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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.

Bulgaria has been in a political stalemate for most of 2021. Parliamentary elections in April 2021 and repeat elections in July 2021 did not result in the formation of a government. A third parliamentary election is scheduled for November 14, 2021, along with presidential elections.

### Domestic Overview

Bulgaria has a parliamentary system of democratic governance. The unicameral National Assembly (*Narodno sabranie*) has 240 seats. Acting Prime Minister Stefan Yanev has presided over two caretaker governments since May 2021. President Rumen Radev is seeking reelection to a second term in the November 2021 presidential election.

For most of the period from 2009 to early 2021, Bulgaria was led by Prime Minister Boyko Borisov and his center-right Citizens for European Development of Bulgaria (GERB). During this time, corruption remained a significant challenge despite Bulgaria's EU accession in 2007. A wave of anti-corruption protests in 2020 weakened the Borisov government and helped erode support for other former governing parties, including the Bulgarian Socialist Party (BSP), GERB's traditional rival.

Support for GERB and BSP weakened in the April 2021 parliamentary elections and the repeat elections in July 2021. Several new political groupings, buoyed by the 2020 protests, won a combined one-third of votes in the April elections and over 40% in the July elections (see **Figure 1**). Their campaigns largely centered on corruption issues. Some of the parties pledged not to participate in any government with GERB, BSP, or the Movement for Rights and Freedom (DPS), a former governing party that is predominantly supported by ethnic Turkish voters.

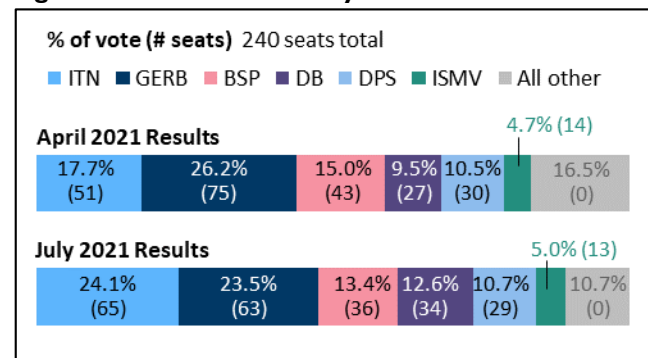
Thus far, the most successful of the new parties has been the populist There Is Such a People (ITN) party, which placed second in the April 2021 elections and narrowly won the repeat elections in July. Democratic Bulgaria (DB) and Stand Up, Mafia Out (ISMV), two blocs comprising parties involved in the 2020 protests, also gained support across the two election cycles. ITN's unconventional political actions following its July 2021 victory contributed to a seeming rift with DB and ISMV, however.

Bulgaria is scheduled to hold presidential and repeat parliamentary elections on November 14, 2021. Polls conducted in fall 2021 indicate continuing fragmentation in

voter preferences. GERB leads in most recent polls, while support for ITN appears to have declined. A new grouping formed in September 2021, We Continue the Change (PP), is polling second in some surveys. PP is led by two ministers from the first Yanev caretaker government, which gained popularity for its investigations of graft allegations.

Among other impacts, the prolonged political stalemate has impeded policymaking and delayed Bulgaria's finalization of a draft plan for its share of the EU's €750 billion post-pandemic recovery and resilience fund.

**Figure 1. 2021 Parliamentary Elections**



**Source:** Graphic created by CRS using Central Electoral Commission data.

### Corruption and Rule-of-Law Concerns

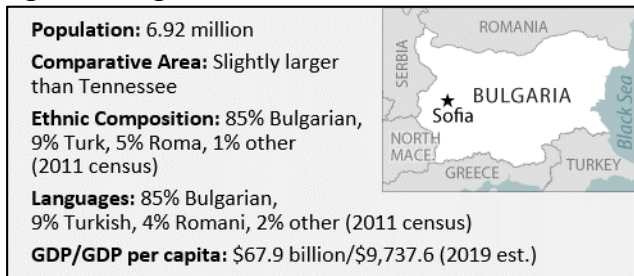
Corruption, organized crime, and rule-of-law challenges intensified during Bulgaria's turbulent transition in the 1990s. Due to concern that these issues had not been resolved when Bulgaria joined the EU in 2007, Brussels continues to monitor the country's reforms through a transitional Cooperation and Verification Mechanism (CVM). Although the CVM has guided some 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 improvements in Bulgaria's anti-corruption framework, the core challenges have persisted across successive governments. 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 2021 Investment Climate Statement for Bulgaria describes "high-level corruption, particularly in public procurement and use of EU funds" as a "serious concern." To date, no senior officials have been convicted of corruption. Alleged political interference in the judiciary and a weak media environment may complicate efforts to combat corruption.

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). 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 persons are oligarchs regarded as powerbrokers in Bulgarian politics.

**Figure 2. Bulgaria: Basic Facts**



**Source:** Map and graphic created by CRS.

## 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-declining populations due to emigration and a low fertility rate. After peaking at nearly 9 million in the 1980s, the 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 located 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 organizations may invite greater overall Russian influence in Bulgarian affairs. According to Treasury, a Bulgarian oligarch whom it designated for corruption in June 2021 sought to “create a channel for Russian political leaders to influence Bulgarian government officials.”

Bulgaria's relations with 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 defense and intelligence officials, on suspicion of passing classified information to Russia.

## 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 U.S. security concerns about Russia, the Black Sea, and the Balkans. In 2006, the United States and Bulgaria signed a Defense Cooperation Agreement that allows for joint use of several Bulgarian military 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 other 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 military modernization, Black Sea maritime domain awareness, and improved NATO interoperability, among other priorities. The United States has provided over \$160 million in security assistance to Bulgaria since 2016.

## Energy Security

The United States supports Bulgaria's ambitions to diversify its energy supplies. Bulgaria currently relies on Russian energy imports—a dependency that partly stems from infrastructure limitations. Bulgaria has pursued projects aimed at diversifying 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.

**Sarah E. Garding**, Analyst in European Affairs

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