



January 13, 2021

## 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.

Prime Minister Boyko Borisov has led the government for most of the past decade through Citizens for European Development of Bulgaria (GERB), a center-right party that he founded in 2006. GERB has won the largest vote share in every parliamentary election since 2009 but never an outright majority. President Rumen Radev was directly elected in 2016 with the backing of the Bulgarian Socialist Party (BSP), the largest opposition party in parliament. The Movement for Rights and Freedom, which draws support primarily from Bulgarian Turks, is the third-largest party in parliament. Several far-right parties entered government for the first time in 2017 in coalition with GERB.

Parliamentary elections are due to be held in spring 2021, and presidential elections are due to be held in fall 2021.

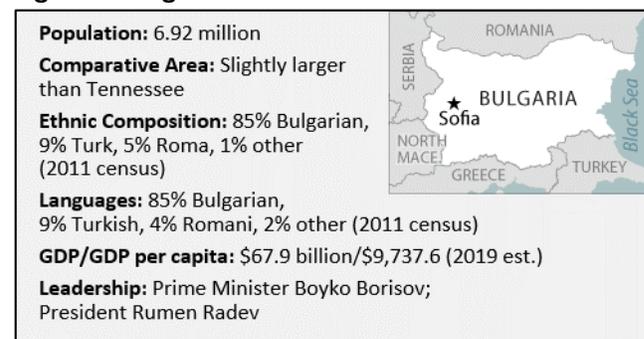
The current government has been weakened by corruption scandals. In 2019, several top officials—including GERB's deputy leader, the justice minister, and the head of the main anti-corruption agency—resigned over corruption allegations related to a luxury real estate scandal. Shortly thereafter, the minister of agriculture resigned over allegations of fraudulent use of EU rural development funds. Although GERB leads in preelection polls, its popularity further declined amid mass protests in mid-2020. The protests, among Bulgaria's largest since 1989, centered on corruption, state capture, and the rule of law.

### 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 (CVM). Although the CVM has helped to bring about some institutional reforms, some analysts question the EU's overall effectiveness in promoting the rule of law in Bulgaria. Some also assert that EU development funds, of which Bulgaria is a top recipient among member states, have indirectly enabled corruption.

Although external assessments note 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.

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 has deteriorated in recent years. Bulgaria was ranked 111 out of 180 countries in Reporters Without Borders' 2020 World Press Freedom Index, the bottom ranking among EU members; the organization describes 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, annual GDP growth has been between 3% and 4% in recent years. As elsewhere, the Coronavirus Disease 2019 (COVID-19) pandemic has adversely impacted the Bulgarian economy; the International Monetary Fund forecasts a 4% GDP contraction in 2020. Bulgaria aspires to adopt the euro as its currency and join the Schengen area of free movement,

which comprises 22 EU member states and 4 non-EU member states.

Although economic conditions have improved significantly since the 1990s, Bulgaria has the EU's lowest GDP per capita. 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; peaking at nearly 9 million in the 1980s, Bulgaria's 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. Bulgaria has contributed troops to NATO, EU, and coalition missions in Afghanistan, Bosnia and Herzegovina, Iraq, and elsewhere. It is one of three NATO allies located in the critical Black Sea region, a springboard for wider Russian power projection.

At the same time, many Bulgarian leaders have sought to maintain good relations—and avoid friction—with Russia. 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 11% of GDP). Some analysts caution that Bulgaria and Russia's dense energy and economic links, as well as alleged Russian ties to some political parties, may be potential channels of Russian malign influence.

Nevertheless, in recent years, Bulgaria's relations with Russia grew strained at times 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.

## 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 geographic 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 and deterring Russia, 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 to deter Russia.

## Foreign Assistance

Since Bulgaria's EU accession in 2007, most U.S. assistance has targeted security issues, including modernizing the Bulgarian military and increasing its interoperability with NATO forces, among other priorities. Since 2018, the United States has provided over \$100 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." At present, Bulgaria 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 neighboring 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, in particular 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*), as well as Gazprom's Nord Stream 2 project. The guidance 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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