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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 but also has raised concerns over corruption and 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 entered into a period of uncertainty following parliamentary elections held on April 4, 2021. GERB and its main rival, the Bulgarian Socialist Party (BSP), placed first (26%) and third (15%), respectively, but with their weakest results in years. The Movement for Rights and Freedoms, a party predominantly supported by ethnic Turkish voters, won 11% of the vote.

Propelled by broad dissatisfaction with the status quo, three new groupings together won around one-third of the vote. The populist There Is Such a People (ITN), led by singer and TV entertainer Slavi Trifonov, placed second (18%). Democratic Bulgaria and Stand Up, Mafia Out, which participated in a wave of anti-corruption protests in 2020, won nearly 15% of votes combined.

With no party able to form a coalition, in May 2021, President Rumen Radev appointed a caretaker government, led by Stefan Yanev, and called early parliamentary elections for July 11, 2021. New allegations of corruption and malfeasance leveled against the former Borisov government, including claims that state security agencies wiretapped GERB's rivals ahead of the April 4 election, have compounded Bulgaria's current political turmoil. In addition, Bulgaria is scheduled to have presidential elections in late 2021. Radev, who is backed by BSP, has announced that he will seek a second term.

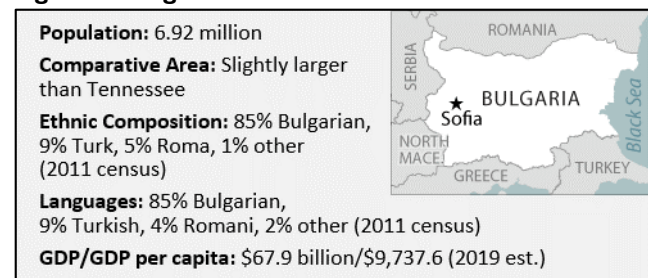
### Corruption and Rule-of-Law Concerns

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 resolved at the time of Bulgaria's EU accession in 2007, Brussels continues to monitor the country's reforms through a transitional Cooperation and Verification Mechanism (CVM). Although the CVM has guided some institutional reforms, many analysts question the EU's overall effectiveness in promoting the rule of law in Bulgaria. Some also assert that EU development funds have indirectly enabled corruption.

Although observers note some progress in Bulgaria's anti-corruption efforts, the core challenges have persisted across successive governments. To date, no senior officials have been convicted of corruption. 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 other non-state actors over some state institutions also is a concern.

Rule-of-law challenges and a weak media environment may complicate efforts to combat corruption. The judiciary is one of Bulgaria's least-trusted institutions, and analysts assert that some judicial bodies and processes have been compromised. 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.

Figure 1. Bulgaria: Basic Facts



Source: Map and graphic created by CRS.

Widespread public anger over corruption has fueled several major protest cycles. Most recently, a months-long wave of protests broke out in 2020 in response to corruption allegations against the Borisov government. These protests appear to have weakened GERB—and boosted new opposition forces—ahead of the April 2021 election.

On June 2, 2021, the U.S. Department of the Treasury sanctioned three Bulgarian individuals for involvement in corruption, as well as 64 entities in their networks, under Executive Order 13818, which implements the Global Magnitsky Human Rights Accountability Act (Title XII, Subtitle F of P.L. 114-328). According to Treasury, these designations are the largest-ever action taken on a single day under the global Magnitsky program. The State Department concurrently designated five current and former officials (two of whom were among those designated by Treasury) for involvement in significant corruption under Section 7031(c) of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2021 (P.L. 116-260). Some of the sanctioned individuals

are oligarchs regarded as behind-the-scenes powerbrokers in Bulgarian politics.

Many Bulgarian anti-corruption activists and politicians welcomed the designations. They garnered significant attention in Bulgaria, in part because they were announced during the current parliamentary election cycle, where corruption and state capture have been key campaign themes. Bulgaria's caretaker government moved to blacklist the individuals and entities designated by the United States.

## Economy

The World Bank classifies Bulgaria as an upper-middle-income country. Bulgaria experienced robust GDP growth in the 2000s, following economic reforms and EU integration. The economy struggled after the 2008 global financial crisis, but recent annual GDP growth has been around 3%-4%. As elsewhere, the COVID-19 pandemic has adversely affected the Bulgarian economy.

Although economic conditions have improved significantly since the 1990s, Bulgaria has among the EU's lowest GDP per capita levels. A third of its population is at risk of poverty or social exclusion. Bulgaria also 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 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 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. Many 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. 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. According to Treasury, a Bulgarian oligarch it designated for involvement in corruption in June 2021 sought to “create a channel for Russian political leaders to influence Bulgarian government officials.”

Relations between Bulgaria and Russia occasionally have been strained over energy issues and Bulgaria's approval of EU sanctions against Russia. Since 2019, Bulgaria has expelled several Russian diplomats on espionage charges. 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 concerning Bulgaria's defense plans, NATO, the EU, and the United States.

## U.S.-Bulgaria Relations

During the 1990s and 2000s, the United States provided foreign aid 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, as well as anti-corruption efforts.

## Security Cooperation

Bulgaria's location and NATO membership give 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 U.S. troop rotations. 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 estimated 2021 defense expenditure is at 1.56% of GDP, somewhat short of NATO's 2% target.

The United States and Bulgaria 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.

## Foreign Assistance

Following 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. The United States has provided over \$160 million in security assistance to Bulgaria since 2016.

## Energy Security and Potential U.S. Sanctions

The United States supports Bulgaria's ambitions of becoming a regional energy transit hub. Bulgaria currently relies 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 a planned liquefied natural gas terminal in Greece. 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 cautioned that some energy projects, particularly the extension of Russian state-owned firm Gazprom's TurkStream gas pipeline across Bulgaria, could increase reliance on Russia. 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) clarifying that discretionary sanctions may apply to certain activities related to TurkStream's European extension (*second line*) and Gazprom's Nord Stream 2 project.

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