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Bulgaria: An Overview

Bulgaria is a southeastern European country located along the Black Sea. After decades of single-party communist rule and a turbulent transition period during the 1990s, Bulgaria joined NATO in 2004 and the European Union (EU) in 2007. The United States cooperates with Bulgaria on a range of security issues. At the same time, U.S. officials have urged Bulgaria to strengthen the rule of law.

Domestic Background

Bulgaria is a parliamentary democracy. The prime minister leads the government, and a directly elected president serves as head of state. The National Assembly (*Narodno sabranie*) is a unicameral legislature with 240 members.

After 12 years of near-continuous rule under Prime Minister Boyko Borisov and his center-right Citizens for European Development of Bulgaria (GERB), Bulgaria experienced a period of uncertainty following parliamentary elections held on April 4, 2021. GERB and its main rival, the Bulgarian Socialist Party, placed first (26%) and third (15%), respectively, but had their weakest results in years.

Propelled by dissatisfaction with the status quo, three new political groupings won around one-third of the vote. The populist There is Such a People (ITN), led by singer and TV entertainer Stanislav Trifonov, placed second (18%). Democratic Bulgaria and Stand Up, Mafia Out, which were involved in a wave of anti-corruption protests in 2020, won nearly 10% and 5% of the vote, respectively. The Movement for Rights and Freedoms, a party predominantly supported by ethnic Turkish voters that has often had a “kingmaker” role in Bulgarian politics, won 11% of the vote.

The fragmented results may make it difficult for any party to form a government. Although GERB will have the first opportunity to do so, most other parties have indicated they will not support it. The mandate to form a government would then pass to ITN. Other possible scenarios include a caretaker government and early elections.

The next government faces an array of policy challenges, including mitigating the health and economic impacts of the Coronavirus Disease 2019 (COVID-19) pandemic, addressing public pressure to tackle corruption and organized crime, and managing Bulgaria’s external relations amid escalating tensions in the Black Sea region.

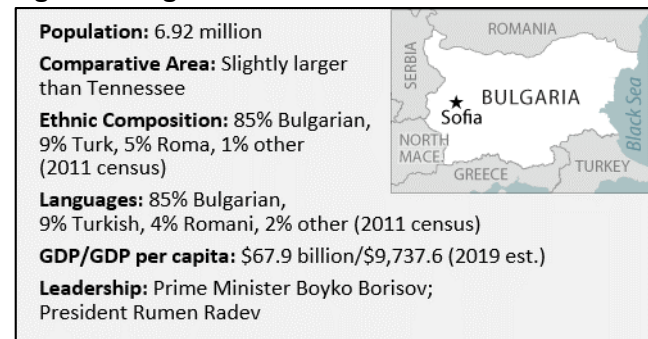
Corruption and Rule-of-Law Concerns

Corruption, organized crime, and rule-of-law challenges intensified during Bulgaria’s turbulent economic and political transition in the 1990s. Due to concern that these issues had not been fully addressed at the time of Bulgaria’s EU accession in 2007, Brussels continues to monitor the country’s reform progress through a transitional Cooperation and Verification Mechanism.

Although EU assessments note some progress in Bulgaria’s anti-corruption and rule-of-law efforts, core challenges persist. For several years, Bulgaria has ranked last among EU member states in Transparency International’s annual Corruption Perceptions Index. The U.S. State Department’s 2020 Investment Climate Statement for Bulgaria describes corruption as “endemic, particularly on large infrastructure projects and in the energy sector” and “in public procurement and use of EU funds.” The influence of oligarchs and criminal groups over some decisionmaking processes and state institutions also is a concern.

The outgoing government was weakened by multiple alleged corruption scandals involving GERB officials. These allegations prompted a wave of anti-corruption protests in mid-2020.

Figure 1. Bulgaria at a Glance



Source: Map and graphic created by CRS.

Rule-of-law challenges and a weak media environment complicate efforts to combat corruption and organized crime. The judiciary is one of Bulgaria’s least-trusted institutions. Among other recommendations, external assessments have called for measures to strengthen judicial independence and increase the accountability of the prosecutor general, one of the country’s most powerful positions. Media watchdog groups caution that Bulgaria’s media environment is deteriorating. Bulgaria had the worst score among EU member states in Reporters Without Borders’ 2020 World Press Freedom Index, which described a media environment marred by “corruption and collusion between media, politicians, and oligarchs.”

Economy

The World Bank classifies Bulgaria as an upper-middle income country. Bulgaria experienced robust GDP growth during the 2000s, following economic reforms and deeper EU integration. Although the economy struggled in the aftermath of the 2008 global financial crisis, recent annual GDP growth has been around 3% to 4%. As elsewhere, COVID-19 has adversely impacted the Bulgarian economy. GDP contracted by an estimated 4% in 2020.

Although economic conditions have improved significantly since the 1990s, Bulgaria had the EU's lowest GDP per capita level in 2019. A third of its population is at risk of poverty or social exclusion. Further compounding economic challenges, Bulgaria has one of the world's fastest-shrinking populations due to emigration and low fertility rates; after peaking at nearly 9 million in the 1980s, its population had decreased to about 7 million by 2019.

Foreign Relations

Closely aligned with the Soviet Union during the Cold War, Bulgaria adopted a Euro-Atlantic foreign policy orientation in the 1990s. It has contributed troops to NATO, EU, and coalition missions in Afghanistan, Bosnia and Herzegovina, Iraq, and elsewhere, and it is one of three NATO allies in the strategic Black Sea region.

At the same time, many Bulgarian leaders have sought to maintain good relations—and avoid friction—with Russia, Bulgaria's neighbor across the Black Sea. Most Bulgarians hold favorable views of Russia, due in part to cultural and historical ties. The two countries have significant trade and investment links, particularly in the energy sector. According to the Sofia-based Centre for the Study of Democracy, actual Russian foreign direct investment stock in Bulgaria amounts to €4.5 billion (equivalent to about 11% of GDP). Some analysts caution that endemic corruption, bilateral energy links, and alleged Russian ties to some political parties and interest groups may invite greater overall Russian influence in Bulgarian affairs.

Bulgaria's relations with Russia were occasionally strained in recent years over energy issues, Bulgaria's approval of EU sanctions against Russia, and an alleged Russia-backed cyberattack on Bulgaria's Central Electoral Commission. Since 2019, Bulgaria has expelled several Russian diplomats on espionage charges connected to defense, energy, and other issues. In March 2021, prosecutors charged six Bulgarians, including current and former Ministry of Defense and military intelligence officials, on suspicion of passing classified information to Russia on such sensitive topics as Bulgaria's defense plans, NATO, the EU, and the United States.

U.S.-Bulgaria Relations

During the 1990s and 2000s, the United States provided significant financial assistance and diplomatic support for Bulgaria's domestic transition and integration into NATO and the EU. The United States and Bulgaria continue to have good relations and cooperate on various issues. Members of Congress may be interested in Black Sea and energy security issues relating to Bulgaria.

Security Cooperation

Bulgaria's location gives it strategic importance for an array of U.S. security concerns about Russia, the Black Sea, and conflicts in the Middle East. In 2006, the United States and Bulgaria signed a Defense Cooperation Agreement that allows for joint use of four Bulgarian military bases and rotations of up to 2,500 U.S. troops. The United States has invested over \$50 million to upgrade these facilities. In October 2020, the two countries agreed to a 10-year road map for continued military cooperation. The United States also supports Bulgaria's plans to replace its Soviet-era military equipment. In 2019, Bulgaria purchased eight F-16

fighter jets from the United States for \$1.3 billion—its largest military expenditure in decades. Bulgaria's 2020 estimated defense expenditure was at 1.9% of GDP, bringing it close to NATO's 2% target.

The United States and Bulgaria also cooperate on capacity-building programs to confront additional security threats. Bulgaria is located along the EU's external border and in a major transit region for illicit trafficking in persons, arms, narcotics, and contraband. The European migration and refugee crisis, which peaked in 2015, and concern over returning terrorist fighters in transit to Europe have underscored Bulgaria's importance to European security.

As part of NATO's renewed focus on defending the alliance's eastern flank, in 2016, the allies approved a tailored Forward Presence in southeastern Europe, including a Romanian-led multinational brigade. Bulgarian officials supported the initiative overall but objected to a Romanian proposal for a NATO Black Sea fleet.

Foreign Assistance

Since Bulgaria's 2007 EU accession, most U.S. assistance has targeted security issues, including modernizing the Bulgarian military and increasing its interoperability with NATO forces, among other priorities. Since 2016, the United States has provided over \$160 million in security assistance to Bulgaria.

Energy Security and Potential U.S. Sanctions

The United States supports the Bulgarian government's stated objective to become a regional energy transit "hub." Bulgaria currently relies heavily on Russian energy imports—a dependency that partly stems from infrastructure limitations. Bulgaria has pursued projects aimed at diversifying energy supplies, including a gas interconnector with Greece that would enable imports from Azerbaijan and a stake in the planned Alexandroupolis liquefied natural gas (LNG) terminal in Greece. In 2019, Bulgaria signed agreements to import U.S. LNG gas for the first time. Bulgaria is part of the Three Seas Initiative, a U.S.-backed platform among EU member states in Central Europe aimed at expanding regional connectivity, including energy infrastructure.

At the same time, U.S. officials have expressed concern that some energy projects, such as the extension of Russian state-owned firm Gazprom's TurkStream gas pipeline across Bulgaria, could increase reliance on Russian supplies. In July 2020, the U.S. State Department issued updated public guidance on Section 232 of the Countering America's Adversaries Through Sanctions Act (P.L. 115-44). The guidance clarifies that discretionary sanctions may apply to certain activities related to TurkStream's European extension (*secondline*) and Gazprom's Nord Stream 2 project. It states that TurkStream's extension "could undermine Europe's energy security by maintaining Russia's dominant share in Europe's gas markets for decades." Bulgarian officials reject characterizations of TurkStream's extension (which they call *Balkan Stream*) as a Russian geopolitical project, describing it instead as domestic infrastructure expansion pursuant to the government's energy hub ambitions.

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