

# The northeast Balkan yearns for foreign investments

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“The political climate for entrepreneurship in our country is extremely favourable,” said at the introduction then honorary guest of the event - the Ambassador Extraordinary and Plenipotentiary of Bulgaria in the SR Ognian Garkov. He noted the historical fact that Bulgaria belonged to the first states of the world, which recognized the independence of the Republic of Slovakia, but also for the encouraging statistics according to which around 133 thousand Slovak tourists visited it in 2008.

## Infrastructure, offices, apartments, power stations - our „Bulgarian chance“

Vassil Valchev from the Embassy of the Republic of Bulgaria in Slovakia who in the presentation dedicated to the Bulgarian market, its specifics and investment opportunities draw attention to the benefits of his country passing hard way from the financial crisis to recovery. Overall, he attributed good functioning of the economy upon crisis conditions to financial stability, twice higher GDP growth than in the EU (MMF is expecting it on the level of +1% in 2009), the lowest income tax of natural persons and twice lower unemployment (5.9%) than in Slovakia. On the other hand, he admitted that in the trade balance with foreigner countries predominate imports (25 bills Euro) over exports (15 bills Euro). The export to Slovakia is dominated by steel and iron, in the import from our country predominates televisions and cars.

Nor it should be forgotten the fact that Bulgaria is a crossroad of international transport corridors. An example of the Slovak investor, who is in the Balkan country always welcomed, may be according to Valchev the firms with knowledge in the construction of roads, power plants and heating plants, which are missing in Bulgaria. However now from Slovakia mostly comes business not manufacturing companies (the exception is the factory for the production of polystyrene and construction materials). Among the flag investments in Bulgaria comparable to Volkswagen, Peugeot and Kia brands in Slovakia, Litex included - the factory for the manufacture of Chinese cars. In connection with the construction boom of new hotels on the Black Sea coast warned that till 2012 EU citizens are not allowed to acquire a land. Valchev identified automotive engineering, agricultural techniques production, the construction of apartments and offices, energy and renewable sources of energy and food industry as further unrealized investment opportunities in Bulgaria.

„Bulgarian Building Act is nicely written, contains a number of regulations, in practice, however, operates somewhat differently,“ realistically assessed the state Martin Vacek, the director of the Sofia branch PETERKA & PARTNERS. From the perspective of law enforcement in business he compared the situation in Bulgaria to Slovakia 10 to 15 years ago. By his opinion industrial zones in the country (in private or in public or municipal ownership) are arising where the investor receives a support. Forms of business are reflected wider than in Romania - the company may be also established electronically (without interview), through a registration agency, which will attach it a registration number.

Business in Bulgaria, according to Vacek, can be developed in all areas, except those subject to the licensing interest (energy, telecommunications). The system of promotion of foreign investments was revised in March this year. The core capital for Ltd companies is 2 556 and for joint-stock companies 25 565 Euro. In contrast to the Romanian currency the Bulgarian leva exchange rate is fixed firmly, pointed Vacek. Higher than in our country are fixed interest rates, which currently guarantee 9-percent annual return for the term deposit. How VACEK warned foreign entities are unable to acquire a land directly, but only indirectly - through a company established in Bulgaria.

## The most important in Romania is booking the name and the stamp

Very good economic relations between Slovakia and Romania highlighted Tiberiu Josan from the economic-trade department of Romanian Embassy in the Slovak Republic, what he supported by the statistics for year 2008: in the country there were active about 200 Slovak companies, while the volume of their capital amounted to 3 mills Euro and the value of mutual trade between the both countries achieved 1.3 bills Euro. In foreign investment, however, Slovakia belongs to 64th place. As he stated, the economic crisis also hit Romania, to combat it the government has earmarked 10 billion Euro, of which the largest part goes to the infrastructure of the country. According to Josan the fact that the system of credits offering is not developed so much and that the economy is not based on exports is an advantage during a recession.

The newly established Ministry of Tourism with the biggest budget, about which spoke Miroslav Labloncsik, the entrepreneur, member of Slovak minority and honorary consul of SR in Romania sounded like a great example of how to reorganize the Slovakia executive branch. As he suggested, currently in the country are carrying out two major transport infrastructure projects: the European Corridor number 4 and the highway Orada - Braşov. The question of the moderator Ivan Čarnogurský (IPEC - Management, s.r.o.), how the economic life of the country involved 18 thousand Slovaks who live in western Romania, has remained somewhat unanswered.

Petra Ftorková from the branch of the consulting firm accace established in Bucharest in 2006, whose 23 employees provide a complete portfolio of services in accordance with Romanian legislation (references: Olympus Hilti, Doprastav, Orsay, Invia) pointed the difference between Bulgaria and Romania Black Sea coast, which is not so much affected by commerce.

Among the business companies in Romania the most widespread form is Ltd and in the case of insurance companies or banks it is joint-stock company. Establishment of a company in Romania is relatively simple process, according to her - Romanians are unfamiliar with a trade certificate or register. The Ltd established there must demonstrate a basic capital of at least 200 RON. Essential in this country is the reservation of the name of at least 30 days in advance and the stamp - as Ftorková literally said - „Without a stamp you do not exist in Romania.“ Common are tax audits.

The average wage in Romania represents 1 693 RON, in Bucharest it is 1 839 RON. An employee has 2-week notice period; if the employer gives a notice, it takes a month. VAT rate is 19%, reduced to 9% in the case of books, medicines and medical devices and to 5% for real estates dedicated for housing, including a land. The flat tax on profit is 16% or 3% of the entire turnover. VAT returns here, but Ftorková warned that it takes half to three quarters of year due to the crisis.

Accace is originally the Slovak consultancy company. It provides tax advisory services, payroll management, financial accounting to international firms in the Central and the Eastern Europe region and a company establishment in ten countries of CEE, where today operates (Belgrade, Bratislava, Bucharest, Budapest, Kiev, Ljubljana, Prague, Sofia, Zagreb, Warsaw) and employs over 120 professionals in accounting, payroll, tax, IT and corporate services.

Main partners of the discuss meeting: ASP, a.s. and bnt - Sovova Chudáčková & Partner, s.r.o.

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