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Bulgaria: An Overview

After decades of single-party communist rule and a difficult transition period in the 1990s, Bulgaria joined NATO in 2004 and the European Union (EU) in 2007. Bulgaria's Black Sea location and NATO and EU memberships make it an important U.S. partner. Members of Congress may monitor several issues in Bulgaria with implications for the U.S.-Bulgaria strategic partnership, including energy security, military modernization, building resilience to external authoritarian influence, and combating corruption and organized crime. Prolonged political instability in Bulgaria may have implications for U.S. interests. Bulgaria is scheduled to hold a snap parliamentary election on June 9, 2024—its sixth parliamentary election since April 2021—alongside elections to the European Parliament.

Domestic Overview

Under Bulgaria's parliamentary system, the prime minister leads the government, which exercises executive power. The directly elected president is the head of state and commander in chief. President Rumen Radev was reelected to a second term in 2021 with backing from the Bulgarian Socialist Party (BSP), which is considered to have a more pro-Russian orientation. Dimitar Glavchev was appointed to lead a caretaker government in April 2024.

Acting Prime Minister Glavchev's caretaker government was preceded by the pro-Western government of Prime Minister Nikolai Denkov, which comprised two blocs: Denkov's We Continue the Change and Democratic Bulgaria (PP-DB), and Citizens for European Development of Bulgaria-Union of Democratic Forces (GERB-SDS). That government collapsed less than a year into its mandate when the post of prime minister was due to rotate from Denkov to a GERB designee. The Denkov government's priorities had included finalizing adoption of the euro as Bulgaria's currency, joining the EU's Schengen area of free movement, and countering Russian influence, particularly in Bulgaria's security and energy sectors.

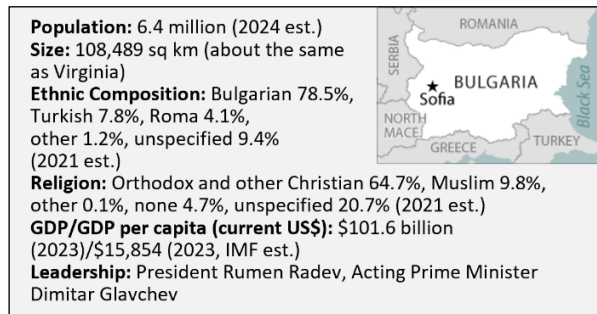
Bulgaria has experienced a prolonged period of political instability in recent years. A wave of anti-corruption protests in 2020 and 2021 weakened then-Prime Minister Boyko Borisov and his political party, GERB, which had led successive governments for most of the preceding 12 years. GERB and BPS, the two largest parties in the 2010s, lost some support to parties that ran on anti-corruption platforms, such as DB and PP, as well as the populist There Is Such a People (ITN) and the pro-Russian Revival. The Movement for Rights and Freedom (DPS), which is mostly backed by ethnic Turkish voters, has had stable support.

Polarization and close election results have complicated stable governance. GERB and PP-DB were the top finishers in recent elections and share pro-Western platforms, yet relations between the two blocs are fraught. Some analysts assess that prolonged instability has politically strengthened

President Radev, who appointed the caretaker governments that presided over Bulgaria for much of the past three years.

Ahead of the June 9, 2024, election, voter intention polls suggest the next parliament also could be fragmented. GERB currently leads polls with around 26% support, followed by PP-DB (17%), DPS (15%), Revival (14%), BSP (9%), and smaller parties.

Figure 1. Bulgaria at a Glance



Source: CRS figure using CIA *World Factbook* and IMF data.

Corruption, Organized Crime, and the Rule of Law

Corruption, organized crime, and rule-of-law challenges intensified during Bulgaria's transition in the 1990s. Citing concern that these issues had not been resolved when Bulgaria joined the EU in 2007, Brussels continued to monitor reforms through the Cooperation and Verification Mechanism (CVM). The CVM closed in late 2023, when the EU assessed that Bulgaria met benchmarks in judicial reform and in combating corruption and organized crime.

Some observers assess that corruption and organized crime remain significant barriers to good governance and economic growth. Bulgaria is consistently among the worst-scored EU member states in Transparency International's Corruption Perceptions Index. The U.S. State Department's 2023 Investment Climate Statement for Bulgaria asserts that "high-level corruption, particularly in public procurement, remains a serious concern." The Biden Administration has imposed sanctions on several prominent Bulgarians for corruption (see below).

Economy

The World Bank classifies Bulgaria as an upper-middle-income country. Bulgaria's strategic location, relatively low business costs, and EU membership have attracted investment in such areas as information technology and the automotive industry. Gross domestic product (GDP) contracted by nearly 4% in 2020 but grew by 7.7% in 2021. Growth slowed to 3.9% in 2022 and 1.9% in 2023, due in part to the economic impacts of Russia's war on Ukraine. Bulgaria is to receive €6.2 billion in EU COVID-19 recovery and resilience grants and loans.

Bulgaria is among the poorest EU member states, although living conditions improved alongside EU integration. Barriers to growth include infrastructure deficiencies, corruption, and an unpredictable legal environment. Demographic decline also poses a challenge; peaking at nearly 9 million in the 1980s, the population is now estimated at 6.4 million.

Foreign and Security Policy

Closely aligned with the Soviet Union during the Cold War, Bulgaria adopted a Euro-Atlantic foreign policy in the 1990s. Alongside Bulgaria's EU and NATO integration, Bulgarian leaders generally sought to preserve good relations with Russia. Pro-Russian sentiment and ambivalent views of NATO persist among certain political parties and segments of Bulgarian society. Some analysts assess that Bulgaria's corruption challenges, weak media climate, and energy dependency have exposed the country to Russian influence and hybrid threats.

Despite greater political fragmentation in Bulgaria in recent years, its governments have largely supported Ukraine. Bulgaria has backed EU sanctions against Russia, agreed to host a multinational NATO battlegroup, expelled dozens of Russian diplomatic staff on suspicion of espionage, and provided military aid to Ukraine. Bulgaria also hosts around 72,000 Ukrainian refugees and is seeking to reduce reliance on Russian energy supplies (see below). Bulgaria's defense industry produces artillery ammunition that is compatible with Ukrainian equipment and reportedly plans to expand production to include NATO-standard ammunition. Although measures to support Ukraine generally draw support in Bulgaria's parliament, some have been contentious. In December 2023, for example, parliament approved the transfer of 100 Soviet-era armored vehicles to Ukraine, overriding President Radev's veto. Ukrainian officials criticized Radev's position that such transfers would prolong the conflict.

Black Sea security is a key issue for Bulgaria. Bulgarian officials have expressed concern about Russia's ambitions to "dominate the Black Sea" and security threats stemming from the war in Ukraine. Since 2022, Bulgaria has generally welcomed NATO initiatives in the Black Sea region. Bulgaria hosts an Italian-led NATO multinational battlegroup and plans to invest in supportive infrastructure. In early 2024, Bulgaria, Romania, and Turkey signed an agreement to cooperate on countering sea mines.

Bulgarian officials have pledged to revive long-delayed equipment upgrades and enhance defense capabilities. Bulgaria spent an estimated 1.84% of its GDP on defense in 2023 and plans to meet NATO's 2% target in 2024. In 2019, Bulgaria agreed to purchase eight F-16 fighter jets from the United States at an estimated cost of \$1.67 billion; in 2022, it moved to purchase eight additional F-16s. In 2023, parliament approved the purchase of 183 U.S. Stryker vehicles for an estimated cost of \$1.5 billion.

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 maintain good relations.

Members of Congress may assess U.S.-Bulgaria ties in the context of U.S. policy toward the Black Sea region. Section 1247 of the National Defense Authorization Act for Fiscal Year 2024 (P.L. 118-31) requires the President to direct the National Security Council to develop an interagency strategy with regard to the Black Sea region and Black Sea states (including Bulgaria) and specifies goals and objectives under such a strategy.

Security Cooperation

In 2006, the United States and Bulgaria signed a Defense Cooperation Agreement allowing joint use of four Bulgarian military facilities. In 2020, the two countries agreed to a 10-year military cooperation road map. Since 2022, the United States has deployed additional troops and equipment to Bulgaria and enhanced bilateral cooperation with Bulgaria on countering disinformation and bolstering cybersecurity. The United States has provided more than \$260 million in security assistance to Bulgaria since 2018, with emphasis on military modernization, Black Sea maritime domain awareness, and cybersecurity.

Sanctions

The Biden Administration has used sanctions to address corruption in Bulgaria. In June 2021, the Department of the Treasury sanctioned three Bulgarian individuals and 64 associated entities for corruption under the Global Magnitsky Human Rights Accountability Act (P.L. 114-328, Title XII, Subtitle F; as implemented through Executive Order 13818). In February 2023, Treasury sanctioned five current and former Bulgarian officials and five entities for corruption under Global Magnitsky. Treasury's press release states that the "diverse profiles and longstanding prominence in Bulgarian politics [of the sanctioned persons] illustrate the extent to which corruption has become entrenched across ministries, parties, and state-owned industries." The State Department has imposed travel bans on several Bulgarian officials for corruption under Section 7031(c) of annual Department of State, Foreign Operations, and Related Programs appropriations legislation (P.L. 117-328, Division K, for FY2023).

Energy Cooperation

The United States supports Bulgaria's steps to end dependency on Russian nuclear fuel, crude oil, and natural gas supplies. U.S. liquefied natural gas (LNG) helped Bulgaria cope with a gas supply crisis triggered when Russia's Gazprom cut deliveries in April 2022. U.S.-backed regional projects, such as a Greece-Bulgaria interconnector enabling gas imports from Azerbaijan, and Bulgaria's stake in a new LNG terminal in Greece are expected to help diversify supplies. The U.S. International Development Finance Corporation has approved financing of up to \$365 million for an expansion of Bulgaria's underground gas storage facility. In 2023, Bulgaria signed a memorandum of understanding with U.S. firm Westinghouse on expanding the country's sole nuclear power plant. In February 2024, the United States and Bulgaria signed an intergovernmental agreement to cooperate on developing Bulgaria's civil nuclear power program and clean energy sources.

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