaria's economic growth and helped to ease inflation.

- **Currency:** 1.64 Bulgarian Lev= \$1
- **GDP:** \$144.6 billion (2016 est.)
- **GDP per capita:** \$20,400 (2016 est.)
- **GDP Growth:** 3.4% (2016 est.)
- **Unemployment rate:** 7.7% (2016 est.)
- **Population below poverty line:** 22% (2015 est.)
- **Inflation rate (consumer prices):** 1.3% (2016 est.)

Bulgaria is heavily reliant on energy imports from Russia, a potential vulnerability, and is a participant in EU-backed efforts to diversify regional natural gas supplies. In late 2016, the Bulgarian Government provided funding to Bulgaria's National Electric Company to cover the \$695 million compensation owed to Russian nuclear equipment manufacturer Atomstroyexport for the cancellation of the Belene Nuclear Power Plant project, which the Bulgarian Government terminated in 2012.

In 2016, the Bulgarian Government established the State eGovernment Agency. This new agency is responsible for the implementation of projects related to electronic governance, coordinating national policies with EU requirements and practices, as well as strengthening cybersecurity.

Despite a favorable investment regime, including low, flat corporate income taxes, significant challenges remain. Corruption in public administration, a weak judiciary, low productivity, and the presence of organized crime continue to hamper the country's investment climate and economic prospects.

Electricity, gas, water; food, beverages, tobacco; machinery and equipment, automotive parts, base metals, chemical products, coke, refined petroleum and nuclear fuel are leading industries in Bulgaria. According to the 2017 Index of Economic Freedom, Bulgaria is ranked 47 out of 178 countries, and is considered a "moderately free" economy.

Human Rights

According to Freedom House's 2017 "Freedom in the World" report, Bulgaria is a free country and partially free in regards to press. The country continues to struggle with political corruption and organized crime, and the political discourse is marred by hate speech against minority groups and foreigners, especially from smaller right-wing parties. While the media sector remains pluralistic, ownership concentration is a growing problem, and news outlets often tailor coverage to suit the interests of their owners. Journalists sometimes encounter threats or violence in the course of their work. Ethnic minorities, particularly Roma, face discrimination. Despite funding shortages and other obstacles, civil society groups have been active and influential.

In September 2017, the National Assembly approved a law that prohibited wearing full-face veils in public places. The law was a part of the package of bills proposed by the far-right, nationalist Patriotic Front, a member of the ruling coalition, allegedly aimed at preventing what was characterized as radicalization. Other bills, still under consideration at the end of the year, proposed far-reaching measures, including the prohibition of "radical Islam," a complete ban on foreign funding for all religious denominations, and a mandatory use of the Bulgarian language during all religious services. Earlier in the year, several regional centers, such as Pazardzhik, imposed bans on wearing full-face veils in public.

Foreign Policy

After the collapse of the Soviet Union, Bulgaria's foreign policy orientation as a USSR satellite state ended. Bulgaria pursued Euro-Atlantic integration, and entered NATO in 2004 and the EU in 2007. As a member of NATO and the EU, Bulgaria is focused on further integration into European political and security structures. Bulgaria supports EU enlargement to the Western Balkan states, and has called on the EU and NATO to remain actively committed to EU enlargement in the region.

Another foreign policy priority is regional cooperation in Southeast Europe and the Black Sea region. Bulgaria has close bilateral relations with its immediate neighbors in the region: Greece, Romania, Macedonia, Turkey, and Serbia. Bulgaria is a member of the Organization of the Black Sea Economic Cooperation (BSEC).

Bulgaria shares close historical, cultural, and economic ties with Russia, and is largely dependent on Russian energy supplies. Bilateral tensions stem from Bulgaria's pro-Western orientation. Relations with Russia became strained after Bulgaria's decision to allow U.S. military bases on its territory, and to cancel Russian energy projects: a nuclear power plant, and an oil pipeline linking its Black Sea coast with Greece's Aegean coast.

In June 2014, Bulgaria halted construction of the South Stream pipeline project to supply Russian gas to the Balkans and Central Europe, under pressure from the European Commission. Russia abandoned its South Stream pipeline project in December 2014, blaming Bulgaria.

Bulgaria's support for EU sanctions against Russia in the aftermath of Russia's annexation of Crimea is also contributing to tensions, although according to opinion polls, the majority of the general public does not support imposition of severe sanctions on Russia. Despite tensions in relations, Russia continues to be Bulgaria's sole energy supplier and an important trading partner.

Relations with the United States

The United States first formally established diplomatic relations with Bulgaria in 1903, when John B. Jackson became the first U.S. representative and Diplomatic Agent to Bulgaria. Relations between the two countries were severed in 1950 and resumed a decade later.

After the collapse of the Soviet Union, Bulgarian-U.S. relations improved dramatically and Bulgaria became a reliable U.S. ally. The U.S. government is working closely with the Bulgarian government to strengthen the rule of law, encourage multi-party democracy, develop military units, and to develop major industry sectors in Bulgaria.

The U.S.-Bulgarian Defense Cooperation Agreement signed in April 2006 by Bulgarian Foreign Minister Ivailo Kalfin and U.S. Secretary of State Condoleezza Rice, allows the United States to access and share the use of several Bulgarian military facilities.

In 2002, the governments of Bulgaria and the United States signed an agreement on the protection and preservation of certain cultural properties in Bulgaria. The U.S. Commission for the Preservation of America's Heritage Abroad has initiated several projects, including the restoration of the synagogue in Plovdiv.

U.S. companies conduct business across major industry sectors. The United States and Bulgaria have a treaty on avoidance of double taxation and a bilateral investment treaty. U.S. citizens traveling on a U.S. passport for business or tourism purposes can enter and stay in Bulgaria for up to 90 days in a 6-month period without requiring issuance of a visa.

President Bill Clinton became the first U.S. President to visit Bulgaria in 1996. In 2007, President George Bush visited the Bulgarian capital to meet with the President Georgi Parvanov and Prime Minister Sergei Stanishev to discuss military and political cooperation.

Following Russia's decision to cancel the South Stream pipeline project, U.S. Secretary of State John Kerry visited Bulgaria in January 2015. During his first official visit, Kerry met with Bulgarian President Rosen Plevneliev, Prime Minister Borissov and other Bulgarian leaders to discuss security cooperation, military modernization, energy dependence on Russia, and bilateral trade and investment.

Relations with Israel

Bulgaria and Israel enjoy a special relationship, stemming from Bulgaria's role in saving its Jews from deportation to Nazi death camps. Over 40,000 Bulgarian Jews have immigrated to Israel since 1948, making it the fourth largest group to come from a European country, after the Soviet Union.

Bulgaria was the twentieth country to recognize the State of Israel, and the countries quickly developed diplomatic ties and trade relations. Over the years, however, relations deteriorated and were severed completely after the Six Day War in 1967, but Bulgaria and Israel resumed trade in 1968.

In 1990, diplomatic relations resumed. Israel opened its embassy in Sofia and a consulate in Varna. Bulgaria opened its embassy in Tel Aviv and a consulate in Jerusalem.

Israel's annual exports to Bulgaria amount to \$2 million, and Bulgarian exports are worth \$12 million. Both countries have expressed interest in boosting bilateral trade.

In July 2011, Bulgarian Prime Minister Borissov and Israeli Prime Minister Benjamin Netanyahu signed a cooperation agreement in the areas of tourism, energy, agriculture, foreign affairs and national security. In July 2012, a terrorist attack carried out by Hezbollah killed five and injured thirty-two Israeli tourists in Burgas, Bulgaria. To demonstrate unity following the terrorist attack, the Israeli and Bulgarian governments met in September 2012.

In October 2012, Bulgarian President Plevneliev visited Israel. In meeting with President Peres, Prime Minister Netanyahu and other senior political figures, the two sides agreed to strengthen cooperation

in areas of anti-terrorism and national security. President Shimon Peres praised Bulgaria for its response to the terrorist attack.

In May 2014, Israeli Foreign Minister Avigdor Lieberman visited Sofia, pledging to deepen cooperation.

In February 2016, the terrorist Omar Zayed wanted by Israel for the killing of an Israeli student was murdered at the Palestinian Embassy in Bulgaria. Some Palestinian groups claimed that Israeli killed him, an accusation that Jerusalem firmly denied. The investigation is ongoing.

The same month, Bulgarian Prime Minister Boyko Borissov visited Israel and held talks with Benjamin Netanyahu on various issues including potential cooperation in the energy sector.

Among EU countries Bulgaria is seen as a relatively reliable pro-Israel vote in the United Nations: when there is a split among the EU countries regarding an Israel-related vote, it can be counted on to either vote for Israel, or abstain.

Jewish Community

Jewish settlement in Bulgaria began after the Roman conquest of the region. After the First Bulgarian Empire was established, a number of Jews persecuted in the Byzantine Empire escaped to Bulgaria. The Jewish community in Bulgaria continued to enlarge with successive waves of settlement of Ashkenazim from Hungary and Bavaria and Sephardim from Spain. Under Ottoman rule, Bulgaria had sizable Jewish communities in many of its major cities, and the Jewish population continued to flourish and grow throughout this period. After the end of Ottoman rule, Jews in Bulgaria were granted equal rights by the Treaty of Berlin.

During World War II, Bulgaria joined the Axis alliance, and starting in 1940 enacted anti-Jewish legislation, prohibiting Bulgaria's Jews from owning land, working in government positions, voting, running for office, marrying ethnic Bulgarians, among other restrictions. Between 1941 and 1943, conditions for Jews drastically deteriorated.

In 1943, Nazi Germany began pressing Bulgarian authorities to deport the country's Jews. This created a wave of public opposition, and with the help of parliamentary leader Dimitar Peshev, Metropolitan Stefan of Sofia and leaders of the Bulgarian Church, and many others, Bulgaria's Jewish community was saved from deportation to death camps. However, Jews in northern Greece and parts of Yugoslavia, which were under Bulgarian control, were deported to the Treblinka killing center in Nazi-occupied Poland.

After the end of World War II, 35,000 Bulgarian Jews left for the British Mandate in Palestine, a part of which became the State of Israel, and by 1950 most surviving Bulgarian Jews had made aliyah.

Under the communist regime in Bulgaria, authorities sought to undermine Judaism and other religions, and those Jews who remained in the country became increasingly secularized.

Since the collapse of the communist regime, the Jewish community has made strong strides toward revival.

Bulgaria's Jewish community currently is numbering approximately 2,000-5,000 people, centering in Sofia. The community is represented by Shalom: Organization of Jews in Bulgaria, chaired by Dr. Alexander Oscar.

Shalom organizes clubs for children, youth, and veterans, and runs Hebrew studies and Sunday schools for children. The Jewish community center provides social and medical services for the elderly and people with disabilities. The organization publishes the *Evreyski Vesti* (Jewish News) newspaper, launched in 1933.

Bulgaria has two functioning synagogues in Sofia and Plovdiv. The Sofia Synagogue is the largest synagogue in Southeastern Europe and the third-largest in Europe. The Sofia Synagogue also houses a Jewish Museum of History.

As the result of the 2009 global economic crisis, Bulgaria's vulnerable population, including members of the Jewish community, have struggled, as salaries and state pensions remained low compared to rising living costs. The community receives support from the American Jewish Joint Distribution Committee, the Ronald S. Lauder Foundation, the Conference on Jewish Material Claims against Germany, the European Jewish Congress, and other foundations.

Anti-Semitism

There is no state discrimination against the Jewish community. The Jewish community has good relations with the government and other religious groups.

In October 2017, the Bulgarian government adopted the international working definition of anti-Semitism and appointed a national coordinator on combatting anti-Semitism.

The primary source of anti-Semitism in Bulgaria is online media. The Jewish community has expressed concern about an increase in such anti-Semitic manifestations.

Instances of anti-Semitic vandalism are uncommon. In November 2013, the Jewish cemetery in Sofia was vandalized. In June 2014, vandals painted swastikas and other anti-Semitic symbols on the Central Synagogue in Sofia. Bulgarian authorities investigated these incidents and arrested the perpetrators.

In 2013, close to 1,000 Bulgarians participated in an annual march to honor World War II general Hristo Lukov, known for his anti-Semitic and pro-Nazi activities. In 2014, only 300 attended. Every year the Bulgarian Jewish community organizes a counter-protest. In February 2016, scores of people defied a ban against the annual torchlight procession to commemorate Lukov in Sofia, and the 'Lukov March' took place for the thirteenth year in a row.

At an exhibition match in Sofia in August 2015, soccer fans attacked Israeli players and coaches and reportedly shouted anti-Semitic slogans during the game. The police reportedly believed the attacks were premeditated.

According to a recent Anti-Defamation League survey, Eastern Europe is the second among the world's regions in prevalence of anti-Semitic views. Bulgaria scored higher (anti-Semitic views more widespread) than the average for the region.

In August 2016, Jewish organizations expressed concern over hate speech and commemoration of World War II figures associated with Nazism, the U.S. State Department said in its annual report on religious freedom, covering 2016. U.S. Ambassador Eric Rubin has met with Sofia mayor Yordanka Fandukova twice to discuss religious tolerance issues, including to protest the march to commemorate a pro-Nazi, World War II-era politician, the report said.

Jewish community leaders continued to express concern over increasing incidents of anti-Semitism on social media and online forums. They said examples included accusations that Jews hated all other people and were enemies of the state, that Jews caused the crises in the Middle East with the intent to cause a refugee wave that would destroy Europe, and statements such as "Crush the dastardly Jewish scum! Khazar plague!" In some cases, the same statements were reposted or shared on mainstream media websites.

Jehovah's Witnesses, Jews, and the Office of the Grand Mufti continued to report incidents of desecration such as painted swastikas, offensive graffiti, and broken windows in their places of worship.

In August 2017, a monument erected to thank the residents of the Bulgarian town of Vidin for preventing the deportation of their Jewish neighbors during World War II was defaced with anti-Semitic slogans, according to the Shalom Organization of Jews in Bulgaria.

In September 2017, unknown individuals damaged graves at the Jewish Cemetery in Sofia, which is located on the premises of the Bulgarian capital's Central Cemetery, near the city center.

In October 2017, vandals painted the anti-Semitic slogan "100 years Zionist occupation" in Bulgarian, at the base of a Soviet Army monument in Sofia.